July 28, 2026

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Sub: Transcript of Earnings Conference Call pertaining to financial results for the quarter ended June 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 Friday, July 24, 2026, in respect of the financial results for the quarter ended June 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: 2026.07.28 17:55:08 +05'30'

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"Tata Consumer Products Limited
Q1 FY27 Earnings Conference Call"
July 24, 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 & CORPORATE COMMUNICATIONS

Moderator: Ladies and gentlemen, good day, and welcome to Tata Consumer Products Q1 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 the conference call, 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 so much, and welcome, everyone, to the Q1 FY27 call for Tata Consumer. Earlier today, we announced our results and uploaded the investor presentation and other materials. Hope you have seen the refreshed design. We've also tried to simplify and align the segmentation of the businesses in line with what we share more color with you on.

With that, if you go to the -- yes, I just want to draw your attention to the disclaimer statement, which is up on your screen before we begin. As usual, I'm joined by Mr. Sunil D'Souza, Managing Director and CEO; Mr. Ashish Goenka, Group CFO; Mr. Ajit Krishnakumar, Executive Director and COO.

In terms of the format, we will spend about 15-odd minutes walking you through the key highlights and performance updates during the quarter, and then we will open the floor for Q&A. With that, I'll hand it over to Sunil.

Sunil D'Souza: Thanks, Nidhi. So in summary, overall, our consolidated revenue grew 12% with the India business delivering a 13% UVG. India tea volumes were up by 2% despite the prolonged summer, but revenue declined 4% because as tea costs came down, we've been passing the benefit to the consumers.

Salt delivered 7% revenue growth, led by 7% volume growth despite the fact that in the month of June, we did take a price increase. Growth businesses grew 47% year-on-year and scaled to 36%. In terms of growth, I think this was the best ever quarter for the growth businesses for TCPL and they account for more than one-third of the India business now.

Sampann grew 58%, and it was broad-based volume growth. RTD revenue was up 41% with robust volume growth. Capital Foods and Organic India grew 35% combined. International business grew 3% in constant currency, and overall, including forex, grew by 16%.

The U.S. business delivered 7% constant currency growth with, I think, the seventh quarter of consecutive share growth. Non-branded business, as coffee prices came down in line with expectations, we saw it declining 7%. If I take constant currency, it was down by 10%. We delivered a 19% growth in EBITDA and margins expanded 70 bps to 13.6%.

Innovation fired on all cylinders, and we launched 14 new products during the quarter, and we've got a robust pipeline for innovation for the rest of the year.

Starbucks had probably a very good quarter. Revenue grew 11% year-on-year. I have to say that we were cycling a slightly subdued quarter last year during the same quarter. But even without that, the same-store sales were in a healthy range. So in terms of businesses, India salt up 7%, revenue north of INR1,000 crores. India tea and coffee was down 4%, revenue INR1,200 crores.

Growth businesses, if you look at it now, this is a bigger segment than India salt and tea & coffee. Revenue was INR1,300 crores, growing at 47%. International constant currency 3%, reported 16% growth, INR1,245 crores. Non-branded close to INR500 crores, down 7%, but in constant currency, down 10%. So consolidated all in constant currency, up by 9%, reported up by 12% at INR5,349 crores.

Financials, 12% revenue growth translated to 19% EBITDA growth and a 13.6% margin. PBT was up 27% and net profit was up 29% at INR427 crores. EPS was INR4.31 and last quarter, if you remember, we started reporting adjusted EPS because we do amortize some of the brands from the businesses that we've acquired. If I net that off, our adjusted EPS is INR4.67 per share.

And if I go to the strategic priorities, we continue to put money behind A&P. Our Q1 -- was 6.1% behind almost all our brands. Growth businesses are now accounting for 36%, growing at 47% year-on-year. Our innovation focuses on three big pillars, health and wellness, convenience, and premiumization, and we had launches across all these pillars.

We continue to focus on sustainability. We are now a member of Dow Jones World Index, which we were incorporated on December 4, 2025. CRISIL, we moved from 61 to 67 and [ESG Risk] 62 to 68. Specific businesses India Beverages, I talked about volume being up, revenue down 4%. Unusually strong summer along with a minor issue of LPG shortages impacting small restaurants and street-side vendors including hot tea shops in the south did impact the business.

But coffee continued to grow 24%. Salt, strong show despite the fact that we took calibrated price increases as I mentioned in June. Broadly, Tata Salt, the orange bag moved from INR30 to 32 in terms of MRP, but value-added salts continue to deliver strong growth at a 13%.

