

CMP: ₹ 1062

Target: ₹ 1,350 (27%)

Target Period: 12 months

BUY

**Deflating tea prices to drive margins ahead**

July 24, 2025

**About the stock:** Tata Consumer Products (TCPL) was formed with a vision to synergise, simplify and scale the principal consumer products interests of the Tata Group under one roof. Under the vision it has transformed itself from commodities tea/coffee business to high margins food and beverage business. TCPL's product portfolio includes tea, coffee, salt, pulses, spices, dry fruits, water, ready-to-drink (RTD), ready-to-cook (RTC), and breakfast cereals, snacks, and mini meals.

**Q1FY26 performance:** TCPL's consolidated revenues grew by 9.8% YoY to Rs.4,778.9 crore with India packaged beverages growing by 12% YoY and the food business (excluding acquisitions) growing by 14% YoY. India business underlying volume growth was 6.8% in Q1FY26 improved from 5.9% volume growth in Q4FY25. Gross margins decreased by 482bps YoY to 40.1% affected by higher tea prices and lower margins in non-branded business. EBITDA margins declined by 263 bps YoY to 12.7% in Q1FY26. EBITDA decreased by 9% YoY to Rs.606.9 crore. PBT stood flat at Rs.520.4 crore due to lower interest cost. Adjusted PAT (adjusting for extra-ordinaries and amortisation cost of Capital and Organic Foods) stood at Rs.372.5 crore, grew by 9% YoY. Reported PAT grew by 15% YoY to Rs.373 crore.

**Investment Rationale:**

- **Branded tea volumes to gradually improve, salt volume growing in mid-single digit:** Domestic branded tea sales volume grew by just 1% in Q1FY26 due to tea price inflation leading to downtrading to low price/regional brands. Moderation in tea prices will reduce the pricing premium between branded tea and regional/un-branded players helping TCPL to witness gradual uptick in branded tea sales volume. Management has guided for 5-6% volume growth in the branded tea portfolio in the medium term. Salt revenues grew by 13% with sales volume growing by 5%. Value added salt gaining strong traction growing by 31% and aiding in better mix. Salt portfolio volumes will continue to grow in mid-single digit in the near term.
- **Growth businesses likely to get back to 30% growth trajectory in quarters ahead:** Growth businesses grew by 7% in Q1FY26 impacted by 13% decline in revenues of NourishCo business (affected unseasonal rains in May,25) and flat sales in Capital Foods (affected by transitory issues). With pricing rejig in RTD portfolio in base and traction witnessed in the premium products, the company expects NourishCo revenue growth to come back to 25-30%. Issues related to capacity constraint, availability of smaller packs and supply of key inputs for Capital Foods is resolved and the growth will recover to 30% over the next nine months. Thus, Growth businesses are expected to grow by 30% in the coming quarters.
- **EBIDTA margins to improve to 15-16% in H2FY26:** North India tea prices are down by 13% and expected to further moderate on back of better tea crop. This will help branded tea gross margins to improve to 34-37% from current ~25%. This along with strong growth in Capital Foods and Organic foods (together having 50% gross margins) will lead to better mix adding to overall profitability. Thus, the management is confident of EBIDTA margins getting back to 15-16% by H2FY26.

**Rating and Target Price**

We expect TCPL revenues/EBIDTA/Adjusted PAT to grow at CAGR of 12%/16%/22% over FY25-27E. We recommend **Buy** with a **price target of Rs1,350 (valuing at 63x its FY25E EPS)**.

**Key Financial Summary**

Key Financials (₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenues	13783.6	15205.9	17618.3	13.1	19856.1	22091.6	12.0
EBIDTA	1856.9	2284.1	2479.4	15.6	2857.2	3343.0	16.1
EBIDTA Margins(%)	13.5	15.0	14.1		14.4	15.1	
Adjusted PAT	1193.0	1457.4	1377.0	7.4	1710.9	2119.0	24.1
EPS (Rs.)	12.1	14.7	13.9		17.3	21.4	
PE (x)	82.1	69.4	76.3		61.4	49.6	
EV to EBIDTA (x)	55.7	47.2	43.0		37.1	31.4	
RoE (%)	7.8	9.5	8.2		8.6	10.2	
RoCE (%)	8.0	8.5	7.9		8.8	10.5	

