



October 29, 2026

National Stock Exchange of India Limited

Exchange Plaza, C-1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051

Scrip Code – **TATACONSUM**

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400001

Scrip Code - **500800**

The Calcutta Stock Exchange Limited

7 Lyons Range
Kolkata 700 001

Scrip Code – **10000027 (Demat)**
27 (Physical)

Sub: Transcript of Earnings Conference Call pertaining to financial results for the quarter and half year ended September 30, 2026

Dear Sir/Madam,

In accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), please find enclosed the transcript of Earnings Conference Call held on Monday, October 26, 2026, in respect of the financial results for the quarter and half year ended September 30, 2026.

The same can also be viewed at <https://www.tataconsumer.com/investors/financial-information/call-transcripts>.

This is for your information and records and treat the same as compliance with the applicable provisions of the SEBI Listing Regulations.

Yours faithfully,

For **Tata Consumer Products Limited**

Delnaz

Dara Harda

Digitally signed by
Delnaz Dara Harda
Date: 2026.10.29
18:27:01 +05'30'

Delnaz Dara Harda

Company Secretary & Compliance Officer

Membership No.: ACS73704

Encl.: as above

TATA CONSUMER PRODUCTS LIMITED

11/13 Botawala Building 1st Floor Office No 2-6 Horniman Circle Fort Mumbai 400 001 India

Tel: 91-22-6121-8400 | Fax: 91-22-61218499

Registered Office: Tata Centre, 1st Floor, 43, Jawaharlal Nehru Road, Kolkata – 700 071

Corporate Identity Number (CIN): L15491WB1962PLC031425

Email: investor.relations@tataconsumer.com

Website: www.tataconsumer.com



“Tata Consumer Products Limited
Q2 FY27 Earnings Conference Call”

October 26, 2026



**MANAGEMENT: MR. SUNIL D'SOUZA – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER
MR. ASHISH GOENKA – GROUP CHIEF FINANCIAL
OFFICER
MR. AJIT KRISHNAKUMAR – EXECUTIVE DIRECTOR
AND CHIEF OPERATING OFFICER
MS. NIDHI VERMA – HEAD INVESTOR RELATIONS AND
CORPORATE COMMUNICATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to the Tata Consumer Products Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nidhi Verma, Head of Investor Relations and Corporate Communications. Thank you, and over to you.

Nidhi Verma: Thank you. Thank you so much, everyone, for joining us today. We announced our Q2 FY27 results earlier in the evening. I hope you've had a chance to go through the materials. As usual, I am joined by Mr. Sunil D'Souza, Managing Director and CEO; Mr. Ashish Goenka, Group CFO; and Mr. Ajit Krishnakumar, Executive Director and COO. In terms of the format, we'll walk you through key business updates for the first 20 minutes or so, and then we will open the floor for Q&A.

So with that, I just want to quickly draw your attention to the disclaimer statement, which is on your screen. With that, I'll hand it over to Sunil.

Sunil D'Souza: Thanks, Nidhi. So, in summary, we grew top line 14% with UVG of 11% in the India business. Salt was another strong quarter of 9% volume and 15% revenue. India tea volumes were flat. Revenue was marginally lower year-on-year. Growth businesses had another strong quarter. Sampann was up 57%. Ready-to-Drink is now strongly back on the growth trajectory with 47%.

Capital Foods and Organic India were up 15%, but the domestic business was very strong because international was impacted by shipping disruptions as well as the Mundra Port issue in early September. International business grew 7% in constant currency was negative 2%, but had a very, very strong margin delivery.

Non-branded grew 12%, 9% in constant currency. Consolidated EBITDA was up 18%, with margins expanding 40 bps to bring EBITDA margin to 14%. Starbucks had probably one of their strongest quarters ever, revenue growing 15% and with strong same-store sales growth. I think now they have 5 or 6 successive quarters of positive same-store sales growth and very strong results.

So India Salt crossed -- was close to INR1,100 crores. It's coming to touching distance of India Tea/Coffee now, up 15%. India Tea/Coffee largely impacted by weather, a little bit of price increases in tea and a little bit of a hangover of the disruptions in Q1, of the LPG issues, was down 1%. Growth businesses up 40% to close to INR1,400 crores, continue to be now powering ahead of our salt and tea-coffee businesses. International close to INR1,300 crores, up 7%, non-branded up 12% and consolidated up 14%. Constant currency was 11%.

In terms of first half, India Salt up 11%. India tea and coffee, if you remember, the first quarter was minus 4% on revenue. This quarter was minus 1%. So overall, minus 3% as you've taken up prices. Growth businesses up 43%, international up 11%; non-branded up 3% and

consolidated at close to INR11,000 crores. The beauty of the portfolio, if you look at it, salt, tea-coffee, growth, international, now we've got 4 strong legs on the TCPL stool.

In terms of financial performance, revenue up 14%, EBITDA up 18%, profit before taxes up 21% and net profit at INR470 crores, growing 16%. EPS of 4.75. And as we said, if we amortize -- because we amortize certain brands, if I take that off, our adjusted EPS is 5.18. For the first half, revenue up 13%, EBITDA 18%, profit before tax 24%, net profit up 22%, adjusted EPS of 9.85.