Tata Sampann had a stellar quarter; we had a 58% revenue growth driven by volume. We had growth across categories, whether it is core or our new launches of dry fruits and cold-pressed oil, and our whole spices had another great quarter. RTD strong growth, revenue up 41% driven by 38% volume growth. Growth across the portfolio, across our premium portfolio Tata Gluco+ as well as Tata Copper Water.

We also launched two variants of Kombucha Zero focusing on building out our premium RTD tea and coffee portfolio. Capital Foods and Organic India, strong growth. Capital Foods revenue at INR232 crores, Organic India INR118 crores. Combined gross margin continues to be very healthy at close to 50%.

We had growths of 40% for Capital Foods, 27% for Organic India. We continue to focus on new launches to expand addressable categories for both the businesses. We do think that apart from various other items including innovation, including A&P, the focus on execution including the restructuring of the go-to-market to drive specific focus behind these brands have started showing encouraging early results.

International another good quarter. Constant currency up 3%, reported 16%. US business as I mentioned 7% constant currency growth. Overall, the US, UK, and Canada were impacted, especially in the month of June, by the unusually warm summer that they experienced and this did have an impact on the business, more specifically in the UK and specifically in the black tea category.

But the Teapigs and Good Earth, our specialty and fruit & herbal brands, continue to deliver a strong growth. We've also continued to gain share in those segments. Canada revenue was flat, however, value share improved across regular and specialty.

The non-branded business, as I mentioned, in line with the coffee prices declining globally, was down 10% in constant currency, while solubles, which is primarily a pass-through business, declined 12%. Plantation declined 8%. But proactive hedging did help us mitigate some of the impact of coffee price corrections.

Starbucks had one of their very good quarters; revenue was up 11%. As I mentioned, we are cycling a slightly subdued quarter with the store closures impacted by Operation Sindoor last year in the month of May, but even if I net that off, we had mid-single digit same-store sales growth, which bodes very good numbers for the quarters to come. We did close some cafes in the short term and we relaunched Starbucks Rewards to drive engagement and visit frequency for the business. Over to Ashish for the financials.

Ashish Goenka: Thanks, Sunil. As Sunil mentioned, we had a strong quarter. At a consolidated level, revenue growth was 12%. Revenue came in at INR5,349 crores. In terms of EBITDA, we expanded our EBITDA margin by 70 basis points over last year. EBITDA growth came in at 19% and leading to an adjusted EPS growth of 25%.

In terms of consolidated financials, revenue top-line growth at 12%, EBITDA growing at 19%, margin expansion of 70 basis points. EBIT growth was 21% and the group net profit growth was 29%. Margins at a group net profit level coming in at 8%.

In terms of segment performance, we have seen India segment results improving on the back of improved margins in tea, of course some level of offset with salt, but by and large all businesses improving margins.

International business is flattish over previous period and non-branded we saw some dilution in margin this quarter, largely on account of the correction in coffee prices and some FX related losses, but should come back in the subsequent quarters.

So, I think that's in a nutshell on the financial. I'll hand it back to Nidhi for the Q&A.

Nidhi Verma: Thank you. Operator, could we take the questions from the Q&A line, please?

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. We'll take our first question from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: Yes, thank you and congrats on spectacular growth business. I have three sub-questions on the growth business. One is, I do understand lot of this is outsourced in terms of manufacturing, but given many new categories and some of the categories have hit a threshold size, would you need to invest in your own capacity and any details on that from next one to two years perspective in the growth business?

Second sub-question is, there is fair bit of cost inflation in some of your growth segments. So, for example, spices there is a severe inflation, similarly in dry fruits again because of the Iran crisis same issue and even in terms of cold-pressed edible oil. Have you been able to pass on most of this? Obviously, this aids in growth business revenue growth going ahead. I wanted to understand from a margins perspective?

Last question on the growth business: Capital Foods and Organic India initial teething troubles were there. Are those now fully resolved and can this be the new normal in terms of 35% growth in the medium term? That is my first question.

Sunil D'Souza: So, Abneesh, number one is in terms of own manufacturing versus outsourced. So, let me put it this way: for Organic India, most of the infusions, supplements, etcetera, we make it in-house. There are a few categories which we go out. In Capital Foods, again, most of the production is in-house.

We do go to some third parties, but then the IP part of it we do it ourselves. RTD is, if I may put it, it's dedicated co-packers who are primarily running it for us, so in those terms it is almost exclusive packaging, exclusive manufacturing, except that capex and operations are run by someone else.

It is just in Sampann that we do a lot of outsourcing. But let me put it this way: where we see an opportunity where there is scale already in the category and there is value of it bringing it in-house, we will definitely evaluate. Now, the good and bad part is for most of these categories, the manufacturing capexes are not very heavy, so it should not be too difficult, but if it makes financial sense to bring it in-house -- and when I say bring it in-house, remember it's scale as well as the geographical spread.