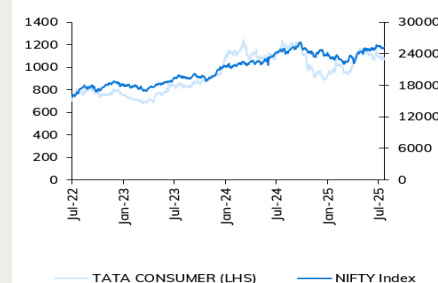
Source: Company, ICICI Direct Research

**Particulars**

Particular	Amount
Market Capitalisation (₹ crore)	1,05,085
Debt (FY25) - ₹ crore	4,316
Cash (FY25) - ₹ crore	2,818
EV (Rs crore)	1,06,583
52 week H/L (₹)	1248 / 884
Equity capital (₹ crore)	99.0
Face value (₹)	1.0

**Shareholding pattern**

	Jun-24	Sep-24	Dec-24	Mar-25
Promoters	33.6	33.8	33.8	33.8
FII	24.1	24.4	23.2	21.5
DII	18.7	18.7	19.5	22.0
Others	23.6	23.1	23.5	22.7

**Price Chart****Key risks**

- Sustained inflation in the raw tea prices.
- Increase in competition from regional brands in tea and coffee segment.
- Slow scale-up in some of the recent acquisitions.

**Research Analyst**

Kaustubh Pawaskar  
kaustubh.pawaskar@icicisecurities.com

Abhishek Shankar  
Abhishek.shankar@icicisecurities.com

## Q1FY26 – Key performance highlights

- TCPL's consolidated revenues grew by 9.8% YoY to Rs.4778.9 crore in Q1FY26 led by performance in tea and salt.
- **India beverages** grew by 8% YoY to Rs.1647 crore driven by price increases in branded tea portfolio. Packaged Beverages grew by 12% YoY to Rs.1283 crore aided by strong performance in coffee which grew by 67% YoY and witnessed 33% YoY growth in volumes. Packaged beverages volumes grew by 1% YoY in Q1FY26. The Ready-To-Drink (RTD) business witnessed modest volume growth of 3% impacted by the unseasonal rains in May,25 while revenues de-grew by 13% YoY to Rs.271 crore due to pricing reduction taken last year. Premium portfolio grew by 20% YoY while Tata Copper revenues grew by 11% YoY.
- **India Foods** grew by 14% YoY to Rs.1534 crore while volumes grew by 6% YoY in Q1FY26. Growth was aided by 13% YoY revenue growth and 5% YoY volume growth in Salts. Value added Salts is gaining strong traction on small base grew by 31% during the quarter. Tata Sampann maintained its strong growth momentum with 27% growth with new launches and innovations continuing to perform well. Dry Fruits and Cold Press oil are witnessing strong traction and generating revenues at annual run rate of Rs200crore each.
- **Capital and Organic Foods** business revenues were impacted by transitory issues. Capital Foods reported Rs.166 crore revenues while Organic Foods reported Rs.93 crore revenues. Combined gross margins stood at 50% in Q1FY26 and continue to be margin accretive for consolidated business
- **International business** reported 9% YoY (5% YoY constant currency) growth to Rs.1074 crore. UK revenues declined by 4% YoY coming off at a high base. US registered strong performance of 20% YoY growth aided by coffee and due to shift of promotional calendars by retailers, Canada recorded 7% YoY decline in revenues.
- **Non-Branded business** grew by 6% YoY in Q1FY26 to Rs.536 crore. Solubles grew by 5% YoY while Plantations grew by 11% YoY. As coffee prices declined from record highs, the realisation and profitability for the business was impacted during the quarter.
- **Tata Starbucks** reported 6% YoY growth in revenues. Same Store Growth remained positive except for May due to geopolitical disruptions. The company tempered the store growth with just 6 additions during the quarter.
- TCPL is focusing on expanding its omni-channel capabilities. Among channels, E-commerce (including quick-commerce) grew by 61% YoY while Modern Trade grew by 21% YoY. The company expanded its pharmacies distribution network to top 40 cities. On Vending machines, the company now has ~5000 machines installed while the management estimated 5% market share in the bean-to-cup market. TCPL now has a reach of 275mn households in India and distributes to 4.4mn retail outlets.
- Higher Tea prices and moderation in coffee realisation impacted the Gross Margins which declined by 482 bps YoY to 40.1%. EBITDA Margins stood at 12.7% for Q1FY26 declining by 263bps YoY. Inflated tea prices contributed to 160 bps decline in margins while the rest 90 bps decline was contributed by the decline in coffee realisations.
- Adjusted PAT (adjusting for extra-ordinaries and amortisation cost of Capital and Organic Foods) stood at Rs.372.5crore, growing by 9% YoY. Reported PAT grew by 15% YoY to Rs.373crore.

