

TATA CONSUMER PRODUCTS

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	1,198
12 month price target (INR)	1,470
52 Week High/Low	1,203/883
Market cap (INR bn/USD bn)	1,185/13.3
Free float (%)	0.0
Avg. daily value traded (INR mn)	1,217.1

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	33.84%	33.84%	33.84%
FII	22.06%	21.96%	21.54%
DII	22.20%	22.02%	21.96%
Pledge	0%	0%	0%

FINANCIALS

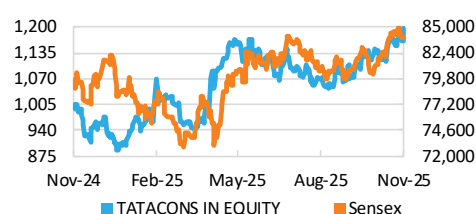
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,76,183	2,02,556	2,23,028	2,45,320
EBITDA	24,794	27,750	31,893	36,553
Adjusted profit	12,922	17,645	21,670	25,702
Diluted EPS (INR)	13.1	17.8	21.9	26.0
EPS growth (%)	(19.3)	36.5	22.8	18.6
RoAE (%)	6.7	8.1	9.4	10.6
P/E (x)	91.9	67.3	54.8	46.2
EV/EBITDA (x)	41.9	37.2	32.1	27.7
Dividend yield (%)	0.5	0.7	0.8	1.0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	2,02,556	2,23,028	3.0%	3.0%
EBITDA	27,750	31,893	3.0%	3.0%
Adjusted profit	17,645	21,670	3.8%	3.6%
Diluted EPS (INR)	17.7	21.8	3.8%	3.6%

PRICE PERFORMANCE



Blistering growth is back

Tata Consumer (TCPL) reported Q2FY26 revenue (up 18% YoY) in line with our estimate and EBITDA (up 7% YoY) ahead of our estimate. Gross/EBITDA margin improved 198bp/83bp QoQ to 42.1%/13.5% owing to easing tea cost (down 20% from peak). TCPL's India Tea grew 12% YoY vis-à-vis HUL's high single digit (Tea) growth. Despite heavy rains and intense competition, RTD revenue/volume jumped 25%/31% YoY. High-growth channels—E-Com, Q-Com, MT—contributed ~37% to TCPL's India business, positioning it for industry-beating growth.

Given a stable tea outlook, faster-than-expected growth in India Foods and RTD doing exceptionally well, we are raising FY26E, FY27E and FY28E EPS by 4% each, yielding TP of INR1,470 (earlier INR1,285); 'BUY'.

Positive tea outlook; Salt volumes surprise positively

What we like: India Foods sales/volume grew 19%/11% YoY—within which Salt sales/volume rose 16%/9% YoY, while Sampann revenue surged 40% YoY. While most FMCG posted muted showing in their summer portfolios, TCPL's **RTD portfolio** stood out, delivering strong revenue/volume growth of 25%/31% YoY. India packaged beverages' (largely tea) volume grew 5% with revenue growth of 12% YoY. **Capital Foods (CF) & Organic India (OI)** sales grew 16% YoY with stable 48% GMs. **Non-branded** revenue rose 26% YoY in CC terms; Solubles/Plantations grew 34%/17%. International business expanded 9% YoY (CC) led by USA, up 21% YoY. Growth businesses (32% of India business versus 29% In Q2FY25) jumped 27% YoY.

What we do not like: International EBITDA decreased 17% YoY in CC terms, with EBITDA margin contracting ~400bp YoY due to lower gross margins. EBITDA for the non-branded business declined 26% YoY (CC), with margins contracting 1,100bp, largely due to the reversal of fair value gains. A&P was 7.4% of revenue (6.9% in Q1).

Q2FY26 conference call highlights: Tea costs shall normalise from Q3. TCPL will maintain 34–36% GMs in India Tea business. For H2, Tea revenue shall grow in mid-to-high single digit. In RTD, revenue growth shall be similar to volume growth (negative pricing of 6% in Q2). In the water business, if competition gets aggressive on retailer-level margins, TCPL will match those to protect market share. Targets 50% GMs in CF and OI (49% in H1). In UK, wants to maintain market share in black tea while growing fruit, herbal, etc teas. Coffee remains a watch-out for H2 and uncertainty in coffee prices remain. In US, coffee prices were hiked once in Jul-25 and another round of hikes to take effect from Jan-26. If tariffs remain, TCPL will likely need to take another round of price hike to nullify the adverse effect. In H2, consolidated EBITDA margin shall expand YoY.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	49,659	42,145	17.8	47,789	3.9
EBITDA	6,718	6,263	7.3	6,069	10.7
Adjusted Profit	4,045	3,916	3.3	3,342	21.0
Diluted EPS (INR)	4.1	4.0	3.3	3.4	21.0

