

# Tata Consumer Products | ADD

## Resilient growth; price hikes to aid margin recovery

TCPL's Q2FY27 earnings print was in line with our expectations. Sales growth was led by: i) sustained momentum in growth businesses led by Sampann (+57%), NourishCo (+47%); and ii) better-than-expected growth in the salt business (+15%). EBITDA margins were in line with forecasts as weakness in India margins was offset by better margins in the international/non-branded business. Going forward, the revenue trajectory shall remain resilient led by the growth business, salt business and pricing-led recovery in domestic tea. Margin delivery should also improve with full benefits of the price hikes in tea/salt to be seen in Q3FY27 and stable international/non-branded business profitability. We have cut FY27E/28E by 1–3%, factoring lower margins. We have trimmed target multiple to 43x (52x earlier) given the broader sector derating and volatility in margin delivery; roll forward valuation to Sep'28E to yield a revised TP of INR 1,065 (earlier INR 1,225). Following a +18% correction in the past three months, valuations are below their long-term average and restrict further downside. Hence, we maintain an ADD rating. The pace of recovery in India margins will be key to watch going forward.

- **Revenue performance in line with expectations:** Consolidated revenue grew ~14% YoY to INR 56.6bn, in line with JMFe/Street estimates, led by 11% YoY UVG in the India branded business. Revenue performance was primarily led by continued momentum in growth businesses (+40% YoY, contributes to 38% of India business from 32% in base quarter), 15% YoY growth in salt and 12% growth in non-branded business. Domestic tea (marginal decline in sales) and international sales' (+7%) performance was relatively soft for the quarter.
- **Growth/salt business surprises positively:** India tea revenue declined marginally YoY with flat volumes. Performance was impacted by adverse weather, some price hikes and residual disruption from LPG issues in Q1FY27. The volume-value growth gap narrowed following pricing actions and TCPL expects value growth to surpass volume in H2FY27. India salt business delivered 15% YoY revenue growth and 9% YoY volume growth despite price increases, with further hikes implemented in Oct'26. Value-added/premium salt volumes grew 17%. Within growth businesses, Tata Sampann sustained strong momentum with revenue growing 57% YoY. NourishCo delivered 47% YoY/34% YoY revenue/volume growth aided by distribution expansion, premiumisation and innovation. Capital Foods/Organic India grew 15% YoY with domestic growth of 24% partially offset by weak exports amid shipping disruptions (10–12 days port strike at Mundra). In the international business, stable performance in the US (+4% YoY cc) and Canada (+8% YoY cc) was somewhat offset by weakness in UK (-8% YoY cc as intense heatwave impacts category consumption). 12% growth in non-branded was driven by soluble volumes. Starbucks revenue grew 15%, aided by healthy SSSG and store count increased ~3% YoY to 505 stores.
- **India margin pressure offset by international/non-branded margins driving in-line EBITDA:** Consolidated gross margin contracted ~40bps YoY/100bps QoQ to 41.7% (~80bps below JMFe/Street estimate) as standalone margins fell 130bps YoY amid tea/salt inflation with benefit of calibrated price hikes yet to fully flow through. This was partially offset by better-than-expected margin delivery in international (easing input prices) and non-branded business. Staff cost grew 17% YoY while other overheads were restricted to 8.8% YoY (likely due to lower A&P YoY), leading to in-line EBITDA growth of 16.6% YoY to INR 7.8bn with in-line margin expansion of ~30bps YoY to 13.8%. Reported PAT rose 16% YoY to INR 4.7bn, aided by lower depreciation and interest costs.

### Recommendation and Price Target

|                            |          |
|----------------------------|----------|
| Current Reco.              | ADD      |
| Previous Reco.             | ADD      |
| Current Price Target (12M) | INR1,065 |
| Upside/(Downside)          | 13.7%    |
| Previous Price Target      | INR1,225 |
| Change                     | -13.1%   |

### Key Data – TATACONS IN

|                          |                     |
|--------------------------|---------------------|
| Current Market Price     | INR937              |
| Market cap (bn)          | INR926.9/US\$9.7    |
| Free Float (%)           | 59.3                |
| Shares in issue (mn)     | 989.7               |
| Diluted share (mn)       | 990                 |
| 3-mon avg daily val (mn) | INR1,445.1/US\$15.2 |
| 52-week range            | INR1,283/916        |
| Sensex/Nifty             | 73,607/22,753       |
| INR/US\$                 | 95.2                |

### Price Performance

| %         | 1M   | 6M    | 12M   |
|-----------|------|-------|-------|
| Absolute  | -4.8 | -20.2 | -18.9 |
| Relative* | -4.4 | -16.2 | -6.6  |