## Q1FY26 – Key conference call highlights

- **Business Performance and Outlook**
  - RTD segment was impacted by unseasonal rains. Volume growth was modest at 3% YoY but revenues declined by 13% YoY mainly due to pricing rejigs taken in Tata Gluco + last year (50% of the portfolio). The management reiterated that the pricing rejigs have now stabilised and coupled with low base and volume gains, it expects the RTD segment to bounce back from Q2FY26 and will grow close to 30% over the next 3 quarters.
  - Capital and Organic Foods impacted by transitory issues. Management reiterated that these are one-offs for the quarter as there were issues related to capacity where business was impacted by low supply in a high demand market. The company introduced Pack of 4 Noodles at Rs.80 while the market leader priced the same at Rs.60. The company adjusted the price to Rs.60 and also launched standalone packs at price of Rs10 and Rs15 which stocked out faster than expected. This led to shorter supply to the shelves in a higher demand market. The business was also impacted by supply chain issues due to geopolitical tensions causing delay in supply of key imports.
  - On secondary sales, Capital and Organic foods delivered robust growth of 22% YoY and 32% respectively. Management retained the 30% YoY growth for the 3 quarters ahead as the transitory issues are largely addressed.
  - On International business, Management attributed the UK revenue decline to cycling in high base last year. US delivered robust growth through strong performance through coffee. Canada revenues were impacted by big box retailers such as Costco's shift in promotion timings.
- **Tea and Coffee Performance and Outlook**
  - Tea Prices were up 30% in FY25. The company has seen 13% YoY decline in prices in Q1FY26. Management expects another 10% correcting in the prices on back of expected good crop and improved supply during the period of July-August,25.
  - The company has already passed on 70% of the price increase in Tea to the consumers while the rest of the 30% which remained impacted the gross margins by 10%. Management expects the tea gross margins to recover in the range of 34-37% by Q3FY26 and also guided that rapid fall in prices may also translate to lower consumer prices ahead.
  - Tea crop is mirroring to 2023 crop season on the back of normal monsoon. The traction in tea buying is good but peak buying is expected in next 30 days.
  - Non-branded business was impacted by falling coffee prices resulting in high-cost inventory being sold at lower cost impacting the profitability.
  - The management said it expects one more quarter of pain in the coffee prices while it remains hedged for uncertainties. The company has taken a one-time mark to market charge in this quarter.
- **Revenue, Volume and Margin Guidance**
  - The management guided that EBITDA margins will track back to historical levels of 16% by late Q2FY26 or from Q3FY26 onwards.
  - The management expects mid-single digit volume growth in Tea translating to 6-8% value growth in the upcoming quarters once the prices stabilise and start declining.

- The management retained the growth business growth outlook at 30% and also retained the revenue share to be at 30% (currently at 28%).
- Others
  - Ad Spends in Q1FY26 formed 6.9% of revenues which the management expects to trend higher to the tune of 7.5% in the upcoming quarters.
  - The management reiterated the growth through omni-channel such as E-comm and Modern trade which grew by 61% and 21% YoY. In the food services, the management has started seeing traction with the company starting to receive tenders and successful activation of key accounts and large hotel chains. The management mentioned that the number of distributors on ground are well placed and with introduction of on ground sales personnel, the top-line impact should come up soon. The company has gone aggressive on vending machines with 5000 machines installed and having 5% share in bean-to-cup markets.

## Revision in earnings estimates

We have broadly maintained our earnings estimates for FY26 and FY27 as moderating tea prices provides a view of better margin picture in the quarters ahead. Further likely recovery in the performance of growth business (28% of consolidated revenues) would help revenue growth to further improve in the coming quarter.

