

India

ADD (no change)

Consensus ratings*: Buy 2 Hold 0 Sell 0

Current price: Rs3,877
 Target price: ▲ Rs4,530
 Previous target: Rs4,380
 Up/downside: 16.8%
 InCred Research / Consensus: 16.8%

Reuters:
 Bloomberg: TCPL IN
 Market cap: US\$413m
 Rs35,284m
 Average daily turnover: US\$0.9m
 Rs79.6m
 Current shares o/s: 9.1m
 Free float: 44.3%

*Source: Bloomberg

Key changes in this note

- Raise the target price to Rs4,530 from Rs4,380.
- Introduce FY28F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.6	(0.8)	80.2
Relative (%)	6.5	(10.9)	69.3

Major shareholders	% held
Promoter	55.7
Anil Goel	9.1
DSP	6.9

Research Analyst(s)**Nishant BAGRECHA**

T (91) 22 4161 1564

E nishant.bagrecha@incredresearch.com

Rohan KALLE

T (91) 22 4161 1561

E rohan.kalle@incredresearch.com

Saurabh SINGH

T (91) 2241611558

E saurabh.singh@incredresearch.com

TCPL Packaging Ltd

Momentum is expected to sustain

- TCPL Packaging posted 5.5%/14.8% yoy sales growth in 4Q/FY25, respectively. Exports are estimated at c.34-35% of FY25 sales.
- Healthy delivery on the margin front, despite weak domestic sales growth owing to subdued volume growth in the case of FMCG customers.
- We reiterate TCPL Packaging as our top small-cap pick with a Jun 2026F target price of Rs4,530, based on an unchanged 22x one-year forward P/E.

Weakness in both domestic and export biz drags 4Q sales growth

TCPL Packaging (TCPL) reported a 5.5% year-on-year sales growth in 4QFY25, primarily due to a deceleration in export momentum and subdued demand from FMCG customers impacting domestic sales. In FY25, TCPL achieved 14.8% yoy sales growth, driven by robust double-digit export growth. Domestic business, on a low base, is estimated to have grown in high single digits in FY25. Considering the challenging year for Indian FMCG players, TCPL's domestic sales performance in FY25 was resilient. As domestic FMCG players prioritize volume growth, TCPL, with its 55-60% contribution from the FMCG sector, stands to benefit. TCPL Innofilms, which faced production issues in FY24, has successfully launched recyclable packaging for major brands like Unilever and Nestlé across select product ranges, anticipating a gradual improvement in this category over time.

Capacities in place to fuel growth; phased addition of lines expected

TCPL's FY25 capital expenditure totaled Rs1.56bn, predominantly allocated to its Chennai facility and the cylinder plant in Silvassa (which will have a total capacity of 12,000 cylinders per annum). The company also commissioned a new line at its Goa plant and expanded space at both its Goa and Silvassa facilities this year. With ample space at the Chennai facility, we anticipate a phased addition of new lines to drive incremental growth as TCPL enhances its service capabilities in South India. Management expects the new cylinder plant to bolster internal capabilities as well as address its current reliance on third-party sourcing, which is prone to supply chain challenges and confidentiality risks. No other significant capital expenditure is expected in the near term, as per management.

Outlook remains positive; maintain ADD rating with a TP of Rs4,530

Barring the slowdown in growth in 4Q, TCPL's export business has been growing in strong double digits over the last few years, largely led by strong performance in the Middle East and Africa markets. Management is also targeting higher growth in the US and North America markets, as customers are looking to shift purchases to India. Considering that TCPL closed FY25 at a 16.6% EBITDA margin, we expect margins to remain range-bound in the near term. We remain optimistic about continued growth led by sustenance of export momentum and a gradual improvement in domestic demand led by a gradual recovery in the overall FMCG industry's volume growth in India. We reiterate TCPL as our top small-cap pick with a Jun 2026F target price of Rs4,530, based on an unchanged 22x one-year forward P/E. Maintain our ADD rating. Downside risk: Slowdown in export market growth.