In terms of the businesses, overall, our A&P-to-Sales for the quarter was 5.5% and for the -- first half was 5.8%. Just a perspective here is we've reclassified visibility separately and A&P separately. That's why this number you will see separately. Visibility is knocked off from revenue up top. In the ballpark, we are in the same number of about 6.3% to 6.5% in total A&P-to-Sales.

Growth businesses up 40%, now contribute to 38% of India business. We've started our significant transformational journey with AI with about 1,600/ 1,700 salesmen, which we have on date as of now with an objective by December to reach 100% of our salespeople operating. There is a personalized AI sales companion guiding the salesmen outlet by outlet, SKU by SKU on what exactly to do.

And where the salesman misses the outlet, there is a voice agent, which does call up the retailer and does the ordering process. The sales executive gets a concise summary of what exactly the DSR did at every single outlet with a follow-up on what coaching is needed out there. That's on the sales front.

On the operations front, we have started deploying -- we've deployed AI to recognize close to 120 different types of leaves that come into the factory so that we qualify quality and pricing of the leaf, per se, of stuff entering into the factory. In the Himalayan factory, we've got AI starting to do online bottle inspection. Around the corner, we've got a history of tea in terms of temperature, rainfall, crop price, etcetera.

We are going to use that to start guiding our procurement team on when to buy, at what price to buy. We've already started automation with invoice validation and payment. We've got an engine running at the back end online on consumer insights. We are feeding both to our R&D team as well as our marketing innovation.

We've started trade spend optimizer as a pilot, which we rolled out for tea for the entire country starting this month, and we have started to see substantial savings. And apart from that, we are looking at experimenting with AI calling for retailers where we can drop frequency to visits to outlets which order less than two times a month.

So, we move from a weekly to a fortnightly frequency with the alternate week AI agent calling in to make sure no order is missed. So these are a few examples of what is already in play. We will be continuing to make sure that we have robust business cases as we expand AI across the enterprise.

We had 22 new product launches in Q2, total 36 for the first half, as I said, focused on differentiated propositions in health and wellness, convenience and premiumization. In terms of businesses, as I mentioned, volume overall was flat for tea and coffee, revenue was minus 1%. But just as a perspective, Q1 was volume plus 2%, value minus 4%.

As we took graduated calibrated price increases in tea, we've come to a flat volume and revenue minus 1%. So from a minus -- from a 6 percentage difference, volume value, we are 1% here. And as we've continued taking graduated price increases, we expect the equation to start turning value greater than volume starting this quarter.

Next. Salt, we took a price increase of about 6%. We moved from INR30 to INR32 for the orange bag in May. October first week, we moved another Rs. 2. So the INR32 has become INR34. But this is reported before that happened. So volume was up 9%, revenue was plus 15%. Value-added and premium salts continue to deliver 2x the growth of the base salt business, continue to expand their contribution to the portfolio.

Sampann, strong quarter, revenue up 57%, driven by strong volume growth as well. Dry fruits and cold-pressed oil now combined ARR of INR1,000 crores plus, and we will continue to expand the portfolio with margin expansion as we go forward. RTD, having reset the entire business, has now started delivering strong results, volume up 34%, revenue up 47%. Growth remained broad-based across the portfolio, both with the base business as well as innovation driving top lines.

Capital Foods and Organic India, overall, 18% in Capital Foods, 9% in Organic India. Domestic business was strong. If I put both together, 24% top line growth. As I said, this quarter, the disruption in shipping and I think about 10 to 12 days of disruption at the Mundra port was the prime reason for international not coming to the party completely. But we firmly believe that having reset the go-to-market in India, Capital Foods and Organic India are on a strong growth wicket.

International, overall, negative 2% in constant currency, lapping a high base, but overall revenue of 7%. The U.K. was impacted by the continued heat wave for the quarter. The good news is the weather has turned, and I do think U.K. is going to come back strongly because share continued to hold out. Revenue declined 8% in the U.K., but U.S. business grew 4%, expanded margins with 6% constant currency growth in coffee. Canada continued their strong growth with 8% constant currency and South Africa also had a very strong quarter.

Non-branded business grew 9% on an elevated base of last year. Robusta and Arabica prices continue to soften, impacting realizations, but margins continue to be healthy for the plantations business as well. The soluble volume grew 21% as we executed strongly both operationally and made sure that deliveries kept pace.

Starbucks, as I mentioned, had a very strong quarter. It's a fifth successive quarter of same-store sales growth, 15% top line. We had calibrated store openings to get our new business model in place. More or less, I think we've got it, and we've seen strong growth in traffic as

well, roughly close to a 10% growth in traffic to the stores. Revenue was up 15%, opened 7 stores, and we're now at 505. You can expect acceleration of stores going forward.

Over to Ashish for the financials.