**Exhibit 1: Changes in headline estimates**

(₹ crore)	FY26E			FY27E		
	Old	New	% Chg	Old	New	% Chg
Net Revenues	20003.0	19856.1	-0.7	22218.1	22091.6	-0.6
EBIDTA	2900.5	2857.2	-1.5	3372.4	3343.0	-0.9
EBIDTA margin (%)	14.5	14.4		15.2	15.1	
PAT	1718.1	1710.9	-0.4	2115.9	2119.0	0.1
EPS (Rs.)	17.4	17.3	-0.6	21.4	21.4	0.1

Source: Company, ICICI Direct Research

**Exhibit 2: Key operating assumptions**

Particulars	FY24	FY25	FY26E	FY27E	CAGR % (FY25-27E)
<b>India beverage business (a+b+c)</b>	5416.0	6349.0	7106.0	7760.8	10.6
YoY (%)	7.2	17.2	11.9	9.2	
Packaged beverage (a)	4588.0	5139.0	5665.7	6008.5	
YoY (%)	3.6	12.0	10.3	6.1	
Ready to Drink (RTD) (b)	828.0	835.0	960.3	1152.3	
YoY (%)	33.3	0.8	15.0	20.0	
Organic India (C)	0.0	375.0	480.0	600.0	
YoY (%)	-	-	28.0	25.0	
<b>India Foods (d + e)</b>	4314.0	5194.0	6168.9	7367.7	19.1
YoY (%)	17.7	20.4	18.8	19.4	
India Foods - Foods & Sampann (d)	4230.0	4395.0	5186.1	6119.6	
YoY (%)	15.4	3.9	18.0	18.0	
Capital Foods (e)	84.0	799.0	982.8	1248.1	
YoY (%)	-	-	23.0	27.0	
<b>International business</b>	3925.0	4215.1	4480.4	4673.2	5.3
YoY (%)	9.4	7.4	6.3	4.3	
<b>Non-branded &amp; Others</b>	1550.8	1909.9	2100.8	2289.9	9.5
YoY (%)	4.9	23.2	10.0	9.0	
<b>Total Revenues</b>	<b>15205.8</b>	<b>17668.0</b>	<b>19856.1</b>	<b>22091.6</b>	<b>11.8</b>
YoY (%)	10.3	16.2	12.4	11.3	

Source: Company, ICICI Direct Research

**Exhibit 3: Q1FY26 consolidated result snapshot (₹ crore)**

Particulars	Q1FY26	Q1FY25	Y-o-Y (%)	Q4FY25	Q-o-Q (%)
<b>Total Revenue</b>	<b>4778.9</b>	<b>4352.1</b>	<b>9.8</b>	<b>4608.2</b>	<b>3.7</b>
Raw material cost	2862.7	2397.4	19.4	2676.5	7.0
Employee cost	385.6	345.0	11.8	343.6	12.2
Other expenses	923.6	942.3	-2.0	967.1	-4.5
Total operating cost	4172.0	3684.7	13.2	3987.3	4.6
Operating profit	606.9	667.4	-9.1	621.0	-2.3
Other income	41.2	39.2	5.1	56.5	-27.1
Interest & other financial cost	33.8	93.6	-63.9	40.0	-15.6
Depreciation	93.9	93.0	1.0	98.1	-4.2
<b>Profit Before Tax</b>	<b>520.4</b>	<b>520.0</b>	<b>0.1</b>	<b>539.4</b>	<b>-3.5</b>
Tax	133.3	152.4	-12.6	127.9	4.2
Minority Interest (MI)/ Profit from associates	-14.7	-24.9	-41.0	-58.4	-74.8
<b>Adjusted PAT after MI</b>	<b>372.5</b>	<b>342.6</b>	<b>8.7</b>	<b>353.2</b>	<b>5.5</b>
Extra-ordinary items	-40.7	-53.4	-	-4.4	-
<b>Reported PAT</b>	<b>331.8</b>	<b>289.3</b>	<b>14.7</b>	<b>348.7</b>	<b>-4.9</b>
Adjusted EPS (Rs.)	3.9	3.9	1	4.2	-6
<b>Margins</b>	<b>Q4FY25</b>	<b>Q4FY24</b>	<b>bps</b>	<b>Q3FY25</b>	<b>bps</b>
GPM (%)	40.1	44.9	-482	41.9	-182
OPM (%)	12.7	15.3	-263	13.5	-77
NPM (%)	8.1	8.4	-34	8.9	-83
Tax rate (%)	25.6	29.3	-370.9	23.7	190