Financial Summary

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	15,414	17,703	20,433	23,644	26,818
Operating EBITDA (Rsm)	2,514	2,931	3,320	3,920	4,470
Net Profit (Rsm)	994	1,430	1,438	1,802	2,153
Core EPS (Rs)	109.2	157.2	158.1	198.1	236.6
Core EPS Growth	1.6%	43.9%	0.6%	25.3%	19.5%
FD Core P/E (x)	35.50	24.67	24.53	19.58	16.39
DPS (Rs)	11.9	20.0	22.0	22.1	27.7
Dividend Yield	0.52%	0.57%	0.57%	0.72%	0.85%
EV/EBITDA (x)	15.88	13.98	12.40	10.41	9.03
P/FCFE (x)	45.27	57.90	23.28	42.70	39.59
Net Gearing	88.4%	88.4%	76.7%	59.9%	46.0%
P/BV (x)	6.71	5.48	4.60	3.83	3.19
ROE	20.5%	24.5%	20.4%	21.3%	21.2%
% Change In Core EPS Estimates			(1.35%)	(0.02%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Momentum is expected to sustain

Figure 1: Quarterly results summary - consolidated

Rs m	4QFY24	3QFY25	4QFY25	YoY (%)	QoQ (%)	FY24	FY25	Gr (%)
Revenue	4,005	4,797	4,224	5.5	-11.9	15,414	17,703	14.8
Expenditure	3,302	4,091	3,503	6.1	-14.4	12,900	14,792	14.7
Consumption of raw materials	2,228	2,867	2,309	3.7	-19.4	8,838	10,069	13.9
as a % of sales	55.6%	59.8%	54.7%			57.3%	56.9%	
Employee costs	368	414	425	15.3	2.7	1,457	1,671	14.8
As a % of sales	9.2%	8.6%	10.1%			9.4%	9.4%	
Other expenditure	706	810	769	9.0	-5.1	2,605	3,052	17.1
as a % of sales	17.6%	16.9%	18.2%			16.9%	17.2%	
EBITDA	704	706	721	2.4	2.1	2,514	2,910	15.7
Depreciation	189	193	184	-2.5	-4.9	716	755	5.5
EBIT	515	513	537	4.3	4.7	1,799	2,155	19.8
Other income	5	120	37	613.7	-69.5	106	179	69.5
Interest	143	150	179	24.7	19.2	559	598	7.0
PBT	377	483	395	4.8	-18.2	1,346	1,737	29.0
Total tax	90	105	15	-83.6	-85.9	352	307	-12.8
Adjusted PAT	286	377	380	32.7	0.7	994	1,430	43.9
(Profit)/loss from JVs/Ass. cos/MI	0.0	0.0	0.0	NA	NA	0.0	0.0	NA
APAT after minority interest (MI)	286	377	380	32.7	0.7	994	1,430	43.9
Extraordinary items	0	0	0	NA	NA	0	0	NA
Reported PAT	286	377	380	32.7	0.7	994	1,430	43.9
Adj. EPS	31.5	41.5	41.8	32.7	0.7	109.2	157.1	43.9

Margins (%)	4QFY24	3QFY25	4QFY25	(bp)	(bp)	FY24	FY25	(bps)
Gross margin	44.4	40.2	45.3	90	510	42.7	43.1	50
EBITDA	17.6	14.7	17.1	-50	230	16.3	16.6	10
EBIT	12.9	10.7	12.7	-10	200	11.7	12.2	50
EBT	9.4	10.1	9.3	-10	-70	8.7	9.8	110
PAT	7.2	7.9	9.0	180	110	6.4	8.1	160
Effective tax rate	24.0	21.8	3.8	-2,020	-1,810	26.1	17.7	-850