\*To the NSE Nifty 50

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### Financial Summary

|                        | (INR mn) |         |         |         |         |
|------------------------|----------|---------|---------|---------|---------|
| Y/E Mar                | FY25A    | FY26A   | FY27E   | FY28E   | FY29E   |
| Net Sales              | 175,084  | 201,706 | 227,385 | 253,414 | 281,584 |
| Sales Growth (%)       | 16.0     | 15.2    | 12.7    | 11.4    | 11.1    |
| EBITDA                 | 24,794   | 27,918  | 32,459  | 37,277  | 42,502  |
| EBITDA Margin (%)      | 14.1     | 13.8    | 14.2    | 14.6    | 15.0    |
| Adjusted Net Profit    | 12,836   | 15,624  | 18,887  | 22,662  | 26,849  |
| Diluted EPS (INR)      | 13.0     | 15.8    | 19.1    | 22.9    | 27.1    |
| Diluted EPS Growth (%) | -16.3    | 21.7    | 20.9    | 20.0    | 18.5    |
| ROIC (%)               | 8.1      | 8.3     | 9.6     | 11.4    | 13.3    |
| ROE (%)                | 7.1      | 7.5     | 8.5     | 9.7     | 11.0    |
| P/E (x)                | 72.5     | 60.1    | 49.1    | 40.9    | 34.5    |
| P/B (x)                | 4.6      | 4.3     | 4.1     | 3.9     | 3.7     |
| EV/EBITDA (x)          | 37.4     | 32.9    | 28.0    | 24.0    | 20.8    |
| Dividend Yield (%)     | 0.9      | 1.1     | 1.1     | 1.3     | 1.6     |

Source: Company data, JM Financial. Note: Valuations as of October 26, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

# Q2FY27 conference call takeaways

## Tea business

- The domestic tea/coffee business remained soft as performance was impacted by adverse weather, price hikes and residual disruption from LPG-related issues in Q1FY27.
- The company has implemented cumulative price increases of 8–10% till date and broadly in line with tea inflation. While initial inflation was around 7–8%, the current week-on-week inflation has moderated to 2–3%.
- Management indicated that the pricing actions have largely covered the inflation experienced so far, although the full benefit is yet to flow through the P&L. The volume-value growth gap has narrowed in Q2FY27 and value growth is expected to exceed volume growth from Q3FY27 onwards.
- Management expects volumes to recover to low- to mid-single-digit growth.
- Peak procurement is currently underway following the festive period, which along with full benefit of price increases and no significant competitive disruption expected is likely to support margin recovery.

## Salt business

- Salt revenue grew 15% YoY to INR 11bn, with scale inching closer to the domestic tea/coffee business.
- Management attributed sustained volume growth to brand equity, distribution expansion and portfolio diversification. Management also clarified that no inventory stocking was seen prior to price hikes (further taken in Oct'26).
- Management estimates market share inching closer to ~40% indicating continued gains in the category.
- Value-added and premium salts are growing at ~2x the rate of base portfolio, increasing their contribution to the overall portfolio.
- The recent price increases are expected to improve margins as their full impact flows through the P&L from Q3FY27 onwards.
- Distribution remains a key growth lever, with direct reach of ~1.9mn outlets and numeric distribution of around 4.5–4.6mn, leaving significant scope to expand outlet coverage.

## Growth businesses

### ○ Tata Sampann

- Tata Sampann achieved 57% revenue growth driven by strong volume, with dry fruits and cold-pressed oils exceeding an INR 10bn ARR, while pulses, poha and makhana also operate at a meaningful scale.
- Tata Sampann's quick-commerce growth is broadly in line with the growth reported by leading quick-commerce players as they expand their dark-store networks into smaller cities.
- The company is seeing consistent margin expansion and expanded 270–280 bps YoY in Q2FY27. Management expects further margin improvement through scale benefits, value-added products and operating leverage, supported by an asset-light model with limited incremental capex.
- Long-term growth aspiration for Tata Sampann remains ~30%.

### ○ Ready-to-drink (NourishCo)

- NourishCo achieved 47% revenue growth and a 34% volume increase, marking a strong recovery across both its base portfolio and new product innovations following a comprehensive business reset.
- The gap between revenue and volume growth reflects both calibrated pricing and a favourable product mix, rather than pricing alone.

- The recovery of Tata Gluco Plus, a higher-value and higher-margin product, has been a key driver of growth after the disruption in the INR 10 price point. While some competitors have increased their INR 10 products to INR 12, Tata Gluco Plus continues to be sold at INR 10 while remaining profitable, providing a competitive advantage.
- Management remains confident of delivering approximately 30% growth over the medium term, supported by the strengthened business model and distribution execution.

#### ○ Capital Foods and Organic India

- Combined consolidated revenue grew 15% YoY while combined domestic business delivered higher growth of 24% YoY.
- Domestic performance remained strong following the go-to-market restructuring completed in Feb'26, which improved focus and execution across the two businesses.
- International performance was adversely affected by shipping disruptions, including ~10-day port strike at Mundra in early Sept'26 and the diversion of shipping routes away from the Middle East.
- Management expects the festive season in Q3/Q4FY27 to support Capital Foods' performance through stronger seasonal offtake.
- Pricing actions taken during the quarter to offset inflation in Capital Foods are expected to flow through the P&L in subsequent quarters, supporting margin recovery.
- Management reiterated their 25–30% growth expectation, supported by the domestic go-to-market reset and recovery in international shipments.

### ■ International business

- International revenue grew 7% YoY, while declined 2% YoY in CC terms, on a high base and weakness in the UK.
- The UK business declined 8% YoY, primarily due to a prolonged heatwave that affected category demand. Management noted that market share remained stable and expects the business to recover as weather conditions normalise and the winter season sets in.
- Management expects the seasonal recovery in the UK and Canada, continued US distribution expansion and easing commodity costs to support growth in the international business in H2FY27.

