

**Price:** 1,155

**Recommendation:** Buy

**Industry:** Tea & Coffee

**Sector:** Fast Moving Consumer Goods

**Report Date:** 28-Apr-2025

Tata Consumer Products Limited (TCPL) is a leading FMCG company with a diversified portfolio spanning beverages, foods, and emerging categories. In FY25, TCPL achieved 17,618 crore in revenue, driven by innovation, premiumization, and strong growth in India Foods and international markets. With sustainability, digital innovation, and operational excellence, TCPL is poised for long-term growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	12802 Cr	Operating Profit(Year)	1409 Cr	Operating Profit Margin	11.0 %
Previous Year	9998 Cr	Operating Profit(Quarter)	339 Cr	EBITDA Margin	14.58 %
Current Quarter	3354 Cr	PAT (Year)	1209 Cr	Net Profit Margin	9.44 %
Previous Quarter	3200 Cr	PAT (Quarter)	215 Cr	EPS	12.7
Revenue (QYoY)	2773 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	94.6	Sales Growth	28.0 %	Sales Growth	4.81 %
PEG Ratio	5.45	PAT Growth	8.53 %	Sales Growth QYoY	20.95 %
EV/EBITDA	61.3	EPS Growth	0.0 %	PAT Growth	-62.28 %
P/B	6.62	Dividend Yield	0.66	PAT Growth QYoY	-16.02 %
Capital Allocation		Holdings		Leverage	
RoE	7.89 %	Promoter	33.8 %	Debt/Equity	0.03
RoA	6.06 %	FII	21.5 %	Debt	444 Cr
RoCE	10.1 %	DII	22.0 %	Market Cap	114287 Cr
RoIC	16.3 %	Public	22.7 %	Enterprise value	114386 Cr
		No of Shares	99.0 Cr	Cash Equivalents	345 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

Tata Consumer Products Limited (TCPL) demonstrated robust growth across its core and emerging businesses in FY25, despite challenging macroeconomic conditions. Consolidated revenue grew by 16% YoY to 17,618 crore, driven by strong performance in India Foods (+29%) and International operations (+5% constant currency). Growth businesses, including Tata Sampann, Soufull, Ready-to-Drink (RTD), Capital Foods, and Organic India, contributed significantly, crossing 3,200 crore in revenue and accounting for 28% of the India business. The company launched 41 new products during the year, with innovation-to-sales for India reaching 5.2%, showcasing its commitment to product diversification and premiumization. Notable launches included Tata Tea Gold's instant tea premix and Tata Lyfe Alkaline water, catering to evolving consumer preferences.

Strategically, TCPL focused on strengthening its core brands while accelerating growth in emerging categories. The India Foods segment saw broad-based growth, with value-added salts growing 31% and Tata Sampann achieving 29% revenue growth. The RTD business returned to positive value growth in Q4, supported by new flavor launches and premium offerings like Tata Copper+. Internationally, the company expanded distribution and enhanced operational efficiencies, with EBIT margins improving by 190 bps. Integration of Capital Foods and Organic India's international operations further unlocked growth opportunities in food service and pharma channels. Sustainability remained a priority, with improved ESG ratings and inclusion in the S&P; Global Sustainability Yearbook 2025.

Future growth perspectives are promising, with TCPL leveraging digital innovation, omni-channel capabilities, and a future-ready organization. Direct reach doubled to 4.4 million retail outlets, while e-commerce and modern trade grew at 43% and 19% CAGR, respectively, over FY21-25. The non-branded business achieved record revenue growth (+20% YoY), supported by strong realizations in solubles and plantations. Tata Starbucks continued its expansion, adding 58 new stores and entering 19 new cities, solidifying its position as India's largest organized café chain. The company's focus on premiumization, innovation, and operational excellence positions it well for sustained growth.

In conclusion, TCPL's strategic priorities—strengthening core businesses, driving execution excellence, embedding sustainability, and fostering innovation—have delivered consistent profitable growth. Despite margin pressures from tea and coffee cost inflation, EBITDA grew 8% YoY to 2,502 crore, reflecting resilience and operational efficiency. With a diversified portfolio, strong brand equity, and expanding market presence, TCPL is well-positioned to capitalize on emerging opportunities in the FMCG sector, ensuring long-term value creation for shareholders.