Source: Company, ICICI Direct Research

**Exhibit 4: Q1FY26 segmental revenues (₹ crore)**

Particular	Q1FY26	Q1FY25	Y-o-Y (%)	Q4FY25	Q-o-Q (%)
India Business	3125.7	2815.1	11.0	2936.7	6.4
International Business	1145.2	1046.4	9.4	1193.7	-4.1
<b>Total branded business</b>	<b>4270.9</b>	<b>3861.5</b>	<b>10.6</b>	<b>4130.4</b>	<b>3.4</b>
Non-branded business	535.8	500.6	7.0	500.6	7.0
<b>Total</b>	<b>4778.9</b>	<b>4352.1</b>	<b>9.8</b>	<b>4608.2</b>	<b>3.7</b>

Source: Company, ICICI Direct Research

**Exhibit 5: Q1FY26 segmental PBIT (₹ crore)**

Particular	Q1FY26	Q1FY25	Y-o-Y (%)	Q4FY25	Q-o-Q (%)
India Business	290.3	325.8	-10.9	241.6	20.1
International Business	154.6	175.5	-12.0	157.3	-1.7
<b>Total branded business</b>	<b>444.8</b>	<b>501.3</b>	<b>-11.3</b>	<b>398.9</b>	<b>11.5</b>
Non-branded business	64.5	96.1	-32.8	112.0	-42.4
<b>Total revenue</b>	<b>509.4</b>	<b>597.4</b>	<b>-14.7</b>	<b>510.9</b>	<b>-0.3</b>

Source: Company, ICICI Direct Research

## Financial summary

### Exhibit 6: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
<b>Total Operating Income</b>	<b>15205.9</b>	<b>17618.3</b>	<b>19856.1</b>	<b>22091.6</b>
Growth (%)	10.3	15.9	12.7	11.3
Raw Material Expenses	8563.9	10069.3	11288.2	12415.5
Gross Profit	6641.9	7549.0	8567.9	9676.1
Gross Profit Margins (%)	43.7	42.8	43.2	43.8
Employee Expenses	1258.6	1430.1	1630.3	1793.3
Advertisement expenses	988.4	1233.3	1389.9	1590.6
Other Expenditure	2110.9	2406.3	2690.5	2949.2
Total Operating Expenditure	12921.8	15139.0	16998.9	18748.7
<b>EBITDA</b>	<b>2284.1</b>	<b>2479.4</b>	<b>2857.2</b>	<b>3343.0</b>
Growth (%)	23.0	8.5	15.2	17.0
Interest	129.8	290.2	209.9	142.6
Depreciation	377.2	380.7	389.7	415.2
Other Income	245.6	193.3	199.4	223.3
PBT	2022.8	2001.7	2456.9	3008.4
Less Tax	479.8	531.5	696.0	839.4
Adjusted PAT	1543.0	1470.2	1760.9	2169.0
Growth (%)	26.5	-4.7	19.8	23.2
Minority Interest/Profit or loss from Associates	-85.6	-93.2	-50.0	-50.0
<b>Adjusted PAT (after MI &amp; share of profit from associates)</b>	<b>1457.4</b>	<b>1377.0</b>	<b>1710.9</b>	<b>2119.0</b>
Exceptional item - gain / (loss)	-242.0	-89.9	-162.8	-162.8
<b>Reported PAT</b>	<b>1215.4</b>	<b>1287.1</b>	<b>1548.1</b>	<b>1956.2</b>
Growth (%)	-8.0	5.9	20.3	26.4
EPS (Adjusted)	14.7	13.9	17.3	21.4

Source: Company, ICICI Direct Research

### Exhibit 7: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit/(Loss) after taxation	1297.4	1276.9	1561.5	1945.7
Add: Depreciation & Amortization	377.2	380.7	389.7	415.2
Add: Other income	245.6	193.3	199.4	223.3
Net Increase in Current Assets	67.9	-1624.2	-547.8	-792.3
less: 'Net Increase in Current Liabilities	-427.8	-759.0	-388.3	-472.6
<b>CF from Operating activities</b>	<b>2415.8</b>	<b>985.7</b>	<b>1991.2</b>	<b>2264.6</b>
Investments & Bank bal	1685.1	238.0	-125.9	-168.2
(Purchase)/Sale of Fixed Assets	-766.2	-489.0	-333.2	-250.0
Intangible assets & goodwill	-5793.6	-2028.9	0.0	0.0
Others	0	0	0	0
<b>CF from Investing activities</b>	<b>-4874.6</b>	<b>-2279.9</b>	<b>-459.1</b>	<b>-418.2</b>
(inc)/Dec in Loan	3482.5	-1155.0	-1000.0	-1200.0
Change in equity & reserves	-494.6	3325.1	-171.1	-169.9
Dividend paid	-738.4	-841.1	-791.6	-791.6
Deferred tax liability & others	990.4	371.4	20.5	22.5
<b>CF from Financing activities</b>	<b>3239.8</b>	<b>1700.4</b>	<b>-1942.2</b>	<b>-2138.9</b>
Net Cash Flow	780.9	406.2	-410.1	-292.5
Cash and Cash Equivalent	1538.8	2319.8	2725.9	2315.8
<b>Cash</b>	<b>2319.8</b>	<b>2725.9</b>	<b>2315.8</b>	<b>2023.3</b>
Free Cash Flow	1649.6	496.7	1658.0	2014.6