So also the distribution of the category matters because is it one facility, is it five facilities, that is what we've got to evaluate. So, we do it from time to time. There are a certain number of categories that we are doing an evaluation whether consolidation makes sense. So, that's number one. Number two, in terms of your cost inflation: Yes, cost inflation very clearly, Abneesh, if it is -- if there is inflation, it will pass on.

There might be a bit of a time lag between when it hits us and when we pass it on, but I would say broadly we would pass on the inflation and try to ensure that we maintain margins. Incidentally, for Sampann, for example, or overall growth category, we have improved margins during this quarter, right? That's number two.

And number three with your CF and OI: yes, we have said our aspirations are a 25% to 30% growth and I would take it one quarter at a time. Like I said, we've got innovation firing, we've got A&P to bear, we've got execution going in. Specifically, the split go-to-markets by the time we relaid the system was in the month of February.

It did take time to fill up all the vacancies on the sales reps, etcetera, but that is starting to bear fruit. Yes, the answer to that question is 25% to 30% should be the new normal going forward.

Abneesh Roy: Sure. My second and last question again on growth business: given good price hikes in three sub-segments of growth portfolio and two large acquisitions now firing quite well, are you looking to upgrade your 30% kind of guidance which you generally give for growth business?

And related question is, spices and edible oil are two very large segment. Currently, you seem to be playing slightly in the more premium, obviously edible oil clearly in the premium. At some stage, would you look at mass end of spices and obviously healthy end of edible oil, something which Saffola plays, given your good success in lot of these segments? At some stage, would you need a healthy edible oil portfolio also because cold-pressed is too much -- too niche and too premium in my view?

Sunil D'Souza: So, Abneesh, let me answer your second question first. So, we have our entire roadmap drawn out in terms of the categories that we want to play, which includes a very clear this thing of what capabilities do we have across the chain including procurement, including marketing, including manufacturing, etc. One of the defining factors is the margins in those categories, the growth possibilities in those categories, and most importantly the trust deficit.

So, when we had looked at the edible oil portfolio, the reason we decided to get into the cold-pressed oils is because we did see a consumer trust deficit in the fact of whether it is refined or cold-pressed, and as soon as we put the Tata brand name, it made magic and we figured we could drive growth with margins in those categories.

In the base edible oil, right now our hypothesis is we do not have the entire capability and the muscles to play in that segment and we will struggle to find differentiators, especially given the fact that trust deficit is not so strong in that segments. But never say no, we continue to look at options on how do we unlock various segments from time to time.

So, in spices, spices again, apart from the straights, which is the CTC, which is I would say broadly similar across the country -- not exactly similar because I've said it earlier, the coriander green versus the coriander brown in two different parts of the country does make a difference -- but the blended spices are broadly regional plays and they are very, very sticky over generations.

So, we figured whole spices and straight spices are our key, how do I say, focus areas for driving growth with the margins that we're looking for in those categories. So, we'll stay focused. I think the runway there itself is long enough for us. So, that's number one. To answer your question number one, our guidance remains 30% growth. We will hit it out of the park once in a while, but Yes, broadly I would stay focused on the 30%.

Abneesh Roy: Sure. Thank you. That's all from me. Thank you.

Moderator: Thank you. Next question is from the line of Vivek M. from Jefferies. Please go ahead.

Vivek M.: Hi Sunil and team. My first question is again on the growth business. On the Sampann business, last two quarters, you know, we have seen -- I mean, you have been doing very well to be fair for the last several quarters, but last two quarters specifically has been very, very strong. You mentioned that it was broad-based, core also did very well. Anything else beyond -- is it like the new products which are actually adding to the -- to the base growth rate of whatever that number is, let's say 35%, 40%, the rest 18%, 20% coming in from -- from the new segments or is it like, you know, is it even the pulses itself have seen an acceleration? If so, why?

Sunil D'Souza: So, Vivek, the core portfolio of Sampann, which is pulses, spices, poha, vermicelli, all that has been growing at about the 30% growth rate which I have guided for, and the cold-pressed oil and dry fruits have added to that growth. So, let me put it that way. So, overall we are happy with the portfolio and we are very, very happy with the dry fruits and the cold-pressed oils.

Vivek M.: Okay, got it. And in terms of the salt business, the base is also high but now that you have taken up prices at the fag end of the quarter, as we go ahead into the rest of the year, the growth rate should pick up and may touch closer to double digit or higher than -- or comfortably in double digits?