### ■ Non-branded business

- The business achieved 12% revenue growth (9% in CC terms) against a high base, driven by 21% YoY volumes growth in solubles.
- Softening Robusta and Arabica prices reduced realisations, but healthy plantation margins and a pass-through pricing model shielded soluble coffee margins.
- Management expects Q2FY27-level margins to broadly sustain through H2FY27, barring significant movements in coffee prices.

### ■ Guidance

- Management reiterated their medium-term expectation of mid-to high-single-digit growth in the core tea and salt businesses.
- Though the company has faced inflationary pressures during H1FY27, management remains focused on delivering consolidated margin expansion guidance of 50–75bps for FY27.
- Management expects margin to expand in H2FY27 despite high base, supported by tea/salt price increases, peak season demand and improved margin profile of international/non-branded business.
- Growth businesses – management reiterates guidance of +30% in growth business over the next two to three years. On the margin front, management intends to expand margins across the portfolio rather than prioritise topline growth alone. Organic India and Capital Foods are already margin-accretive, while Sampann and NourishCo are expected to improve profitability as scale and product mix improves.
- Management aspires to deliver EBITDA margin of +17% for India business over the next three years.

## ■ Other highlights

- Innovation remains strong; launched 22 new products in Q2FY27.
- Starbucks recorded its fifth consecutive quarter of positive SSSG. Store openings had been calibrated while the company implemented its revised operating model; management indicated that this reset is now largely complete. With the operating model stabilised and store traffic improving, management expects the pace of new store openings to be aggressive going forward.
- Reported A&P was 5.5% of sales in Q2FY27 and including visibility expenditure, total spending remained broadly in the 6.3–6.5% range. Visibility expenditure has increased behind quick commerce; as a result, spends are more skewed towards the Tata Sampann portfolio as compared to tea/coffee portfolio.

**Exhibit 1: Q2FY27 snapshot – Operating performance in line with JMFe**

| Consolidated Financials (INR mn)      | Q2FY27        | Q2FY26        | YoY growth    | Q2FY27E       | % variance   | H1FY27          | H1FY26        | YoY growth    |
|---------------------------------------|---------------|---------------|---------------|---------------|--------------|-----------------|---------------|---------------|
| <b>Revenue</b>                        | <b>56,611</b> | <b>49,659</b> | <b>14.0%</b>  | <b>56,201</b> | <b>0.7%</b>  | <b>1,10,100</b> | <b>97,448</b> | <b>13.0%</b>  |
| <b>Gross Profit</b>                   | <b>23,592</b> | <b>20,896</b> | <b>12.9%</b>  | <b>23,885</b> | <b>-1.2%</b> | <b>46,411</b>   | <b>40,058</b> | <b>15.9%</b>  |
| Gross Profit Margin %                 | 41.7%         | 42.1%         | -41 bps       | 42.5%         | -83 bps      | 42.2%           | 41.1%         | 105 bps       |
| Staff Cost                            | 4,758         | 4,067         | 17.0%         | 4,608         | 3.2%         | 9,216           | 7,923         | 16.3%         |
| A&P spends                            | 3,114         | 3,377         | -7.8%         | 3,653         | -14.8%       | 6,376           | 6,411         | -0.5%         |
| Other expenses                        | 7,888         | 6,734         | 17.1%         | 7,868         | 0.3%         | 15,746          | 12,936        | 21.7%         |
| <b>EBITDA</b>                         | <b>7,832</b>  | <b>6,718</b>  | <b>16.6%</b>  | <b>7,756</b>  | <b>1.0%</b>  | <b>15,074</b>   | <b>12,787</b> | <b>17.9%</b>  |
| <b>EBITDA margin %</b>                | <b>13.8%</b>  | <b>13.5%</b>  | <b>31 bps</b> | <b>13.8%</b>  | <b>4 bps</b> | <b>13.7%</b>    | <b>13.1%</b>  | <b>57 bps</b> |
| Depreciation                          | 1,638         | 1,533         | 6.9%          | 1,650         | -0.7%        | 3,286           | 3,022         | 8.7%          |
| <b>EBIT</b>                           | <b>6,194</b>  | <b>5,185</b>  | <b>19.5%</b>  | <b>6,106</b>  | <b>1.4%</b>  | <b>11,788</b>   | <b>9,765</b>  | <b>20.7%</b>  |
| Interest Expense                      | 257           | 332           | -22.7%        | 390           | -34.1%       | 648             | 670           | -3.3%         |
| Financial Other Income                | 386           | 380           | 1.5%          | 400           | -3.6%        | 1,105           | 792           | 39.6%         |
| Profit before tax                     | 6,249         | 5,233         | 19.4%         | 6,116         | 2.2%         | 12,171          | 9,887         | 23.1%         |
| Associates Profit + Minority Interest | 21            | 74            | -72.1%        | 95            | -78.2%       | -158            | -49           | 224.0%        |
| <b>Reported Net Profit</b>            | <b>4,693</b>  | <b>4,045</b>  | <b>16.0%</b>  | <b>4,670</b>  | <b>0.5%</b>  | <b>8,963</b>    | <b>7,386</b>  | <b>21.3%</b>  |

Source: Company, JM Financial.