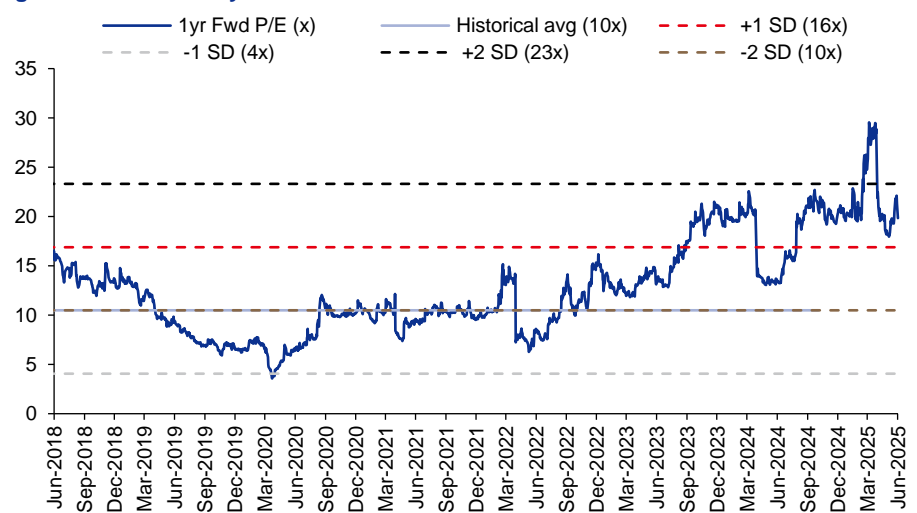
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Our revised earnings estimate

	FY26F			FY27F			FY28F
Y/E Mar (Rs m)	Earlier	Revised	% Change	Earlier	Revised	% Change	Introduced
Revenue	20,433	20,433	0.0	23,391	23,644	1.1	26,818
EBITDA	3,300	3,320	0.6	3,829	3,920	2.4	4,470
EBITDA margin (%)	16.2%	16.2%	0bp	16.4%	16.6%	20bp	16.7%
Net profit	1,458	1,438	(1.3)	1,803	1,802	(0.0)	2,153
EPS	160.2	158.1	(1.3)	198.1	198.1	(0.0)	236.6

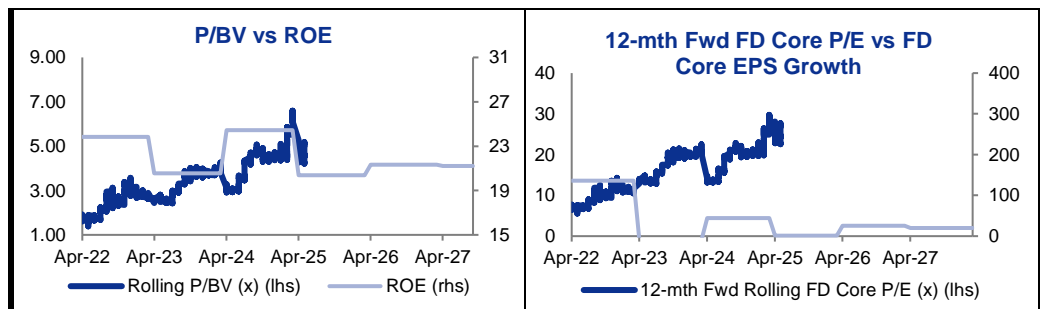
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: TCPL's one-year forward P/E trades between +1SD and +2SD levels



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	15,414	17,703	20,433	23,644	26,818
Gross Profit	6,576	7,633	8,664	10,049	11,475
Operating EBITDA	2,514	2,931	3,320	3,920	4,470
Depreciation And Amortisation	(716)	(755)	(876)	(1,003)	(1,111)
Operating EBIT	1,799	2,176	2,444	2,916	3,359
Financial Income/(Expense)	(559)	(583)	(678)	(679)	(671)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	106	143	165	181	203
Profit Before Tax (pre-EI)	1,346	1,737	1,931	2,419	2,890
Exceptional Items					
Pre-tax Profit	1,346	1,737	1,931	2,419	2,890
Taxation	(352)	(307)	(492)	(617)	(737)
Exceptional Income - post-tax					
Profit After Tax	994	1,430	1,438	1,802	2,153
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	994	1,430	1,438	1,802	2,153
Recurring Net Profit	994	1,430	1,438	1,802	2,153
Fully Diluted Recurring Net Profit	994	1,430	1,438	1,802	2,153