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	1,76,183	2,02,556	2,23,028	2,45,320
Gross profit	75,490	87,099	97,017	1,07,205
Employee costs	14,301	16,204	17,842	19,380
Other expenses	24,837	28,358	31,224	34,100
EBITDA	24,794	27,750	31,893	36,553
Depreciation	6,007	5,534	5,406	5,777
Less: Interest expense	2,902	1,628	1,009	634
Add: Other income	1,933	2,272	2,319	2,600
Profit before tax	16,833	23,013	27,647	32,742
Prov for tax	3,962	4,915	5,976	7,039
Less: Other adj	0	0	0	0
Reported profit	12,871	18,098	21,670	25,702
Less: Excp.item (net)	(51)	453	0	0
Adjusted profit	12,922	17,645	21,670	25,702
Diluted shares o/s	990	990	990	990
Adjusted diluted EPS	13.1	17.8	21.9	26.0
DPS (INR)	5.8	8.0	9.8	11.6
Tax rate (%)	22.3	21.1	21.5	21.5

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Gross margin (%)	42.8	43.0	43.5	43.7
Staff cost (% of rev)	8.1	8.0	8.0	7.9
A&P as % of sales	6.6	7.3	7.2	7.0
EBITDA margin (%)	14.1	13.7	14.3	14.9
Net profit margin (%)	7.3	8.7	9.7	10.5
Revenue growth (% YoY)	16.0	15.0	10.1	10.0
EBITDA growth (% YoY)	8.5	11.9	14.9	14.6
Adj. profit growth (%)	(16.2)	36.5	22.8	18.6

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	7.0	7.0	7.0	7.0
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	87.0	89.0	91.0	91.0
India bev growth (%)	10.3	10.9	10.8	9.8
India food growth (%)	29.1	33.5	12.0	13.4
Int biz growth (%)	15.9	(8.0)	6.6	5.3
COGS % of consol rev	57.2	57.0	56.5	56.3
Other exp (% of rev)	14.1	14.0	14.0	13.9
Yield on cash	5.1	6.0	6.0	6.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	91.9	67.3	54.8	46.2
Price/BV (x)	5.9	5.6	5.3	5.0
EV/EBITDA (x)	41.9	37.2	32.1	27.7
Dividend yield (%)	0.5	0.7	0.8	1.0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	990	990	990	990
Reserves	1,99,021	2,09,424	2,21,438	2,35,519
Shareholders funds	2,00,011	2,10,414	2,22,427	2,36,509
Minority interest	13,892	13,992	14,092	14,192
Borrowings	18,487	14,074	9,662	5,249
Trade payables	35,084	33,214	36,595	40,867
Other liabs & prov	28,621	28,621	28,621	28,621
Total liabilities	3,19,777	3,23,996	3,35,079	3,49,120
Net block	27,878	32,925	38,106	42,924
Intangible assets	1,87,003	1,84,673	1,82,335	1,79,989
Capital WIP	2,068	2,068	2,068	2,068
Total fixed assets	2,16,949	2,19,665	2,22,509	2,24,982
Non current inv	6,765	6,765	6,765	6,765
Cash/cash equivalent	31,101	31,885	36,566	44,815
Sundry debtors	8,698	9,989	10,999	11,426
Loans & advances	6,601	6,601	6,601	6,601
Other assets	44,767	44,196	46,744	49,635
Total assets	3,19,777	3,23,996	3,35,079	3,49,120

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	12,871	18,098	21,670	25,702
Add: Depreciation	6,007	5,534	5,406	5,777
Interest (net of tax)	2,902	1,628	1,009	634
Others	3,356	2,490	3,807	4,440
Less: Changes in WC	48	(2,591)	(176)	954
Operating cash flow	20,567	20,245	25,740	30,467
Less: Capex	(4,141)	(8,250)	(8,250)	(8,250)
Free cash flow	16,425	11,995	17,490	22,217

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	6.7	8.1	9.4	10.6
RoCE (%)	9.5	10.4	11.9	13.3
Inventory days	115	112	110	108
Receivable days	18	18	18	17
Payable days	113	105	106	108
Working cap (% sales)	9.6	9.6	8.8	7.6
Gross debt/equity (x)	0.1	0.1	0	0
Net debt/equity (x)	(0.1)	(0.1)	(0.1)	(0.2)
Interest coverage (x)	6.5	13.6	26.3	48.6

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(19.3)	36.5	22.8	18.6
RoE (%)	6.7	8.1	9.4	10.6
EBITDA growth (%)	8.5	11.9	14.9	14.6
Payout ratio (%)	44.9	43.6	44.8	44.8

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Exhibit 1: Trends at a glance