**Exhibit 2: Quarterly financial performance – Consolidated**

| INR mn                                | Q2FY25        | Q3FY25        | Q4FY25        | Q1FY26        | Q2FY26        | Q3FY26        | Q4FY26        | Q1FY27        | Q2FY27        |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Sales</b>                          | <b>42,145</b> | <b>44,436</b> | <b>46,082</b> | <b>47,789</b> | <b>49,659</b> | <b>51,120</b> | <b>54,336</b> | <b>53,489</b> | <b>56,611</b> |
| <b>YoY</b>                            | <b>13%</b>    | <b>17%</b>    | <b>17%</b>    | <b>10%</b>    | <b>18%</b>    | <b>15%</b>    | <b>18%</b>    | <b>12%</b>    | <b>14%</b>    |
| Gross Profit                          | 18,376        | 18,251        | 19,317        | 19,162        | 20,896        | 21,868        | 22,422        | 22,820        | 23,592        |
| Staff cost                            | 3,635         | 3,780         | 3,436         | 3,856         | 4,067         | 4,345         | 4,342         | 4,458         | 4,758         |
| A&P spends                            | 2,790         | 2,975         | 3,272         | 3,297         | 3,675         | 3,476         | 3,206         | 3,263         | 3,114         |
| Other expenses                        | 5,687         | 5,849         | 6,399         | 5,939         | 6,436         | 6,840         | 6,951         | 7,858         | 7,888         |
| <b>EBITDA</b>                         | <b>6,263</b>  | <b>5,647</b>  | <b>6,210</b>  | <b>6,069</b>  | <b>6,718</b>  | <b>7,207</b>  | <b>7,924</b>  | <b>7,241</b>  | <b>7,832</b>  |
| <b>YoY</b>                            | <b>17%</b>    | <b>-1%</b>    | <b>-1%</b>    | <b>-9%</b>    | <b>7%</b>     | <b>28%</b>    | <b>28%</b>    | <b>19%</b>    | <b>17%</b>    |
| Depreciation                          | 1,493         | 1,503         | 1,531         | 1,489         | 1,533         | 1,593         | 1,652         | 1,648         | 1,638         |
| Interest                              | 987           | 579           | 400           | 338           | 332           | 316           | 384           | 391           | 257           |
| Other income                          | 460           | 516           | 565           | 412           | 380           | 330           | 526           | 719           | 386           |
| <b>PBT</b>                            | <b>4,242</b>  | <b>4,081</b>  | <b>4,844</b>  | <b>4,654</b>  | <b>5,233</b>  | <b>5,628</b>  | <b>6,414</b>  | <b>5,922</b>  | <b>6,323</b>  |
| <b>YoY</b>                            | <b>-16%</b>   | <b>-20%</b>   | <b>-5%</b>    | <b>0%</b>     | <b>23%</b>    | <b>38%</b>    | <b>32%</b>    | <b>27%</b>    | <b>21%</b>    |
| Pre-tax Exceptional income/ (expense) | (272)         | (62)          | 453           | -             | -             | -229          | 28            | -             | -74           |
| <b>PBT after exceptional items</b>    | <b>3,971</b>  | <b>4,019</b>  | <b>5,297</b>  | <b>4,654</b>  | <b>5,233</b>  | <b>5,399</b>  | <b>6,442</b>  | <b>5,922</b>  | <b>6,249</b>  |
| Tax                                   | 377           | 1,022         | 1,226         | 1,190         | 1,262         | 1,371         | 1,530         | 1,474         | 1,577         |
| <b>Net Profit</b>                     | <b>3,593</b>  | <b>2,998</b>  | <b>4,071</b>  | <b>3,464</b>  | <b>3,971</b>  | <b>4,028</b>  | <b>4,912</b>  | <b>4,449</b>  | <b>4,672</b>  |
| Share of profit of associates         | 79            | (178)         | (584)         | (147)         | 95            | (183)         | -672          | -177          | 29            |
| Minority Interest                     | 28            | 30            | 39            | (24)          | 21            | (1)           | 49            | 2             | 8             |
| <b>Reported PAT</b>                   | <b>3,644</b>  | <b>2,789</b>  | <b>3,448</b>  | <b>3,342</b>  | <b>4,045</b>  | <b>3,846</b>  | <b>4,191</b>  | <b>4,270</b>  | <b>4,693</b>  |
| <b>YoY</b>                            | <b>8%</b>     | <b>0%</b>     | <b>59%</b>    | <b>15%</b>    | <b>11%</b>    | <b>38%</b>    | <b>22%</b>    | <b>28%</b>    | <b>16%</b>    |
| <b>Adjusted PAT*</b>                  | <b>3,880</b>  | <b>2,870</b>  | <b>2,810</b>  | <b>3,320</b>  | <b>4,070</b>  | <b>3,990</b>  | <b>4,150</b>  | <b>4,270</b>  | <b>NA</b>     |
| <b>YoY</b>                            | <b>3%</b>     | <b>-23%</b>   | <b>-34%</b>   | <b>10%</b>    | <b>5%</b>     | <b>39%</b>    | <b>48%</b>    | <b>29%</b>    | <b>NA</b>     |
| <b>% to sales</b>                     | <b>Q2FY25</b> | <b>Q3FY25</b> | <b>Q4FY25</b> | <b>Q1FY26</b> | <b>Q2FY26</b> | <b>Q3FY26</b> | <b>Q4FY26</b> | <b>Q1FY27</b> | <b>Q2FY27</b> |
| Gross margin                          | 43.6%         | 41.1%         | 41.9%         | 40.1%         | 42.1%         | 42.8%         | 41.3%         | 42.7%         | 41.7%         |
| Staff cost                            | 8.6%          | 8.5%          | 7.5%          | 8.1%          | 8.2%          | 8.5%          | 8.0%          | 8.3%          | 8.4%          |
| A&P spends                            | 6.6%          | 6.4%          | 6.5%          | 6.4%          | 6.8%          | 6.8%          | 5.9%          | 6.1%          | 5.5%          |
| Other expenses                        | 13.5%         | 13.2%         | 13.9%         | 12.4%         | 13.0%         | 13.4%         | 12.8%         | 14.7%         | 13.9%         |
| EBITDA margin                         | 14.9%         | 12.7%         | 13.5%         | 12.7%         | 13.5%         | 14.1%         | 14.6%         | 13.5%         | 13.8%         |