Ashish Goenka:

Thanks, Sunil. So as Sunil mentioned, our top line grew 14% this quarter. We added INR700 crores to the turnover. EBITDA growth was ahead of top line at 18%, and that led to a 40 basis point margin expansion and adjusted EPS grew at 17%. In terms of first half, the growth has been at 13%. Again, I think overall EBITDA growth was ahead of top line at 18% and then that led to a 60-basis point margin expansion for the first half. Our adjusted EPS again grew ahead of EBITDA growth at 21%, coming at INR9.85.

Looking at segments. India for the quarter, there was a bit of a contraction of the margin, largely on account of the inflationary pressures that we are seeing on tea and salt. Having said that, of course, we have taken calibrated pricing, which should start from quarter 3.

Both international and non-branded had a very substantial improvement in profitability and leading to an overall improvement in segment margins by 50 basis points. The same is reflected at a first half level, where all 3 segments have actually improved on profitability across India, international and non-branded, leading to an overall 100 basis points in segment margin overall.

That's pretty much the summary of financials. I think I'll hand back to Nidhi now for anchoring the Q&A.

Nidhi Verma:

Moderator, maybe we can go to the Q&A queue to take the questions.

Moderator:

Certainly. Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Mihir Shah with Nomura.

Mihir Shah:

Congrats on a great set of numbers. My first question is actually on tea. Sir, if you can just talk about is the procurement for the year largely done in tea? What is the level of inflation that you are seeing on a Y-o-Y basis? And can you share the quantum of price increase that you're putting through? We are seeing some kind of price increase in the market. So that's question number one.

Sunil D'Souza:

So overall, see, broadly, while tea volumes have been flattish, volumes value has been flattish, market share is stable. So there's -- it's not that things have moved. It's overall industry has been soft. I think if I look at overall third-party numbers, it's about negative 6% is what the number shows. So in that perspective, I think we are in a not too bad space.

We have taken pricing roughly, I would say, between Q1 to now, you would have seen roughly around 8% to 10% pricing, which is in line with the inflation that we've seen in tea. While the initial bump in the Q1, Q2 was about 7% to 8%. Right now, if you look on a week-to-week basis, it's broadly in the 2% to 3%.

So, we have covered more or less for the inflation in tea that we had seen, but it has not yet translated completely into the numbers, which you should see going forward. In terms of buying, the peak buying is going on right now as we speak because after Puja is the big swing which happens in the north, and that is what is in progress.

Mihir Shah: Understood. Could you just reiterate your margin guidance for the full year? And what is the level that we will be exiting at -- on an overall company basis, just a sub question to this?

Sunil D'Souza: See, we had guided for 50 to 70 bps expansion when we started off the year. We've seen margin pressure coming through the year, but we've also taken price increases, right? On salt, INR30 to INR32, INR32 to INR34. So as we've seen any bit of pressure on costs, we've translated into price to make sure we maintain volume. We remain aggressively focused on expanding margins for the year.

Mihir Shah: Understood. Secondly, on Sampann, another very strong quarter. Can you share with the quick commerce expanding its dark stores reach in Tier 2, are the products getting well accepted there? Are you seeing repeat purchases? Or is it too soon there? And what subcategories we saw that oils and dry fruits have already crossed INR1,000 crores. So what subcategories are doing well and have reached a sizable contribution? And on the flip side, which are the ones that are not doing as per your expectations?

Sunil D'Souza: So the good news is I don't think there are any of the new launches which are not doing the expectations. Like I've said earlier, in our innovation funnel, if the product doesn't deliver in the first 6 months, then we take a call on it, maximum life support for 3 more months or else out, right? That's the only way you can sustain growth on the innovation platform. That's number one.

Number 2, in terms of quick commerce, I think one leading player declared their results last quarter. And our growth in quick commerce is almost in the same ballpark. So we are growing with the quick commerce players as they're expanding dark stores, number two.

Number 3 is which categories are doing well with quick commerce. Actually speaking, if you look at it, Sampann across the portfolio all our categories are either mostly Number 1 or a few of them are Number 2 positions across platforms. So from that perspective, I think the team has done a good job in playing with them as we expand. While dry fruits and cold-pressed oils ARR is now north of INR1,000 crores, the base categories of pulses, poha, makhana, all these things are also in the 30%-plus range as we go forward.

So Sampann, I think, is on a very strong footing. The other good part is that, as I said, when we started off 5 years back, we were negative 5% margin. We are seeing margin expansion on a continuous basis, both as we build scale as well as layer on variants to make sure we drive margins along with top line. So this quarter also compared to the same quarter last year, I think we had at 270, 280 bps of expansion on margin on Sampann as well.

Mihir Shah: Understood. Understood. Very clear. Sorry, Sunil, I'm just asking on margins again, just to be very clear because last year, in the second half, we had seen across businesses margins seeing an improvement and versus now it is on a higher base. So I wanted to get your clear

understanding on how should one think about margins on an overall consolidated basis for the second half?

Sunil D'Souza:

See, overall, whether it is for tea, where we now start hitting peak season in India or international, which was impacted by the heat wave and now winter has already started to set in strongly in the north. So we see no reasons why tea should not increase, number one. Number two, salt, we've already taken the price increases to put margins back in strong footing.