Particulars	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Consolidated									
Revenue (INR Bn)	37.3	38.0	39.3	43.5	42.1	44.4	46.1	47.8	49.7
EBITDA (INR Bn)	5.4	5.7	6.3	6.8	6.3	5.6	6.2	6.1	6.7
PAT (INR Bn)	3.5	3.7	4.3	3.1	3.9	2.9	3.1	3.3	4.0
EBITDA margin	14.4	15.0	16.0	15.6	14.9	12.7	13.5	12.7	13.5
PAT margin	9.4	9.7	11.0	7.1	9.3	6.6	6.7	7.0	8.1
Standalone									
Revenue (INR Bn)	23.6	23.5	26.1	29.2	30.5	32.0	33.5	35.3	36.0
EBITDA (INR Bn)	3.7	4.1	4.0	4.0	3.4	3.2	3.4	4.0	4.4
PAT (INR Bn)	2.7	2.8	1.4	1.9	2.2	5.7	2.8	7.1	2.9
EBITDA margin	15.8	17.4	15.2	13.8	11.3	9.8	10.1	11.4	12.1
PAT margin	11.3	11.9	5.5	6.4	7.2	17.8	8.3	20.2	7.9
Volume growth (%)									
India packaged beverages	3.0	2.0	0	0	(4.0)	7.0	2.0	1.0	5.0
India foods (Like-for-like basis)	6.0	5.0	4.0	10.0	1.0	1.0	6.0	6.0	11.0
Consolidated growth (YoY)									
Revenue	11.0	9.5	8.5	16.3	12.9	16.8	17.3	9.9	17.8
EBITDA	23.8	26.2	23.0	24.8	16.6	(1.3)	(1.4)	(10.8)	7.3
PAT	26.8	29.6	57.3	(3.7)	11.0	(21.4)	(28.9)	7.8	3.3
Standalone growth (YoY)									
Revenue	10.7	9.2	19.8	26.2	29.1	36.0	28.5	20.7	18.0
EBITDA	11.0	24.6	12.8	13.1	(8.1)	(22.9)	(14.5)	(0.2)	27.2
Revenue growth (%)									
India packaged beverages (Like-for-like basis)	8.0	8.0	3.0	(1.0)	3.0	9.0	9.0	12.0	12.0
India foods	16.0	13.0	20.0	30.0	28.0	31.0	27.0	14.0	19.0
India foods (Like-for-like basis)	NA	NA	11.0	14.0	9.0	11.0	17.0	NA	NA
India business	11.0	10.0	10.0	14.0	10.0	19.3	15.0	11.0	18.0
International business	13.0	11.0	7.0	17.0	18.0	16.0	2.0	5.0	15.0
Starbucks	14.0	7.0	7.0	4.0	2.0	8.0	6.0	6.0	7.0
Growth business (Like-for-like basis)	39.0	42.0	NA	20.0	15.0	14.0	24.0	7.0	27.0
Non branded Business	4.4	4.9	4.2	32.8	19.1	8.7	24.7	7.0	27.7
Capital foods & organic India	NA	NA	NA	NA	NA	NA	19.0	10.0	16.0
Segment Revenue (INR Mn)									
Capital foods	NA	NA	NA	1640	2060	2160	2130	1660	2230
Organic India	NA	NA	NA	710	1020	930	1090	930	1330
Non branded business	3883	4106	4015	5006	4623	4461	5006	5358	5902
EBIT margin									
India business	13.8	15.5	12.9	11.6	9.2	7.4	8.2	9.3	11.5
International business	10.1	10.6	15.6	16.8	15.0	14.0	13.2	13.5	11.5
No. of stores									
Starbucks	370	392	421	438	457	473	479	485	492

Source: Company, Nuvama Research

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Exhibit 2: CAGR trends

Particulars	Q2FY21	Q2FY22	Q2FY23	Q2FY24	Q2FY25	Q2FY26	3-yr CAGR	4-yr CAGR (%)	5-yr CAGR (%)
Revenue (INR Bn)	27.8	30.3	33.6	37.3	42.1	49.7	13.9	13.1	12.3
EBITDA (INR Bn)	4.0	4.1	4.3	5.4	6.3	6.7	15.7	12.9	10.9
PAT (INR Bn)	3.0	2.8	2.8	3.5	3.9	4.0	13.3	9.2	6.4