Sunil D'Souza: So, Vivek, we've always said mid-to-high single digits is the growth, so I would say 5% to 7% is a good number to target. Especially, the -- I would say these price hikes will probably take a quarter or so to settle. After that, we will keep pushing the envelope. We are now touching close to a 39% share in salt and our ambition is to very, very quickly cross the 40% mark.

Vivek M.: Okay, got it. And last two: one is on the Capital Foods. Do you think that, you know, the worst is clearly behind and you have all the ingredients and everything in place to see a sustained growth in this portfolio?

Sunil D'Souza: So, I do think our innovation has started to work, our media has started to work, and we've coupled that with execution. So, if you ask me, yes, we think we've started to put the levers together. But like I said, early days, I would take it one quarter at a time. We do see green shoots. The go-to-market has still not fully fleshed out because, for example, once we've decided and we relaid it, in some places we had some trouble finding distributors, some trouble finding DSRs, DSRs take time to join. I would say broadly we are in place on the structure now, so hopefully 25% to 30% growth should be the norm going forward.

Vivek M.: And just a follow-up on this from a primary-secondary perspective, nothing to -- any anything to call out in Capital Foods?

Sunil D'Souza: No, no, no. So, one of the things that we're laser-focused on is making sure our ARS system works and therefore inventory days are defined. It is inventory defined minus -- sorry, this thing is very, very clearly a calculated piece and therefore there is nothing to do with -- if you are mentioning the difference between primary and secondary, broadly in line in India.

There was a little bit of export phasing which moved to this quarter, but that's not significant enough for us to call it out. Our export business also now it's almost one year of cycling tariffs and the initial hit that we took from downstocking in the US, etc., that happened last year, but broadly I would say on track.

Vivek M.: Got it. Thank you. And last question, Sunil, I know it may not be a, you know, fair direct comparison, but sequentially when I look at your India branded margins versus international margins, both have exactly moved in opposite direction whereas your chief commodities have deflated. So, let's say India margins have gone down by 250 basis points and international by almost 250 have moved up. What is the reason for this, you know, divergence?

Ashish Goenka: I can come in, Vivek. I think in US -- in international we are seeing the benefit of US margin improving and they'll continue to improve because coffee prices are normalizing and we've always said that as coffee prices normalize, we'll see improvement in US margin. And of course there's been some phasing in terms of A&P.

On India, we have seen a contraction in margin largely on account of the fact that we had inflationary impact, plus we have also stepped up A&P. So, broadly two, of course, we had some FX losses also this quarter which also contributed to the margin decline.

Vivek M.: Got it. Thank you, Sunil, Ashish. Wishing you all the best.

Moderator: Thank you. Next question is from the line of Mihir Shah from Nomura. Please go ahead.

Mihir Shah: Hi team, thank you for taking my question and congrats on a great performance. I just wanted to check on tea firstly. How far are you with respect to procurement, what is the level of inflation you are seeing in tea, and how should one think about the tea pricing from here on, you know, which is going through a price cut of 5% to 6% currently?

Sunil D'Souza: So, Mihir, I think this is -- I maintain my stance that I've stopped trying to forecast tea completely. We will move in line with the market. Last quarter, a little bit of impact of the extended summer and lack of rains in specific parts of the south as well as north. Overall, we're seeing about 7% to 10% I would say inflation, that is for now, but the peak cropping season has just started to come in.

Right now, the crop seems to be quite good in Assam. We saw inflation more at the bottom end of the portfolio rather than the higher end of the portfolio, but that was the trend till now, right? So, and we've not -- I mean, we're not into a significant portion of our buying. We've got a long, long, long way to go because like I said, the -- peak cropping season has just started and it's about 30 days for between the cropping and by the time it hits our inventories.

So, I would say right now we're seeing 7% to 10%, we're planning for a 7% to 10%, and if that happens, then we will look at judicious pricing to make sure margins are maintained. We've already taken some minor price increases in the month of June, but if the trend persists, we will look at maintaining margins and taking pricing up. But for now, like I said, we are not calling a trend for now. We will wait and watch at least for the next 15, 30 days because we've got a lot of buying to go.

Mihir Shah: Got it. That is very useful and helpful, Sunil. Thanks for that. Secondly, I wanted to check on the overall sales growth. You know, seems that you will be starting to lap higher base across many of your sub-categories. How should one think about the overall sales growth from here on? Will it remain in the early double-digit trajectory or there is something that can drive better than double digit -- early double digit revenue growth from this quarter onwards?

Sunil D'Souza: So, I keep maintaining that we will drive double digit growth, right? There will be those odd quarters where we will have mid-teens, there will be those quarters where it will be low double digits. And here's the thing I don't think lapping any of the bases, matters.