For Capital Foods, Q3, Q4, our peak festival and offtake season. So, from every angle, we remain quite confident of continuing to deliver margin expansion quarter-on-quarter versus -- when I say quarter-on-quarter, it is -- you would have to take seasonality into account, so it is versus the same quarter last year. So despite the fact that we delivered higher margins in H2 versus H1 last year, we remain confident of continuing to deliver that this year as well.

Moderator:

Our next question comes from the line of Abhineesh Roy with Nuvama.

Abhineesh Roy:

Congrats on a good set of numbers. So my first question is on the AI slide and the advertising details which you gave out in the initial remarks. So first is, based on the AI, I think most companies currently are doing, are you seeing a cost advantage also? Or is it just a companion to the sales team? I understand the language bit. I understand that 1 week, the sales team need not go.

Is there any real cost advantage till now or just more of a companion to the salesperson? That is first part to that slide. Second bit is more on the advertising and the visibility bit which you put for the India business. If I see salt is a smaller part of the business, tea and coffee is around 10% bigger than salt business.

And the growth business is again 10% broadly bigger than tea and coffee business. My question is from an overall publicity budget in terms of, say, visibility plus mass media advertising, what will be the broad split between these 3 business so we can understand that it is a bit related to the sales bit also, sales percentage also?

Sunil D'Souza:

Abhineesh, number one is visibility is not included in this A&P. And as quick commerce has continued to power ahead, we've continued to invest more behind visibility to make sure we drive penetration and market share in those channels, right? That's number one.

Number two, to your question on AI, we firmly believe, yes, there will be a cost takeout using AI, but that will be par for the course for everyone. The real differentiator comes in how do you bump up your revenue lines with AI. So the AI pilots, which we ran gave us a distinct lines per call improvement in the DSR calls, and that is when we decided to scale it. So there is a top line improvement outlet by outlet because it is very, very targeted. There is a memory function and we're building our sales brain behind it. So that's number two.

Number three, in terms of overall visibility spends, etcetera, we are more on Sampann than for tea and salt. That is because Sampann as a category is also skewed towards more online

modern trade businesses. And therefore, it is more of visibility shopper marketing spend that happens out there.

Abhineesh Roy:

Sure. My second question is on the salt business. Last 7, 8 quarters, salt business in India has seen very good volume growth. Q2, the 9% volume growth, is it because there was some upfront buying because price hikes are now happening or the local players because they don't have the same capability to arrange the energy sources in the current turmoil and energy usage is very high in salt evaporation.

Did that lead to some market share gain? Because this business versus tea is doing much better now in almost every quarter. But is there something predictability in the coming quarters on the volume growth in salt business?

Sunil D'Souza:

So Abhineesh, I don't think it is volume upload because it's not that we have seen any slowdown even after we've taken the second round of price increase, but that is a point in time for now. I can't -- there might be an impact going forward, but I don't see that realistically happening. I think the entire work that the team has done on building equity, diversifying portfolio, getting in the value-added salt, like I said in one of the earlier calls, it's almost like a Udupi menu, right, in terms of the types of salt we can get.

This quarter also, we launched Tata Salt Plus, which is a double purified solar salt variant in the market. So, from that perspective, nothing changes. We have consistently maintained -- our market share is now close to 40%, 38.8% -- sorry, 39.8%, 39.9%.

So, we are growing market share as well. I don't think it is because there is a short supply in the market or there is an energy issue. It's just that the entire work the team has done on building the brand equity, distribution, portfolio expansion, I think all that is coming into play. We continue to guide salt for mid-single-digit volume, a couple of basis points of price, and that is what we remain committed to delivering.

Abhineesh Roy:

Last question. So, Capital Foods plus Organic India, 24% domestic growth, if you can give a split between the two? And could you elaborate on the Mundra strike's impact? Do you expect that in Q3, there could be some bump-up pent-up demand benefit because of this impact?

Sunil D'Souza:

So Abhineesh, I think Mundra, there was a port strike for roughly around 10 days. So shipping got disrupted a bit apart from the fact that now a lot of shipping is getting diverted instead of going through the Middle East, it's going all the way around. So that is what has impacted our international business overall.

Now I don't -- there might be a minor shift that will happen. There will be some uplift because as we catch up that gap, there will be some uplift coming into this quarter. But overall, I would continue to expect 25% to 30% growth that we had guided for Capital Foods and Organic India going forward.

Domestic, I think, like I said, having relaid the entire go-to-market by February this year, having proved that system works where we have salt, non-salt, we have core, noncore and then we have regular distributors. I think that has brought back immense amount of focus. And by

the way, that is also, I would say, one of the factors in salt growth because many of the distributors who are salt focused who didn't want to do the other businesses now have got freed to focus their energies, capital execution completely on to salt as well.

Abhineesh Roy: And what is the split of the 24% growth?

Sunil D'Souza: It's broadly the same for both the businesses.

Moderator: Our next question comes from the line of Vivek M. with Jefferies.