Source: Company, Nuvama Research

Exhibit 3: Key management commentary – Outlook

Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Expects overall margins to remain flat/slight improvement in FY25 based on RM prices. To mitigate the impact of high tea and salt costs, it will take gradual price increases and ensure there is no compromise on market share. If the price increases in tea happen industry-wide, it is expected to drive revenue growth for company, but with some volume pressure. Expects QoQ growth for the Capital Foods and Organic India businesses to continue. While NourishCo faces competitive intensity, it expects a 25% growth rate to return from Q3FY25. Innovation to sales ratio was 4.1% for Q2FY25. The company expects to deliver 5% in FY25.	Guides for mid-single digit volume growth for beverage business from medium to long term. Aims to achieve 30% of the business from growth businesses, which is currently growing at a rate of 30%. Price hikes will flow through in Q4FY25, easing EBITDA margin pressure, though overall pricing pressure is likely to persist for the next two quarters. Tea margin pressure affected consolidated EBITDA, which would have expanded by 75-100 bps if India tea margins were at Q3FY24 level. Input cost for the next 2 quarter have been locked due to no fresh teas available.	Guided for double-digit revenue growth with EBITDA growing ahead of the top line. Tea cost, which is expected to soften, can lead to gross/EBITDA margin expansion, with Q2–Q3FY26 margins likely to exceed 15% if the trend sustains. Aims for mid-single digit volume growth for tea and salt. Expects tea volumes to recover if prices remain stable, aided by better crop output in the southern region and higher output in April–May vs last year. Capex level as a percentage of the revenue in FY26 will be similar to FY25.	EBITDA growth to be higher than revenue growth from H2FY26 onwards. EBITDA margins shall revert to historical levels Q2FY26 onwards due to potential moderation in tea prices. Expects mid-single-digit volume growth in the tea business, with 6–8% value growth going ahead. Aim to increase A&P spends to 7.5% of revenue in the near term (6.8% in Q1). Capital Foods and Organic India to grow 30% YoY in FY26E. RTD business to deliver 30% top-line growth in FY26E Aims to expand its Growth business to 30% of India business (currently at 28% in Q1). Tea portfolio gross margins are ~10% below the historical 34–37% range, but are expected to normalise from Q2FY26 onward.	EBITDA growth to be higher than revenue growth in H2FY26. For H2, consolidated EBITDA margins are expected to expand YoY despite a high base. Tea costs shall normalise from Q3. TCPL will maintain 34-36% GMs in India Tea business. For H2, Tea revenue shall grow in mid-to-high single digit. In RTD, revenue growth shall be similar to volume growth (negative pricing of 6% in Q2).

Source: Company, Nuvama Research

Exhibit 4: Key management commentary – Revenue and margins

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Revenue	Revenue grew 13% YoY. India packaged beverages volume declined 4% YoY and India foods volume grew 1% YoY.	Revenue grew 17% YoY. India packaged beverages volume rose 7% YoY and India foods volume grew 1% YoY.	Revenue grew 17% YoY. India packaged beverages volume inched up 2% YoY and India foods volume grew 6% YoY.	Revenue grew 10% YoY. India packaged beverages volume inched up 1% YoY and India foods volume grew 6% YoY.	Revenue grew 18% YoY. India packaged beverages volume inched up 5 %YoY and India foods volume grew 11% YoY.
Margins	Gross/EBITDA margin expanded 110bp/48bp YoY.	Gross/EBITDA margin dipped 273bp / 234bp YoY.	Gross/EBITDA margin fell 420bp/256bp YoY	Gross/EBITDA margin contracted 482bp/263bp YoY.	Consolidated EBITDA grew 7% YoY, with an EBITDA margin of 13.6%. India business EBITDA grew 33% YoY, with margin expansion of 180 bps.

Source: Company, Nuvama Research

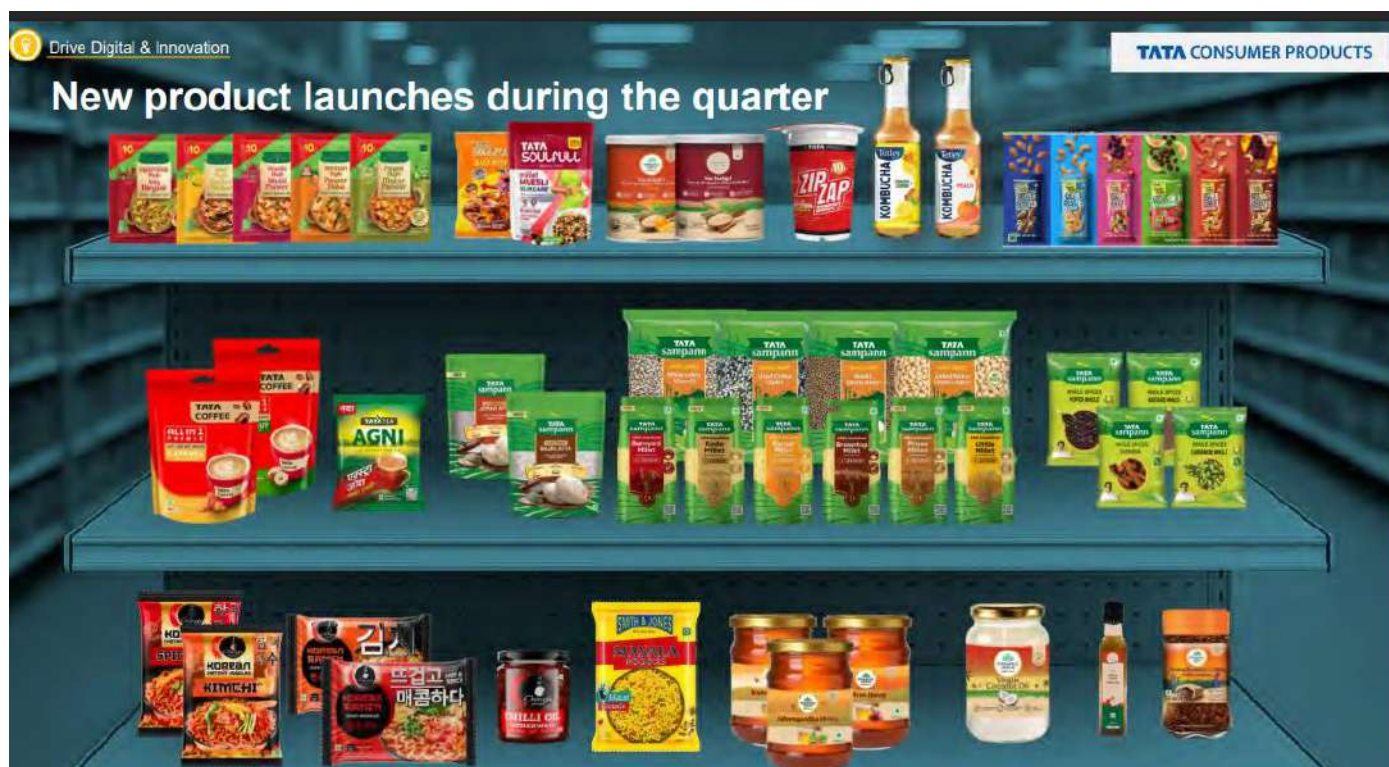
Exhibit 5: Key management commentary – Tea and coffee