Source: Company, ICICI Direct Research

### Exhibit 8: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	95.3	99.0	99.0	99.0
Reserve and Surplus	15961.5	19902.1	20658.7	21823.3
Total Shareholders funds	16056.8	20001.1	20757.6	21922.2
Minority Interest	1379.3	1389.2	1430.9	1473.8
Total Debt	5471.2	4316.1	3316.1	2116.1
Deferred Tax Liability	1795.2	2187.38	2187.38	2187.38
Long-Term Provisions	225.7	204.9	225.4	247.9
<b>Total Liabilities</b>	<b>24928.2</b>	<b>28098.7</b>	<b>27917.4</b>	<b>27947.5</b>
Gross Block - Fixed Assets	4333.7	4410.3	4760.3	5010.3
Accumulated Depreciation	1850.6	1836.1	2225.9	2641.1
Net Block	2483.1	2574.1	2534.4	2369.1
Capital WIP	189.6	206.8	190.0	190.0
Fixed Assets	2672.7	2780.9	2724.4	2559.1
Goodwill & Other intangible assets	16660.1	18689.0	18689.0	18689.0
Investments	846.7	890.0	907.8	926.0
Inventory	2769.4	3599.9	3808.0	4236.7
Debtors	896.8	869.8	979.2	1089.4
Other Current Assets	944.2	1586.8	1745.5	1920.0
Loans & Advances	538.1	716.1	787.7	866.5
Cash	2319.8	2725.9	2315.8	2023.3
Bank balance / Current investments	373.3	91.9	200.0	350.0
Total Current Assets	7841.5	9590.5	9836.3	10486.1
Creditors	2707.2	3508.4	3862.4	4297.3
Provisions	163.0	150.2	165.2	181.7
Other Current Liabilities	222.6	193.2	212.5	233.7
Total Current Liabilities	3092.7	3851.8	4240.1	4712.7
Net Current Assets	4748.7	5738.7	5596.2	5773.4
<b>Application of Funds</b>	<b>24928.2</b>	<b>28098.7</b>	<b>27917.4</b>	<b>27947.5</b>

Source: Company, ICICI Direct Research

### Exhibit 9: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (I)				
Adjusted EPS	14.7	13.9	17.3	21.4
Cash EPS	20.2	18.7	21.7	26.1
BV per share	168.5	202.1	209.8	221.5
Operating Ratios (%)				
Gross Profit Margins	43.7	42.8	43.2	43.8
OPM	15.0	14.1	14.4	15.1
Adjusted PAT Margins	9.6	7.8	8.6	9.6
Asset Turnover (x)	1.4	1.5	1.6	1.8
Return Ratios (%)				
RoE	9.5	8.2	8.6	10.2
RoCE	8.5	7.9	8.8	10.5
RoCE (excluding goodwill)	16.1	14.6	11.9	14.2
Valuation Ratios (x)				
P/E	69.4	76.3	61.4	49.6
EV / EBITDA	47.2	43.0	37.1	31.4
EV / Net Sales	7.1	6.0	5.3	4.7
Market Cap / Sales	6.9	6.0	5.3	4.8
Price to Book Value	6.3	5.3	5.1	4.8
Solvency Ratios				
Debt / EBITDA	2.4	1.7	1.2	0.6
Debt / Equity	0.3	0.2	0.2	0.1
Inventory days	66	75	70	70
Debtor days	22	18	18	18
Creditor days	65	73	71	71
WC Days	23	20	17	17

Source: Company, ICICI Direct Research



## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

## ANALYST CERTIFICATION

I/We, Kaustubh Pawaskar, PGDBA (Finance), Abhishek Shankar, PGDM-RM, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

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

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Bhavesh Soni Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report