Source: Company, JM Financial. \*Adjusted profit is equivalent to amount disclosed as GNP (before exceptional items) in company's presentation.

## Exhibit 3: Quarterly segmental overview

| INR mn                              | Q2FY25        | Q3FY25        | Q4FY25        | Q1FY26        | Q2FY26        | Q3FY26        | Q4FY26        | Q1FY27        | Q2FY27        |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Growth (%)</b>                   |               |               |               |               |               |               |               |               |               |
| India tea volume growth             | -4%           | 7%            | 2%            | 1%            | 5%            | 3%            | 4%            | 2%            | 0%            |
| India foods volume growth           | 1%            | 1%            | 6%            | 6%            | 11%           | 16%           | 15%           | NA            | NA            |
| International business CC growth    | 5%            | 4%            | 2%            | 5%            | 9%            | 11%           | 11%           | 3%            | -2%           |
| <b>Revenue</b>                      |               |               |               |               |               |               |               |               |               |
| India - Beverages - Branded         | 12,872        | 14,427        | 14,727        | 15,917        | 14,902        | 15,481        | 15,619        | 16,639*       | 15,667*       |
| India - Foods - Branded             | 13,680        | 13,910        | 14,640        | 15,340        | 16,320        | 16,550        | 17,660        | 18,764*       | 20,994*       |
| International - Beverages - Branded | 11,160        | 11,925        | 11,937        | 11,452        | 12,877        | 13,997        | 14,181        | 13,428        | 13,702        |
| <b>Branded business</b>             | <b>37,712</b> | <b>40,262</b> | <b>41,304</b> | <b>42,709</b> | <b>44,099</b> | <b>46,028</b> | <b>47,460</b> | <b>48,831</b> | <b>50,363</b> |
| Non-Branded Business                | 4,623         | 4,461         | 5,006         | 5,358         | 5,902         | 5,467         | 7,144         | 4,976         | 6,588         |
| <b>Total</b>                        | <b>42,335</b> | <b>44,723</b> | <b>46,310</b> | <b>48,067</b> | <b>50,000</b> | <b>51,495</b> | <b>54,604</b> | <b>53,807</b> | <b>56,951</b> |
| Others                              | 99            | 92            | 81            | 103           | 115           | 104           | 84            | 115           | 122           |
| Inter-segment                       | 290           | 379           | 308           | 381           | 457           | 478           | 352           | 433           | 461           |
| <b>Total</b>                        | <b>42,145</b> | <b>44,436</b> | <b>46,082</b> | <b>47,789</b> | <b>49,659</b> | <b>51,120</b> | <b>54,336</b> | <b>53,489</b> | <b>56,611</b> |
| <b>EBIT</b>                         |               |               |               |               |               |               |               |               |               |
| India - Branded (Beverages + Foods) | 2,432         | 2,103         | 2,416         | 2,903         | 3,588         | 4,002         | 4,545         | 3,940         | 4,085         |
| International - Beverages - Branded | 1,671         | 1,667         | 1,573         | 1,546         | 1,478         | 1,722         | 1,516         | 1,752         | 1,821         |
| <b>Branded business</b>             | <b>4,104</b>  | <b>3,770</b>  | <b>3,989</b>  | <b>4,448</b>  | <b>5,065</b>  | <b>5,725</b>  | <b>6,061</b>  | <b>5,692</b>  | <b>5,906</b>  |
| Non-Branded Business                | 1,061         | 930           | 1,120         | 645           | 760           | 655           | 745           | 491           | 975           |
| <b>Total</b>                        | <b>5,165</b>  | <b>4,700</b>  | <b>5,109</b>  | <b>5,094</b>  | <b>5,825</b>  | <b>6,380</b>  | <b>6,805</b>  | <b>6,182</b>  | <b>6,882</b>  |
| <b>EBIT Margin</b>                  |               |               |               |               |               |               |               |               |               |
| India - Branded (Beverages + Foods) | 9.2%          | 7.4%          | 8.2%          | 9.3%          | 11.5%         | 12.5%         | 13.7%         | 11.1%         | 11.1%         |
| International - Beverages - Branded | 15.0%         | 14.0%         | 13.2%         | 13.5%         | 11.5%         | 12.3%         | 10.7%         | 13.0%         | 13.3%         |
| <b>Branded business</b>             | <b>10.9%</b>  | <b>9.4%</b>   | <b>9.7%</b>   | <b>10.4%</b>  | <b>11.5%</b>  | <b>12.4%</b>  | <b>12.8%</b>  | <b>11.7%</b>  | <b>11.7%</b>  |
| <b>Non-Branded Business</b>         | <b>23.0%</b>  | <b>20.8%</b>  | <b>22.4%</b>  | <b>12.0%</b>  | <b>12.9%</b>  | <b>12.0%</b>  | <b>10.4%</b>  | <b>9.9%</b>   | <b>14.8%</b>  |
| <b>Total</b>                        | <b>12.3%</b>  | <b>10.6%</b>  | <b>11.1%</b>  | <b>10.7%</b>  | <b>11.7%</b>  | <b>12.5%</b>  | <b>12.5%</b>  | <b>11.6%</b>  | <b>12.2%</b>  |