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Tea	North India tea prices were 28% higher YoY. South India tea prices were also 25% higher YoY. Kenyan tea prices were stable YoY as well as QoQ.	North India tea prices came off the highs towards the end of the plucking season but still remained elevated v/s last year. South India tea prices were also higher YoY. Kenyan tea prices remained stable.	North India tea prices came off the highs given the lean season, in line with the yearly trend. South India tea prices came off sequentially as well. Kenyan tea prices remain stable.	North India tea prices are moderately lower vis-a-vis the same period last year as tea crop supply in the region is robust. Prices for July (MTD) are 9% lower YoY. South India tea prices continued to soften. Kenyan tea prices remain stable.	Tea prices in India continued to remain stable during the quarter. However, North India tea prices were 18% lower year-on-year in Q2FY26, while prices in South India continued to soften.
Coffee	Arabica prices continued to scale all-time highs during the quarter. Robusta prices have touched record highs during the quarter due to global supply shortages. Averages prices for Q2 were 82% higher YoY. Coffee continued its strong trajectory and grew 29% during the quarter	Extreme heat and prolonged drought in Brazil's coffee growing regions have caused Arabic prices to continue their surge. Robusta prices have remain elevated. Averages prices for Q3FY25 were 64%/86% higher YoY for Arabica/Robusta, respectively. Coffee prices are at 50 year high.	North India tea prices came off the highs given the lean season, in line with the yearly trend. South India tea prices came off sequentially as well. Kenyan tea prices remain stable.	Arabica and Robusta prices have moderated significantly; however, they remain volatile.	Arabica coffee prices witnessed a decline at the beginning of Q2, before stabilizing at relatively higher levels towards the end of the quarter. Robusta coffee prices remained firm through the period and closed the quarter above the levels seen at the start of Q2.

Source: Company, Nuvama Research

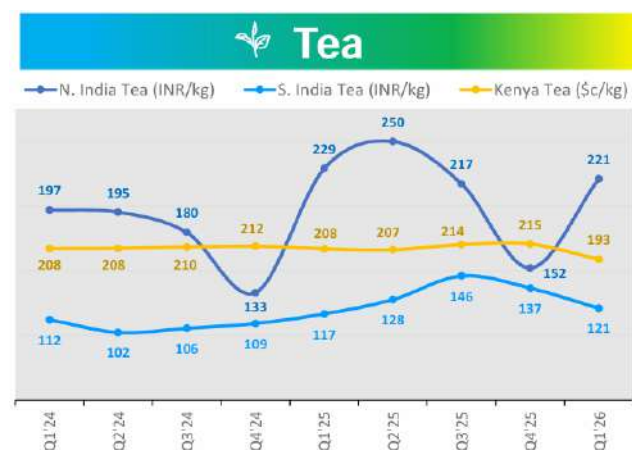
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Exhibit 6: Product launches during Q2FY26