Vivek M.: A few questions. First, on the international business, you mentioned about the high base. As we head into the second half, whether I look at Y-o-Y or, let's say, 2 year or 3 year, the base is still going to be very high. So how should we think about the growth in the third and the fourth quarter?

Sunil D'Souza: So Vivek, the good part is, I mean, we are heading into season, right? And especially U.K., Canada, you have -- we have seasonality. So from that perspective, we remain confident. Canada, we've gained share. U.S. coffee, I think eight successive quarters of share gain. Commodities are starting to ease off, especially U.S. coffee, where now coffee is trending at, 3.10, 3.15 versus the 3.30, 3.50 of last year.

So around that piece, we remain confident of growing, a; b, distribution expansion. We've gotten into significant accounts now in the U.S. as well. U.K., primarily impacted by weather. Now that seems to be behind us. So -- and like I said, share hasn't got impacted. So as the category comes back, we remain confident of delivering expansion. And the best part is it is top line growth with margin expansion that we will deliver internationally.

Vivek M.: Got it. Perfect. Second, on non-branded, first quarter to second quarter, there has been a fair amount of shift in margins from 10% to just about 15%. Again, how do you think about the second half, Sunil?

Sunil D'Souza: So broadly, I would say, in the ballpark, margins should remain the same because remember, solubles, which is the larger part of the business is largely a pass-through. So margins don't change substantially, albeit there are times when there is substantial movement in coffee prices, then it could swing, but we don't see that happening right now. Ashish, do you want to chip in?

Ashish Goenka: Yes, Vivek, I think you have to look at the non-branded margins from the context of solubles and plantations. If you see our solubles margins have remained steady between quarter 2 and quarter 1. The swing is largely on account of plantation because -- and that is seasonal, and you would see that happen in every year pretty much because the accounting, the way it kicks in is that the biological crop starts getting accounted for from quarter 2 onwards. And therefore, there's always a seasonality impact between quarter 2 and quarter 1. So if you normalize for that, the margin is pretty steady, I would say.

Vivek M.: So basically, Ashish, you are saying first half is what should sustain in the second half. Is that what how...

- Ashish Goenka:** I'm saying what you saw in quarter 2 would most likely sustain in the second half.
- Vivek M.:** Okay. Nice. Okay. Got it. Third, Sunil, a couple of small questions on the growth businesses. First, the gap between revenue and volume in RTD is quite meaningful. Can you just elaborate on that differential?
- Sunil D'Souza:** So a couple of points. I think as inflation has bitten, we've taken up pricing. So we've also used that opportunity where we had strong market positions to make sure that we expand margins as we do that. That's number one. Number two, the mix. Remember, the biggest hit to the RTD business at the INR10 disruption was Tata Gluco Plus. Tata Gluco Plus is a higher value, higher-margin part of the portfolio. So as that has come back very strongly, that has resulted in the value volume differential also coming into play.
- Apart from that, we've launched a bunch of other innovations, which are all at the -- aimed at the higher revenue, higher-margin segments, whether it is expanding coffee, whether it is expanding our fruit teas, whether it is Tata Lyfe, which has just got launched in alkaline and is getting expanded or Tata Spring Alive, which is our, I would say, higher than Tata Copper, lower than Himalayan water offering. It's mineral water again, which we are expanding. So there's a conscious effort to make sure there is a portfolio expansion with a focus of driving faster revenue growth and margin expansion.
- Vivek M.:** Got it. This is useful. And last one on the growth business itself. You have been launching fairly aggressively in the last few quarters. First half also, you have launched a lot of new products. Two parts, and please be brief if you want to.
- One is anything that has not met your expectations in the last few -- what you have launched in the last year or 2? And the second is how do you measure the performance and the risk of something not working out, but you're not culling it out from your portfolio?
- Sunil D'Souza:** So Vivek, we've got a very standard set of guardrails for every innovation. Innovation either has to be accretive to the top line at the same margin or accretive on margin at a decent top line. So unless it passes either it's accretive on margin or accretive on top line at the same margin, we would not launch, number one.
- Number 2, the reason why we are also able to launch at such a rapid pace apart from having the innovations and R&D engine is the ability to launch on e-com, quick com in a limited geography, test it out, works, scale it up quickly, then go to modern trade, etcetera. So, this e-com, quick com and ability to pinpoint pin codes, geographies, specific areas, I think that is what has helped us.
- We've got a very robust stage gate process. And every month, there is an innovation council where the entire team, which makes a decision end-to-end is -- everyone is on the call. Business cases are presented. Everyone has a veto right. If someone says so, there is a question mark and only then it proceeds to the next stage gate.
- But at the back-to-back with this, we have a finance review. Anything that has got launched in the last 3 months -- last 6 months comes up for review. And if it has either hit or not hitting the

top line or the margin, it comes up for a question. If there is logical answer about why it should continue. There is life support given for another 3 months. If not, at the end of 3 months, we pull it off. So I would say roughly about two thirds of the innovation that we launch makes it to the longer term, one third is killed.

Vivek M.: Crystal clear, can I -- with your permission, just one last one on the growth portfolio itself. This quarter was 38%. Let's say, in -- I know the denominator because of commodity costs play a very important role. But if you take a 3-year view, where do you think this 38% number settles at in a world where inflation is, let's say, more predictable in your categories? I know that is not the case today, but if that were to happen?