Source: Company, JM Financial. \*as per internal estimates

## Exhibit 4: Five-year average PE Band



Source: Bloomberg, JM Financial

## Exhibit 5: Ten-year average PE Band



Source: Bloomberg, JM Financial

## Exhibit 6: Changes in estimates

| INR mn | Revised  |          |          | Earlier  |          |          | Change (%) |       |       |
|--------|----------|----------|----------|----------|----------|----------|------------|-------|-------|
|        | FY27E    | FY28E    | FY29E    | FY27E    | FY28E    | FY29E    | FY27E      | FY28E | FY29E |
| Sales  | 2,27,385 | 2,53,414 | 2,81,584 | 2,23,690 | 2,50,158 | 2,78,924 | 1.7%       | 1.3%  | 1.0%  |
| EBITDA | 32,459   | 37,277   | 42,502   | 32,456   | 37,701   | 43,570   | 0.0%       | -1.1% | -2.5% |
| PAT    | 18,887   | 22,662   | 26,849   | 18,765   | 22,993   | 27,721   | 0.7%       | -1.4% | -3.1% |
| EPS    | 19.1     | 22.9     | 27.1     | 19.0     | 23.2     | 28.0     | 0.7%       | -1.4% | -3.1% |

Source: JM Financial

# TATACONS - Financial Tables (Consolidated)

| Income Statement (INR mn)   |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E Mar                     | FY25A          | FY26A          | FY27E          | FY28E          | FY29E          |
| Net Sales                   | 175,084        | 201,706        | 227,385        | 253,414        | 281,584        |
| Sales Growth (%)            | 16.0           | 15.2           | 12.7           | 11.4           | 11.1           |
| Other Operating Income      | 1,099          | 1,198          | 1,351          | 1,505          | 1,673          |
| <b>Total Revenue</b>        | <b>176,183</b> | <b>202,904</b> | <b>228,736</b> | <b>254,919</b> | <b>283,256</b> |
| Cost of Goods Sold/Op. Exp  | 100,693        | 118,556        | 132,217        | 146,334        | 162,037        |
| Personnel Cost              | 14,301         | 16,610         | 19,018         | 21,110         | 23,222         |
| Other Expenses              | 36,396         | 39,820         | 45,042         | 50,198         | 55,496         |
| <b>EBITDA</b>               | <b>24,794</b>  | <b>27,918</b>  | <b>32,459</b>  | <b>37,277</b>  | <b>42,502</b>  |
| EBITDA Margin (%)           | 14.1           | 13.8           | 14.2           | 14.6           | 15.0           |
| EBITDA Growth (%)           | 8.5            | 12.6           | 16.3           | 14.8           | 14.0           |
| Depn. & Amort.              | 6,007          | 6,267          | 6,642          | 6,857          | 7,068          |
| EBIT                        | 18,786         | 21,651         | 25,817         | 30,420         | 35,434         |
| Other Income                | -              | -              | -              | -              | -              |
| Finance Cost                | 2,902          | 1,370          | 1,218          | 1,266          | 1,205          |
| PBT before Excep. & Forex   | 17,817         | 21,928         | 26,596         | 31,504         | 37,029         |
| Excep. & Forex Inc./Loss(-) | -              | -              | -              | -              | -              |
| PBT                         | 17,817         | 21,928         | 26,596         | 31,504         | 37,029         |
| Taxes                       | 3,963          | 5,353          | 6,649          | 7,876          | 9,257          |
| Extraordinary Inc./Loss(-)  | -51            | -201           | -              | -              | -              |
| Assoc. Profit/Min. Int.(-)  | -846           | -862           | -940           | -834           | -777           |
| Reported Net Profit         | 12,785         | 15,423         | 18,887         | 22,662         | 26,849         |
| <b>Adjusted Net Profit</b>  | <b>12,836</b>  | <b>15,624</b>  | <b>18,887</b>  | <b>22,662</b>  | <b>26,849</b>  |
| Net Margin (%)              | 7.3            | 7.7            | 8.3            | 8.9            | 9.5            |
| Diluted Share Cap. (mn)     | 990            | 990            | 990            | 990            | 990            |
| <b>Diluted EPS (INR)</b>    | <b>13.0</b>    | <b>15.8</b>    | <b>19.1</b>    | <b>22.9</b>    | <b>27.1</b>    |
| Diluted EPS Growth (%)      | -16.3          | 21.7           | 20.9           | 20.0           | 18.5           |
| Total Dividend + Tax        | 8,163          | 9,896          | 10,388         | 12,464         | 14,767         |
| Dividend Per Share (INR)    | 8.3            | 10.0           | 10.5           | 12.6           | 14.9           |