Source: Company, Nuvama Research

Exhibit 7: Key commodity trend – Tea



Source: Company, Nuvama Research

Exhibit 8: Key commodity trend – Coffee



Source: Company, Nuvama Research

Q2FY26 conference call takeaways

Outlook

- EBITDA growth to be higher than revenue growth in H2FY26.
- For H2, consolidated EBITDA margin is expected to expand YoY despite a high base.
- Tea costs shall normalise from Q3. TCPL will maintain 34-36% GMs in India Tea business. For H2, Tea revenue shall grow in mid-to-high single digit.
- In RTD, revenue growth shall be similar to volume growth (negative pricing of 6% in Q2).
- In water business, if competition gets aggressive on retailer-level margins, TCPL will match those to protect Market share. Post GST cuts, INR10 bottle is now priced at INR9 and INR20 at INR18. Upsizing at some point might happen.
- Capital Foods (CF) revenue shall grow in high double digits, ahead of 8% YoY growth in Q2. Targets 50% GMs in CF and OI (49% in H1).
- Reiterated guidance of 30% portfolio growing at 30% YoY, at least for the foreseeable near term.
- In UK, wants to maintain market share in black tea while growing fruit, herbal, etc teas. Coffee remains uncertain. Company remains watchful of it and can be the only outlier in H2's performance.
- In US, coffee prices were hiked once in July'25 and another round of hikes to take effect from Jan'26. If tariffs remain, TCPL will likely need to take another round of price hike to nullify the adverse effect. Having said that, TCPL is a price taker in this market, rather than a price maker.
- Other expenses, up ~20% YoY did not have any exceptional items. It will remain at these levels going forward. A&P spends to remain at 7–7.5% of revenue.
- TCPL has re-entered the caffeine energy segment with *Zip Zap*- India's first still-based energy drink. It will likely be at an INR10 price point, much lower than competition. This product is currently under advanced pilot phase after testing it a year ago.
- Tata Sampann shall be a volume growth story rather than a pricing growth story as it is a commodity-based business.

Organic India and Capital Foods

- Capital foods revenue grew 8% YoY while Organic India revenue grew ~30% YoY.
- Capital Foods will focus on expanding its portfolio beyond Chinese sauces into broader oriental cuisines, including Korean noodles and chili oil-based condiments.
- Capital Foods' sales, especially in Modern Trade, were adversely impacted in September following the GST rate change announcement.
- Healthy subscriptions on Amazon USA generating predictable revenue.

Investor Presentation takeaways

India business

- India business's grew 18% YoY.
- India business EBITDA grew 33% YoY with margins expanding 180bp YoY.
- MAT market share in Salt remained flat YoY.
- MAT market share in Tea fell 80bp YoY.

India Beverages

India beverages business revenue grew 15% YoY.

Indian Packaged beverages

- Segment clocked 12% YoY revenue growth with 5% YoY volume growth.
- Coffee continued its robust performance with 56% growth YoY.

India Foods business

- India Foods business revenue grew by 19% YoY to INR16.32bn. Volume growth in Q2FY26 stood at 11%.
- Salt market share remained flat YoY. Salt revenue grew 16% YoY with volumes up 9% YoY.
- Value-added salts burgeoned 23% YoY.
- Tata Sampann grew 40% YoY; new launches and innovations continue to do well.

Growth business

- Growth businesses grew 27% on an aggregate basis.
- Growth business as % of India business stood at 32% versus 29% in Q2FY25.

Ready to drink

- RTD business volumes grew 31% YoY.
- Revenues grew 25% YoY despite headwinds from unseasonal rains and heightened competitive intensity.
- Tata Copper+ revenue grew 36% YoY.

Capital Foods and Organic India

- On a combined basis, Capital Foods and Organic India grew 16% YoY in Q2FY26 (including international operations)
- Capital Foods and Organic India revenue stood at INR2.33bn and INR1.33bn, respectively.
- Combined gross margin at 48% for Q2FY26 continues to be significantly accretive to base India businesses.

Tata Starbucks

- Revenue for the quarter grew 8% YoY with a positive same store sales growth (SSSG).

- It added seven net new stores during the quarter, totalling 492 stores in 80 cities.
- It extended coffee experiential store formats in Mumbai, Hyderabad, and Chennai.

Non-branded business

- Non-branded business in Q2FY26 grew 26% YoY.
- Solubles business grew 34% YoY while Plantations delivered 17% YoY growth
- After a brief hiatus, coffee prices began climbing higher during the quarter.

Tea

- Tea prices in India continued to remain stable.
- North India tea prices were 18% lower YoY in Q2FY26
- South India tea prices continue to soften

Coffee

- Arabica Coffee: Prices declined at the start of Q2 but then stabilized at a higher level towards the end.
- Robusta Coffee: Prices ended the quarter above Q2 opening level.

Key launches

- Tata Sampann Gravy Masala Mixes launched with 4 hyper-regional blends for restaurant-style curries at home.
- Tata Sampann introduced a range of unpolished millets to champion nutrition and meet rising consumer demand
- Tata Tea Agni launched a category-first Energy Tea (with added caffeine) in select markets.

International performance

- International business revenue grew 9% YoY in CC terms driven by continued strong coffee performance in the USA.

UK

- Revenue declined 5% YoY.
- Good Earth sales grew 100% YoY.