Sunil D'Souza: So Vivek, I'll just go back to my standard answer, right? My tea salt will grow mid- to high single digits. My growth categories will grow 30% plus. So -- and that view we see continuing for at least the next 2 to 3 years.

Moderator: Our next question comes from the line of Tejash Shah with Avendus Spark Institutional Equities.

Tejash Shah: Congrats on good numbers. Sunil, first question pertains to tea volumes. And in the past, we have observed that once the volume enters this sluggish zone, it takes a bit medium to long term for it to come back. So looking at current demand scenario and on-ground realities, how soon do you think trajectory can reverse? And also what has to go right for us, both micro and macro to deliver that?

Sunil D'Souza: So Tejash, I would say we'll get back to, I would say, low single digits to mid-single-digit volume growth. I shouldn't -- because we are entering -- remember, we've taken the pricing corrections. We are entering season. And by the way, we've had a flurry of launches as well. We've launched Gold Reserve, which is at a higher than gold.

We've launched Chakra Select, which is at a lower than Chakra, trying to grow penetration and market share down south. And we've launched the Kanan Devan Gold, which is at a 1 notch higher than Kanan Devan. So apart from our base distribution, equity market share in the current pieces, we've also launched a flurry of new launches. So we should be seeing volume coming back.

Tejash Shah: Okay. Second, Sampann definitely is on strong footing. And it seems that it is turning out to be a platform now in the sense, whatever we are launching on that brand platform, the acceptability seems to be higher than others. So just your insight on how much -- what are the guardrails that we can experiment with this brand and where do you put the full stop and say we can't kind of experiment or launch anything on that platform?

Sunil D'Souza: So Tejash, this is -- we might look a bit like headless chickens, but we are not. The Sampann road map was drawn 5 years back when we had laid out in the food and beverage space, where do we want to play with what category, where do we have a brand.

That was the guardrails for not only Sampann, but also what categories we will get in and where we will not. So Sampann very, very clearly is a pantry staples platform. And I think

more or less, we have launched into categories which we had identified. You will see -- for example, we've launched dry fruits.

Now you will see layering of flavored, roasted, those kind of stuff. You'll see expansion of more convenient form of cooking pulses, so to speak. But broad categories, I think we are more or less there. Ghee, you will see expansion. We've launched Himalayan ghee, which is the Pahadi ghee.

We've launched ghee with no antibiotics, etcetera, no preservatives. So those kind of expansions you will see. But broadly, category-wise, I think more or less, we have ticked off. There might be the few pieces here and there, which we might get into. But with what we have right now, we remain confident of strong growth here.

Nidhi Verma: Sorry, can I just make a request to everyone? Given the time constraint, can you please limit your question to maximum two at a time so that we can give an opportunity to everyone to ask questions. Thank you.

Moderator: Our next question comes from the line of Nihal Mahesh Jham with HSBC.

Nihal Mahesh Jham: I'll take both the questions together. The first one was again on India margins. Fair to assume that the most volatile or uncertain part is the tea segment. So based on where we are in the current procurement cycle from the price you said post-Puja, most of the procurement sort of picks up, you have a sense of where we are?

And how the competitive intensity is because I think in the earlier cycle, 2 years back, it was mainly the competition which sort of also played a spoilsport. So is there comfort that the tea part of the India margins is sort of reasonably comfortable on our side? That was one.

Second is, in case of Sampann, we know you've obviously discussed about how it is over-indexed or the e-com and the QC channel is the highest, and generally the outlook for that part of -- or that channel is expected to be extremely strong. So fair to assume that Sampann as a subpart of the growth portfolio will continue to grow much higher than the 30% that you guide overall?

Sunil D'Souza: So let me answer your second question first. Right now, we are delivering very high numbers because we are powering on dry fruits and cold-pressed oils, but we will start to cycle those bases as well. And the rest of the portfolio that we see for pulses, poha, makhana, all that, this thing is -- the ballpark is roughly around 30%.

So that's why I remain -- I mean, sort of wedded to the 30% number, I would say. A few quarters, we might hit it out of the park, but broadly, I think 30% is a good number to take. That's number one.

Number 2, for tea, more or less the pricing that we have taken or put in motion in the market now covers for most of the inflation that we've seen. And the good news is this year, bar a few pockets here and there. There is no spoilsport on the competitive front. So the entire industry table is starting to move up, which should give us comfort on getting margins back quickly.

Moderator: Our next question comes from the line of Arnab Mitra with Goldman Sachs.

Arnab Mitra: My first question is on RTD beverages where you've seen like many quarters now strong growth. Of course, the weather has been favorable this year. But generally, do you see this as a sustainable trend? And how do you see the second half in terms of new categories or new products that you've launched in this category?

Sunil D'Souza: So Arnab, I go back to my fundamental assumption of why I am competitive in the INR10 space, whereas lot of the disruptors are not. With a 5% distributor margin, 30% retailer margin and a 40% GST in carbonated drinks, there is no money you can make in the INR10 space. Whereas my cups, Tata Gluco Plus at INR10, even after dropping my retailer price to match competition, I am still profitable.