Source: Company, JM Financial

| Cash Flow Statement (INR mn) |                |                |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E Mar                      | FY25A          | FY26A          | FY27E          | FY28E          | FY29E          |
| Profit before Tax            | 17,817         | 21,928         | 26,596         | 31,504         | 37,029         |
| Depn. & Amort.               | 6,007          | 6,267          | 6,642          | 6,857          | 7,068          |
| Net Interest Exp. / Inc. (-) | 970            | -277           | -779           | -1,084         | -1,595         |
| Inc (-) / Dec in WCap.       | 48             | 1,452          | -903           | -1,049         | -3,448         |
| Others                       | 343            | 482            | -1,111         | -1,185         | -1,280         |
| Taxes Paid                   | -4,618         | -5,633         | -6,649         | -7,876         | -9,257         |
| <b>Operating Cash Flow</b>   | <b>20,567</b>  | <b>24,219</b>  | <b>23,796</b>  | <b>27,167</b>  | <b>28,516</b>  |
| Capex                        | -4,140         | -4,061         | -3,000         | -3,000         | -2,000         |
| Free Cash Flow               | 16,427         | 20,158         | 20,796         | 24,167         | 26,516         |
| Inc (-) / Dec in Investments | -20,577        | -10,983        | -227           | -188           | -1,261         |
| Others                       | 1,180          | 1,063          | 1,997          | 2,349          | 2,800          |
| <b>Investing Cash Flow</b>   | <b>-23,536</b> | <b>-13,982</b> | <b>-1,230</b>  | <b>-839</b>    | <b>-460</b>    |
| Inc / Dec (-) in Capital     | 29,806         | 0              | -              | -              | -              |
| Dividend + Tax thereon       | -7,415         | -8,203         | -10,388        | -12,464        | -14,767        |
| Inc / Dec (-) in Loans       | -14,513        | -641           | -3,636         | -1,908         | -770           |
| Others                       | -3,352         | -1,910         | -975           | -1,012         | -939           |
| <b>Financing Cash Flow</b>   | <b>4,527</b>   | <b>-10,754</b> | <b>-14,999</b> | <b>-15,383</b> | <b>-16,476</b> |
| <b>Inc / Dec (-) in Cash</b> | <b>1,557</b>   | <b>-517</b>    | <b>7,567</b>   | <b>10,945</b>  | <b>11,579</b>  |
| Opening Cash Balance         | 26,621         | 34,722         | 34,205         | 41,772         | 52,717         |
| Closing Cash Balance         | 28,179         | 34,205         | 41,772         | 52,717         | 64,296         |

Source: Company, JM Financial

| Balance Sheet (INR mn)                            |                |                |                |                |                |
|---------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E Mar                                           | FY25A          | FY26A          | FY27E          | FY28E          | FY29E          |
| Shareholders Fund                                 | 213,903        | 231,889        | 241,508        | 252,738        | 265,815        |
| Share Capital                                     | 990            | 990            | 990            | 990            | 990            |
| Reserves & Surplus                                | 199,021        | 216,886        | 226,445        | 237,609        | 250,613        |
| Preference Share Capital                          | -              | -              | -              | -              | -              |
| Minority Interest                                 | 13,892         | 14,013         | 14,073         | 14,139         | 14,212         |
| Total Loans                                       | 18,487         | 21,203         | 17,567         | 15,659         | 14,889         |
| Def. Tax Liab. / Assets (-)                       | 18,354         | 18,088         | 17,980         | 17,866         | 17,747         |
| Other non-current liabilities / Lease Liabilities | 22,337         | 20,581         | 21,443         | 22,345         | 23,287         |
| <b>Total - Equity &amp; Liab.</b>                 | <b>254,727</b> | <b>273,673</b> | <b>280,518</b> | <b>290,741</b> | <b>303,991</b> |
| Net Fixed Assets                                  | 211,863        | 218,517        | 215,985        | 213,314        | 209,526        |
| Gross Fixed Assets                                | 124,056        | 129,631        | 132,631        | 135,631        | 137,631        |
| Intangible Assets                                 | 113,304        | 118,839        | 118,839        | 118,839        | 118,839        |
| Less: Depn. & Amort.                              | 29,814         | 36,901         | 42,433         | 48,104         | 53,892         |
| Capital WIP                                       | 4,317          | 6,948          | 6,948          | 6,948          | 6,948          |
| Investments                                       | 9,687          | 14,426         | 14,426         | 14,426         | 15,582         |
| Current Assets                                    | 91,670         | 103,361        | 118,113        | 136,280        | 157,952        |
| Inventories                                       | 35,999         | 35,268         | 39,870         | 44,434         | 51,688         |
| Sundry Debtors                                    | 8,698          | 11,483         | 12,945         | 14,427         | 16,031         |
| Cash & Bank Balances                              | 28,179         | 34,205         | 41,772         | 52,717         | 64,296         |
| Loans & Advances                                  | 9,184          | 12,585         | 13,214         | 13,874         | 14,568         |
| Other Current Assets                              | 9,610          | 9,821          | 10,312         | 10,828         | 11,369         |
| Current Liab. & Prov.                             | 43,176         | 48,863         | 54,465         | 59,924         | 65,820         |
| Current Liabilities                               | 35,084         | 38,753         | 43,946         | 48,977         | 54,421         |
| Provisions & Others                               | 8,092          | 10,110         | 10,518         | 10,948         | 11,399         |
| Net Current Assets                                | 48,494         | 54,499         | 63,649         | 76,356         | 92,132         |
| Other Non Current Assets/ROU Assets               | 5,086          | 6,483          | 6,710          | 6,898          | 7,003          |
| <b>Total - Assets</b>                             | <b>254,727</b> | <b>273,673</b> | <b>280,518</b> | <b>290,741</b> | <b>303,991</b> |