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	2,514	2,931	3,320	3,920	4,470
Cash Flow from Invt. & Assoc.					
Change In Working Capital	123	(1,220)	(43)	(591)	(864)
(Incr)/Decr in Total Provisions	32	33	20	15	15
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	606	606	581	524	524
Net Interest (Paid)/Received	(559)	(583)	(678)	(679)	(671)
Tax Paid	(377)	(431)	(492)	(617)	(737)
Cashflow From Operations	2,340	1,337	2,707	2,572	2,737
Capex	(1,423)	(1,590)	(1,350)	(1,350)	(1,450)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(27)	(20)	(20)	(40)	(40)
Other Investing Cashflow	(115)	(115)	(22)	(5)	(5)
Cash Flow From Investing	(1,565)	(1,726)	(1,392)	(1,395)	(1,495)
Debt Raised/(repaid)	5	998	200	(350)	(350)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(182)	(200)	(201)	(252)	(301)
Preferred Dividends					
Other Financing Cashflow	(584)	(584)	(593)	(535)	(535)
Cash Flow From Financing	(761)	215	(594)	(1,137)	(1,187)
Total Cash Generated	14	(174)	722	39	55
Free Cashflow To Equity	779	609	1,516	826	891
Free Cashflow To Firm	1,333	194	1,994	1,855	1,913

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	246	201	204	219	300
Total Debtors	3,449	4,628	4,691	5,377	5,988
Inventories	2,060	2,139	2,407	2,850	3,453
Total Other Current Assets	326	460	501	515	583
Total Current Assets	6,080	7,428	7,803	8,961	10,324
Fixed Assets	6,850	7,604	8,873	9,358	9,846
Total Investments					
Intangible Assets	48	68	88	128	168
Total Other Non-Current Assets	297	1,018	1,058	1,098	1,138
Total Non-current Assets	7,195	8,690	10,019	10,584	11,152
Short-term Debt	2,644	3,276	3,326	3,276	3,226
Current Portion of Long-Term Debt					
Total Creditors	1,807	2,152	2,351	2,721	3,086
Other Current Liabilities	566	550	659	827	865
Total Current Liabilities	5,017	5,978	6,336	6,823	7,177
Total Long-term Debt	2,248	2,614	2,764	2,464	2,164
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	294	680	618	590	600
Total Non-current Liabilities	2,542	3,294	3,382	3,054	2,765
Total Provisions	459	408	428	443	458
Total Liabilities	8,018	9,680	10,146	10,320	10,400
Shareholders Equity	5,257	6,438	7,675	9,225	11,076
Minority Interests					
Total Equity	5,257	6,438	7,675	9,225	11,076

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	4.5%	14.8%	15.4%	15.7%	13.4%
Operating EBITDA Growth	6.5%	16.6%	13.3%	18.1%	14.0%
Operating EBITDA Margin	16.3%	16.6%	16.2%	16.6%	16.7%
Net Cash Per Share (Rs)	(510.56)	(625.22)	(646.89)	(606.73)	(559.38)
BVPS (Rs)	577.72	707.43	843.36	1,013.70	1,217.19
Gross Interest Cover	3.22	3.73	3.60	4.30	5.00
Effective Tax Rate	26.1%	17.7%	25.5%	25.5%	25.5%
Net Dividend Payout Ratio	18.3%	14.0%	14.0%	14.0%	14.0%
Accounts Receivables Days	75.81	83.26	83.23	77.71	77.34
Inventory Days	92.30	76.11	70.50	70.57	74.98
Accounts Payables Days	70.80	71.76	69.83	68.08	69.07
ROIC (%)	16.9%	16.5%	16.7%	18.5%	19.5%
ROCE (%)	18.5%	19.4%	18.9%	20.4%	21.5%
Return On Average Assets	12.2%	13.7%	12.5%	13.3%	13.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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InCred Research Services Private Limited

Research Analyst SEBI Registration Number: INH000011024

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Yogesh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.