TATACONSUM Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
CCL Products	8222.63	30.03	15.77%	2.74%	14.14%	-14.75%	-0.40%
Goodricke Group	383.40		-25.04%	-10.04%	-0.82%	-126.76%	35.58%
McLeod Russel	355.17		-77.34%	-18.13%	6.29%	-203.30%	-0.76%
Rossell India	278.54	10.16	4.58%	-21.80%	21.06%	-78.20%	2704.55%
Jay Shree Tea	275.53	39.15	-27.01%	-22.09%	13.84%	-50.41%	9426.32%

Aspect	Commentary
Revenue	Revenue grew 16% YoY to Rs.17,618 Cr, driven by strong performance in India Foods (+29%) and international markets (+5% constant currency). Growth businesses contributed significantly, showcasing robust demand and product diversification.
Profit & Loss	Operating profit for FY25 stood at Rs.1,409 Cr, with a margin of 11%. PAT grew 8.53% YoY to Rs.1,209 Cr, reflecting operational efficiency despite margin pressures from input cost inflation.
Profitability Matrix	EBITDA margin at 14.58% indicates stable operational performance. Net profit margin of 9.44% reflects effective cost management, while ROIC of 16.3% highlights efficient capital utilization.
Valuation Matrix	Trailing P/E of 94.6 and EV/EBITDA of 61.3 suggest premium valuation, supported by strong growth prospects. PEG ratio of 5.45 indicates high growth expectations relative to earnings.
Growth (YoY)	Sales grew 28% YoY, driven by India Foods and emerging categories. PAT growth of 8.53% reflects resilience despite cost pressures. EPS growth remained flat, indicating stable earnings per share.
Growth (QoQ)	QoQ sales growth of 4.81% reflects steady demand. However, PAT declined 62.28% QoQ due to higher costs or one-time expenses, signaling potential short-term challenges.
Capital Allocation	RoE of 7.89% and RoCE of 10.1% indicate moderate returns on equity and capital employed. Low debt/equity of 0.03 and Rs.345 Cr in cash equivalents highlight a strong financial position.
Holdings	Promoter holding at 33.8% reflects confidence in the business. FII and DII holdings at 21.5% and 22% respectively indicate strong institutional interest, while public holding is at 22.7%.
Leverage	Debt/equity ratio of 0.03 and total debt of Rs.444 Cr indicate minimal leverage. Strong market cap of Rs.1,14,287 Cr and enterprise value of Rs.1,14,386 Cr reflect robust market positioning.

**Analyst viewpoint:** Tata Consumer Products Limited (TCPL) has demonstrated strong growth momentum, with consolidated revenue increasing by 16% YoY to 17,618 crore in FY25. The India Foods segment grew impressively by 29%, driven by value-added salts and Tata Sampann, while international operations expanded by 5% in constant currency terms. Emerging categories such as Ready-to-Drink beverages and organic products contributed significantly, accounting for 28% of the India business. TCPL's focus on innovation is evident from the launch of 41 new products, including Tata Tea Gold's instant tea premix and Tata Lyfe Alkaline water, catering to evolving consumer preferences. Operational efficiency remains a key strength, with EBITDA margins at 14.58% and EBIT margins improving by 190 bps internationally. The company's strategic investments in digital innovation, omni-channel capabilities, and sustainability initiatives further position it for sustained growth in the FMCG sector.

Despite premium valuations with a trailing P/E of 94.6 and EV/EBITDA of 61.3, TCPL's diversified portfolio, strong brand equity, and robust financial position make it an attractive investment. Sales growth of 28% YoY and PAT growth of 8.53% reflect resilience amidst cost pressures, while a low debt/equity ratio of 0.03 and 345 crore in cash equivalents highlight financial stability. The company's direct reach has doubled to 4.4 million retail outlets, and e-commerce sales grew at a 43% CAGR over FY21-25. However, mild margin pressures from tea and coffee cost inflation may pose short-term challenges. Overall, TCPL's strategic priorities and execution excellence position it well for profitable growth, making it a compelling buy recommendation for the short to mid-term.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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