Source: Company, JM Financial

| DuPont Analysis     |       |       |       |       |       |
|---------------------|-------|-------|-------|-------|-------|
| Y/E Mar             | FY25A | FY26A | FY27E | FY28E | FY29E |
| Net Margin (%)      | 7.3   | 7.7   | 8.3   | 8.9   | 9.5   |
| Asset Turnover (x)  | 0.7   | 0.7   | 0.8   | 0.8   | 0.9   |
| Leverage Factor (x) | 1.5   | 1.4   | 1.4   | 1.3   | 1.3   |
| RoE (%)             | 7.1   | 7.5   | 8.5   | 9.7   | 11.0  |

Source: Company, JM Financial

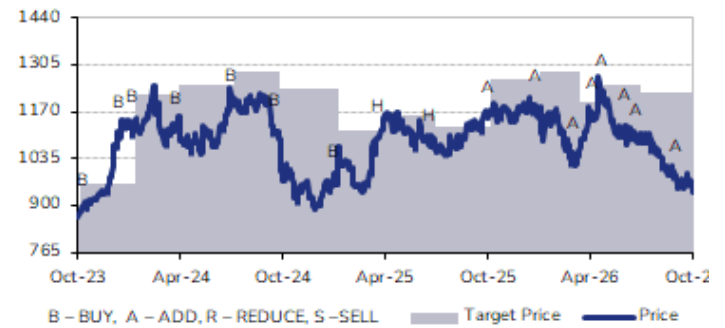
| Key Ratios          |       |       |       |       |       |
|---------------------|-------|-------|-------|-------|-------|
| Y/E Mar             | FY25A | FY26A | FY27E | FY28E | FY29E |
| BV/Share (INR)      | 202.1 | 220.2 | 229.8 | 241.1 | 254.2 |
| ROIC (%)            | 8.1   | 8.3   | 9.6   | 11.4  | 13.3  |
| ROE (%)             | 7.1   | 7.5   | 8.5   | 9.7   | 11.0  |
| Net Debt/Equity (x) | -0.1  | -0.1  | -0.1  | -0.2  | -0.2  |
| P/E (x)             | 72.5  | 60.1  | 49.1  | 40.9  | 34.5  |
| P/B (x)             | 4.6   | 4.3   | 4.1   | 3.9   | 3.7   |
| EV/EBITDA (x)       | 37.4  | 32.9  | 28.0  | 24.0  | 20.8  |
| EV/Sales (x)        | 5.3   | 4.5   | 4.0   | 3.5   | 3.1   |
| Debtor days         | 18    | 21    | 21    | 21    | 21    |
| Inventory days      | 75    | 63    | 64    | 64    | 67    |
| Creditor days       | 85    | 81    | 82    | 82    | 83    |

Source: Company, JM Financial

## TATACONS – Recommendation history table

| Date      | Recommendation | Target Price | % Change |
|-----------|----------------|--------------|----------|
| 5-Oct-26  | ADD            | 1,225        | 0.0      |
| 25-Jul-26 | ADD            | 1,225        | -2.0     |
| 6-Jul-26  | ADD            | 1,250        | 0.0      |
| 26-May-26 | ADD            | 1,250        | 0.0      |
| 8-May-26  | ADD            | 1,250        | 4.2      |
| 7-Apr-26  | ADD            | 1,200        | -6.6     |
| 27-Jan-26 | ADD            | 1,285        | 1.6      |
| 3-Nov-25  | ADD            | 1,265        | 11.9     |
| 23-Jul-25 | HOLD           | 1,130        | -2.6     |
| 23-Apr-25 | HOLD           | 1,160        | 4.0      |
| 31-Jan-25 | BUY            | 1,115        | -9.7     |
| 19-Oct-24 | BUY            | 1,235        | -3.9     |
| 31-Jul-24 | BUY            | 1,285        | 2.8      |
| 25-Apr-24 | BUY            | 1,250        | 2.5      |
| 7-Feb-24  | BUY            | 1,220        | 26.4     |
| 13-Jan-24 | BUY            | 965          | 0.0      |
| 31-Oct-23 | BUY            | 965          | 7.2      |
| 26-Jul-23 | BUY            | 900          | 3.4      |
| 25-Apr-23 | BUY            | 870          | 4.8      |
| 3-Feb-23  | BUY            | 830          |          |

## TATACONS – Recommendation history chart



# APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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| Rating System: Definition of ratings |                                                                     |
|--------------------------------------|---------------------------------------------------------------------|
| Rating                               | Meaning                                                             |
| BUY                                  | Expected return $\geq$ 15% over the next twelve months.             |
| ADD                                  | Expected return $\geq$ 5% and $<$ 15% over the next twelve months.  |
| REDUCE                               | Expected return $\geq$ -10% and $<$ 5% over the next twelve months. |
| SELL                                 | Expected return $<$ -10% over the next twelve months.               |

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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