And therefore, I can keep continuing to power ahead for a long time to come. And you can see the stress on the competitive space where the INR10 has got indexed to INR12, whereas my INR10 continues to be INR10 and I'm profitable at that. So my business model is robust. Even if there is a bit of disruption, I know I have to just put my head down and keep executing to make sure I deliver. So that's number one.

Number two, as we expand distribution, and I do think we've assembled a fairly strong team now on the ground to deliver. As we expand distribution, the rest of the portfolio also continues to power. So from that perspective, we remain confident of delivering this for some time. Yes, the hot weather extending in Q2 did help a bit. But again, we've guided for a 30% growth. We've delivered far beyond that, partly because of that. But 30%, I think, is par for the course.

Arnab Mitra: And my second question was on pricing that you've taken in this category in RTD. And obviously, 2 years back, you had to take down pricing or increase margins. So has the competition followed in price increases across -- in your price segments for you to get this kind of price realization growth?

Sunil D'Souza: So Arnab, not the entire revenue -- so value volume differential is not pricing. It is also a big -- it's a factor of mix as well, right, number one. Number two, yes, let me say we are competitive on pricing. It's not that we've gone ahead of the industry. There are certain indexes that we maintain with respect to the 2 or 3 big players in whichever geography we play in, and we move in sync with that. So let me say we will not win or lose basis pricing. We will win or lose basis portfolio and execution.

Moderator: The next question is from the line of Percy Panthaki with IIFL Capital.

Percy Panthaki: So I'll put both my questions upfront. So first question is on India EBIT margins. Last year, they were around 13%. This year also seems like it might not be very different, maybe slightly higher. A couple of years ago, I think when we had a conversation, the aim was that over a number of years, this would sort of reach a 17%, 18% kind of a number, which would -- from the current levels denote 400 to 500 basis points kind of margin expansion.

So firstly, is that a realistic kind of a target to have from, let's say, a 3- to 5-year kind of perspective? Or given the fact that you have a large growth portfolio, which is sort of growing and new launches are coming, the expansion in India margins sort of will be muted even though last 2 years have been below sort of what we were doing earlier. So that's the first question.

And sort of a related second question is on the margins of the growth portfolio. I don't know how you look at it internally, probably you would be looking at it in terms of gross margin minus visibility and ad spend. So assuming that's the metric, what is roughly the margin, if I might call this as a contribution margin, what is the contribution margin for all the growth businesses put together currently?

And how was that, let's say, 2, 3 years ago? And given that the growth business itself is seeing launch of new categories, subcategories, etcetera, should we expect meaningful expansion in the aggregate contribution margin of the growth businesses? Or it's going to be more of a top line-led kind of business for the next 3 years or so?

Sunil D'Souza:

So Percy, number one, as we've always maintained that a good food business in India, food and beverage business in India should be in the 17% to 20% ballpark of EBITDA. And that is the endeavor. If oil was not at USD115 and there was no huge swings on the entire packaging, freight, fuel, all these kind of pieces, I think we would be in a position to deliver.

On the way from where we are to the 17% this thing, there'll be a few hiccups, but in the next 3 years or so, we should be in that ballpark, right? So that's number one. And the reason for that is it's not that this thing. We've done the math to commit to or guide to that number. That's number one.

Number two, on the growth portfolio, remember, it is not one simple box. There are different parts of the portfolio. Organic India and Capital Foods, very, very clearly accretive by almost 50% to the base, right? And Sampann and RTD, we knew would be dilutive to the base, but there we are playing for the TAM and the growth.

So each part of the portfolio plays differently. And in each part of the portfolio, the endeavor is to -- from wherever it is to continue to move it up. As I just mentioned, I think on Sampann, where it started with minus 5%, 6 years back. Today, we are in the 14%, 15% ballpark, having expanded by close to 280, 290 bps versus last year.

So, as we grow scale, as we put value-added products on top of the thing and most importantly, in the whole system, we will have scale leverage, right? Your entire infrastructure middle of the P&L is not going to expand as we are expanding margins going up. And in Sampann, also remember, there is no capex, nothing. It's a completely asset-light model. And therefore, ROCE is right, right up there.

So, from -- and in each of the categories, we've got a clear plan on how to expand margins and grow top line, like I mentioned dry fruits. We were only in the base. Now we've added the roasted, salted, etcetera. We were in pulses. Now we are adding the value-added pulses as

well, right? So from that perspective, mathematically, we will deliver EBITDA expansion and hit that 17%-plus number.

Moderator: Our next question comes from the line of Aditya Soman with CLSA.

Aditya Soman: Sir, just one question from me. So on tea, now we've seen a few quarters of disruption. So the question here is, is it a structural challenge where, let's say, the general consumer is shifting away towards coffee or other beverages? Or do you think this is more of a temporary phenomenon with what's happening with the input prices and costs?