Exhibit 9: SotP-based valuation

Segment	Valuation methodology	Multiple (x)	Total value	Per Share value (INR)
India business	P/E	60	11,73,158	1,263
International business	P/E	30	1,23,263	133
Starbucks	P/S	5	68,365	75
Total equity value				1,470

Source: Company, Nuvama Research

Exhibit 10: Consolidated segment performance (INR mn)

Year to March	Q2FY26	Q2FY25	% change	Q1FY26	% change
Revenues	49,544	42,045	17.8	48,447	2.3
Branded Business	44,099	37,712	16.9	42,709	3.3
India business	31,222	26,552	17.6	31,257	(0.1)
International business	12,877	11,160	15.4	11,452	12.4
Non Branded Business	5,902	4,623	27.7	5,358	10.2
Others and inter-segment sales	(457)	(290)	NM	381	NM
EBIT	5,825	5,165	12.8	5,094	14.4
Branded Business	5,065	4,104	23.4	4,448	13.9
India business	3,588	2,432	47.5	2,903	23.6
International business	1,478	1,671	(11.6)	1,546	(4.4)
Non Branded Business	760	1,061	(28.4)	645	17.7
EBIT margins (%)					
Branded Business	11.5	10.9	60	10.4	107
India business	11.5	9.2	233	9.3	220
International business	11.5	15.0	(350)	13.5	-202
Non Branded Business	12.9	23.0	(1,009)	12.0	83

Source: Company, Nuvama Research

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Exhibit 11: Consolidated financial snapshot (INR mn)

Year to March	Q2FY26	Q2FY25	% change	Q1FY26	% change
Total Income	49,659	42,145	17.8	47,789	3.9
Cost of goods sold	28,763	23,769	21.0	28,627	0.5
Gross profit	20,896	18,376	13.7	19,162	9.0
Staff costs	4,067	3,635	11.9	3,856	5.5
Other expenditure	10,111	8,477	19.3	9,236	9.5
EBITDA	6,718	6,263	7.3	6,069	10.7
Depreciation	1,533	1,493	2.6	1,489	2.9
EBIT	5,185	4,770	8.7	4,580	13.2
Other income	380	460	(17.3)	412	(7.7)
Interest and financial charges	332	987	(66.3)	338	(1.6)
PBT	5,233	4,242	23.3	4,654	12.4
Provision for taxation	1,262	377	234.6	1,190	6.1
Core Profit	3,971	3,865	2.7	3,464	14.6
Exceptional	-	(272)	NM	-	NM
Share of profit in JV & Minority	74	51	45.9	(123)	NM
Reported PAT	4,045	3,644	11.0	3,342	21.0
Adjusted PAT	4,045	3,916	3.3	3,342	21.0
Paid up Capital (Re 1 each)	990	990	0.0	990	0.0
EPS	4.1	4.0	3.3	3.4	21.0
as % of net sales					
COGS	57.9	56.4	152	59.9	(198)
Staff costs	8.2	8.6	(44)	8.1	12
Other expenditure	20.4	20.1	25	19.3	103
EBITDA	13.5	14.9	(133)	12.7	83
EBIT	10.4	11.3	(88)	9.6	86
PBT	10.5	10.1	47	9.7	80
Net profit	8.0	9.2	(118)	7.2	75
Tax rate	24.1	8.9	1,523	25.6	(144)

Source: Company, Nuvama Research

TATA CONSUMER PRODUCTS

Exhibit 12: Standalone financial snapshot (INR mn)

Particulars	Q2FY26	Q2FY25	YoY % Change	Q1FY26	QoQ % Change
Total income from operations	35,952	30,458	18.0	35,291	1.9
Cost of materials consumed	23,725	20,223	17.3	23,739	(0.1)
Employee benefits expenses	1,876	1,489	25.9	1,777	5.6
Other expenses	5,988	5,315	12.7	5,752	4.1
Total expenses	31,589	27,027	16.9	31,267	1.0
EBITDA	4,364	3,431	27.2	4,023	8.5
Other income	285	201	41.8	4,776	(94.0)
Depreciation and amortisation expense	555	532	4.3	532	4.2
Finance costs	248	736	(66.4)	210	17.9
PBT	3,846	2,364	62.7	8,057	(52.3)
Tax expense	994	18	NM	917	8.5
PAT before exceptional	2,852	2,346	21.6	7,140	(60.1)
Exceptional	-	(152)	NM	-	NM
PAT	2,852	2,194	30.0	7,140	(60.1)
As % of net sales					
COGS	66.0	66.4	(41)	67.3	(128)
Advertising & publicity	-	-	-	-	-
Staff costs	5.2	4.9	33	5.0	18
Other expenditure	16.7	17.5	(79)	16.3	36
EBITDA	12.1	11.3	87	11.4	74
PBT	10.7	7.8	294	22.8	(1,213)
Net profit	7.9	7.7	23	20.2	(1,230)
Tax rate	25.9	0.7	2,510	11.4	1,447

Source: Company, Nuvama Research

Company Description

TCPL is among the top ten FMCG companies in India with a portfolio of offerings in foods and beverages. The company owns iconic brands with a strong heritage such as Tata Tea, Tata Salt, Tetley, and Eight O'Clock Coffee, as well as new-age brands such as Tata Sampann, Teapigs, Good Earth, Himalayan Water, Tata Gluco Plus, Tata Soufull and Tata Sampann Yumside. TCPL also has an equal joint venture with Starbucks (called Tata Starbucks) to own and operate Starbucks cafés in India. It is the second-largest branded tea player globally, houses the largest salt brand in India, and is expanding its portfolio into other product categories such as staples, snacks, ready-to-eat, ready to-cook, and coffee.

Investment Theme

TCPL is a mature—genetically modified— consumer play that unifies the food & beverage interests of the Tata Group. The 'staples-beverage' merger along with change in top management has infused new energy in the company. The new entity boasts a better mix of global and India businesses that are geared for growth and profitability, rendering it a formidable consumer company. TCPL has two steady base businesses in salt and tea, wherein it has market leadership. The newer businesses— pulses and spices—are currently small but are a play on humungous categories that imply great growth potential. The merger has created a robust consumer business platform, which can yield synergistic benefits and readily tap into Tata Sons' online grocery and e-commerce ambitions. Besides, the new MD, Mr. Sunil D'Souza, who comes with vast experience in the consumer goods space, and Tata Group's focus on having a large presence in the consumer goods space imply TCPL has the right ingredients to dish out growth—by exploiting the huge opportunity in the Indian consumer goods sector.

Key Risks

Apart from macroeconomic risks, other risk for TCPL is competition from private label and channel partners in its brand Tata Sampann. In terms of its tea and salt businesses, a rise in competitive intensity could pose a challenge although TCPL has strong market positions in both the categories. That said, we see rising competitive intensity among existing players, either via launches or at price points that could pressure margins in the short term.

Additional Data

Management

CEO	Mr. Sunil D'souza
CFO	Ashish Goenka
COO	Mr. Ajit Krishnakumar
Chairman	Mr. N. Chandrasekaran
Auditor	Deloitte Haskins & Sells LLP

Holdings – Top 10*

	% Holding		% Holding
Life Insurance	8.64	Goldman Sachs G	1.26
Vanguard Group	2.78	Franklin Resour	1.11
BlackRock Inc	2.37	Republic of Sin	1.10
Nippon Life Ind	1.61	Canara Robeco A	0.93
SBI Funds Manag	1.41	UTI Asset Manag	0.92

*Latest public data

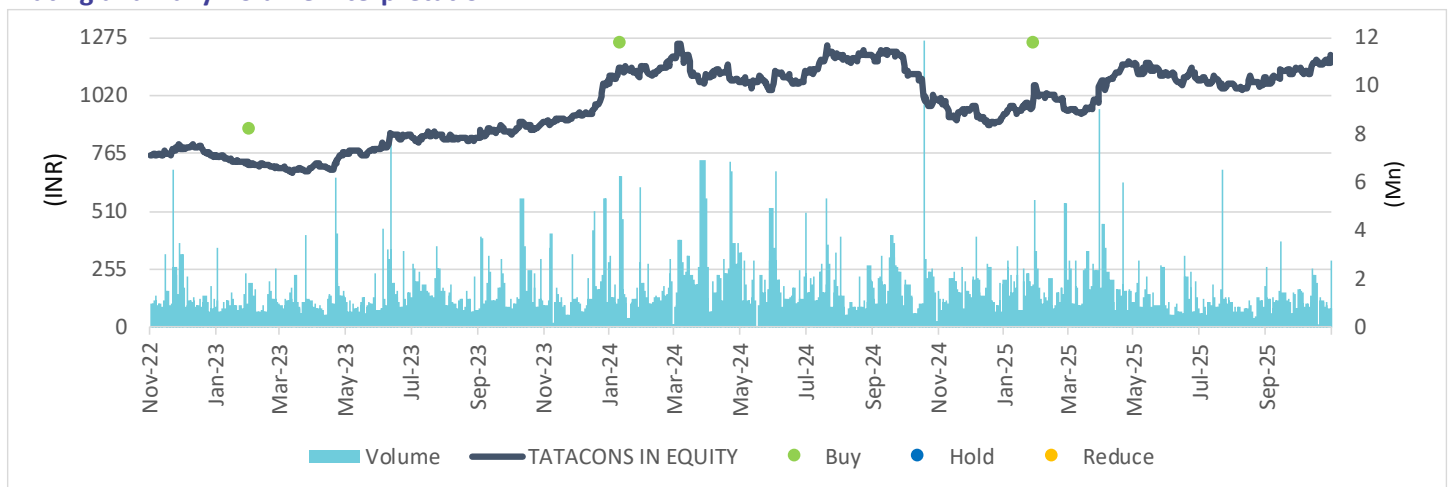
Recent Company Research

Date	Title	Price	Reco
23-Jul-25	Potential lower tea cost could be saviou; <i>Result Update</i>	1,062	Buy
17-Jun-25	Annual Report Insights: FY25; <i>Company Update</i>	1,071	Buy
23-Apr-25	India foods, RTD shine; <i>Result Update</i>	1,150	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
03-Nov-25	AWL Agri Business	Beat in EBITDA; <i>Oven fresh</i>
31-Oct-25	Godrej Consumer	Soap volumes to recover soon; <i>Result Update</i>
30-Oct-25	ITC	Agri dampens overall performance; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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