Sunil D'Souza: So just to give you a perspective, I think in overall per capita consumption, India is still one of the lower of the tea consuming nations. So from that perspective, there is still a long way to go. More than a quarter, close to 30% of the industry is still unbranded. So there is leeway on that piece as well. So structurally, I don't see an issue. There is a few hiccups on the way that have happened, but we remain quite confident in delivering the numbers that we have committed.

Moderator: Our next question comes from the line of Amit Purohit with Elara.

Amit Purohit: Just on the margins itself, if I look at the stand-alone numbers, we have seen a sequential decline and you clearly highlighted the cost pressure. So if I look at near to medium term, the key driver would be the good recovery that we will see probably in the international business and second, the Capital Foods segment expected to start to scale up. And these 2 would aid into margin improvement on a Y-o-Y basis. That's the fair assumption, right? Because salt and tea would be broadly with the price increase, you would try to normalize the margins.

Sunil D'Souza: So sorry, I didn't get the question, but if you're asking about how we will expand domestic overall margins? Salt pricing, we've just taken. So you've still not seen that come into the play. Tea, as I said, we've narrowed the volume value. And right now, value is running ahead of volume.

So that is the second piece. The third piece, we had seen a little bit of inflation in Capital Foods as well. And we've taken pricing through the quarter, which will again start to flow. So across the board, I think the whole play of price increases has yet to manifest fully into the P&L.

Amit Purohit: Sure, sure. Got it. And sir, last thing, you talked about the penetration of Sampann as a brand as well. And as the dark stores gets opened in smaller towns, the acceptance would be -- any pointers with respect to our distribution strategy wherein we will splitting the distributors and that helping the Sampann part of the portfolio in the offline channel, some insights into that, if you could help either in any of the markets, metro or small towns?

Sunil D'Souza: In metro, where we have split these distributors into core growth and salt, non-salt, we've not gone down. That said, we are going to evaluate on every quarter basis, look at every single distributor. And if there is a need or an opportunity to drive business by splitting, we will look at it. Right now, we don't have a plan in place, but we will evaluate every quarter. That's number one.

Number 2, on quick com, e-com expanding into smaller cities. As I mentioned earlier, one of the biggest quick com players recently declared its growth numbers. And our growth in quick commerce is broadly in that ballpark. So as they are expanding, we are expanding. And let me put it this way, we have partnered the quick com players in their growth journey, probably better than most other players, and that is paying back for us now.

Moderator: Our next question comes from the line of Anurag Dayal with PhillipCapital.

Anurag Dayal: My first question is slightly looking at the medium term. We understand about the growth business. But for the core business, could you give some color on the distribution expansion opportunity, particularly in salt, where we are already well distributed, how we expect it to deliver good maybe high single-digit growth over the next 5 years or 3 years or so? So what things you are doing there?

Sunil D'Souza: So overall in terms of direct reach, I think we are now close to around 19 lakh plus stores, number one. Number two, numeric is, I think, 4.5, 4.6 [million]. So whichever way you cut it, the opportunity is still large in terms of uncovered outlets. So, we continue to expand distribution. So, I don't see us stopping distribution expansion for some time.

And just to reiterate, one of the things that we had mentioned was AI usage for reducing frequency and replacing the alternate calls with AI. The idea was to redeploy the sales team to expand outlets in any particular geography. It's not a cost-saving initiative. It is more of using efficiency to redirect resources to continue top line growth.

Anurag Dayal: Just a related question. Where we are in HoReCa channel where we launched last year, and we were getting some INR100 crores ARR we had reached. So where we are right now?

Sunil D'Souza: So HoReCa is roughly at a INR200 crores, INR225 crores top line run rate, and we are upwards of 10,000 outlets right now. And we are seeing not only year-on-year growth, we are seeing quarter-on-quarter growth as well. So HoReCa, I think we've got -- so the 3 businesses which we had spawned -- vending is now we are at close to 10,000 outlets, and we are at INR150 crores run rate. On this one, we are close to INR250 crores run rate with 10,000 outlets.

Nidhi Verma: Moderator, as given the time, we will go to the web questions and take a couple of questions from there, please. So Sunil, there are some questions from Latika from JPMorgan. I think most of those questions have already been addressed. There is a question from Muskan at Svan. She is asking, are we facing any challenges in the Soulfull business? We don't talk much about it.

Sunil D'Souza: We don't talk much about it simply because from the scale of the business, it is a slightly smaller business. But Soulfull is on a good run. I think last quarter, the growth was about 23%. So it's in the same 25% to 30% is what is aspiration, and we are quite in the ballpark on that one. The muesli expansion, the expansion of protein into breakfast cereals, etcetera, has gone up really well. There has also been a series of premium launches, whether it is khakhra or it is rusk, I mean these have gone up extremely well.

Nidhi Verma: Yes. I think rest of the questions have been addressed pretty much. And given the time, I think perhaps if there are any pending questions, you can get in touch with us. Our contact details are on the last page of the Investor Presentation. Perhaps with that, I would just like to thank you all on behalf of the management for joining us and handing it back to the moderator.

Moderator: Thank you very much. On behalf of Tata Consumer Products Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.