Tea and salt, we've got very decent shares and it's category-driven growth, but our growth businesses runways are as long as you can imagine, right? Whether it is Sampann or it is RTD, I think we've got long runways and therefore delivering double digit growth should not be an issue.

Mihir Shah: Yes, no, that that is quite visible that you will be able to deliver double digit growth. We -- was hoping to see, so because you did mention on Sampann while we've seen over the past four odd quarters you're doing upwards of 40%, maybe, you know, some quarters of 70% and 60% growth and you still maintaining 25% and 30% growth rate. So, wanted to get an understanding on that a bit better.

Sunil D'Souza: See, overall, for the growth portfolio, we are targeting 30% plus. Various permutations, combinations, we've got a portfolio. Some things will fire, some things will be a little bit lagging and therefore I think 30% is a good number to take.

Mihir Shah: Understood, understood. Lastly, Sunil, if I can check on -- so while gross margin sequentially, you know, have done better, EBITDA margin has seen some kind of contraction with respect to the other costs. How are you placed with the other costs and how should one think about margins which are sitting at 13.5% now and while you had, you know, I think you had closed at about 14.5% in 4Q. So, can one expect margins to start building up from here on sequentially?

Sunil D'Souza: So, we've guided for 50 bps to 70 bps margin expansion for the year, Mihir. You have to just bear in mind that we are a food and beverage business and we've got seasonality in our business. Tea, for example, will peak in Q3, Q4 because winter sets in in the north. Some of the businesses like Capital Foods, etcetera, Q2, Q3 peaks because of the festive seasons around that time.

Salt is largely non-seasonal excepting there is a bit of down-stocking during the monsoons by trade, that's historical. So, I would not look at the quarter sequentially. Our comparison always is versus the same quarter last year and versus the same quarter last year we've delivered 70 bps increase and which is in line with our guidance for the full year. So, we do maintain that this year we expect to deliver 50 bps to 70 bps of margin expansion.

Mihir Shah: Got it. That is clear. Thank you Sunil and team. Wishing you all the very best.

Sunil D'Souza: Yes, thanks.

Moderator: Thank you. Next question is from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman: Yes, hi. Good evening. Two questions from me. So, firstly on tea, given that you've taken some price increases in June and you also indicated that there was sort of effect because of a gas shortage, should we expect sort of flattish growth going forward at least till we have the tea options? So, that's question one. And secondly, in terms of Starbucks, can you give a sense again of how you expect growth to sort of pan out? We've had a decent quarter, but as the base toughens up, do you expect to continue on double digit growth? Thanks.

Sunil D'Souza: So, first of all, we delivered despite the hot summer, despite the LPG hiccup that I talked about, we still delivered 2% volume growth in tea. So, there's no reason for us not to exceed it. Our guidance remains mid-single digit volume growth and we do expect to deliver it in the short-to-medium term. So, that's number one. On Starbucks, like I said, same-store sales growth was mid-single digit. That coupled with new store openings, I think you should expect a close to a high single digit top-line growth going forward.

Aditya Soman: I see. That's very clear. Thank you.

Moderator: Thank you. Next question is from the line of Nihal Mahesh Jham from HSBC. Please go ahead.

Nihal Mahesh Jham: Yes. Two questions. One, Ashish, was again on the margins. So, if I look at our A&P spends, I think it was around 7% same quarter last year and this time around it's more like 6%. And we've seen a strong increase in opex. So, just wanted to understand on that. And the second one is when you're referring to the India margins sequentially dropping and RM pressure, if it's related to tea then ideally I was thinking that we are holding inventories so on a Y-o-Y basis we would have still seen lower tea prices. So, these were the two questions.

Ashish Goenka: So, just to elaborate on what I said earlier, largely the impact has been on account of A, inflation and even on salt we saw inflation, that's why we took pricing at the later half of the quarter. So, pricing went in on June 1st and we've also taken calibrated price increases in tea as Sunil mentioned in some of the other categories. So, there have been a staggered price increases while the cost impact was for the entire quarter.

So, there has been some timing mismatch which is also impacting margins. And our A&P also stepped up both sequentially and year-on-year. So, combination of these two and as I said the third factor was on the FX losses that we counted on some of our hedges has also impacted the margins for the quarter. So, a combination of all these factors, Nihal.

Nihal Mahesh Jham: Sure, Ashish. That was it. Thank you.

Ashish Goenka: Yes, thanks.

Moderator: Thank you. Next question is from the line of Siddhesh Deshmukh from IIFL Capital. Please go ahead.

Percy Panthaki: Hi sir. This is Percy Panthaki here. I just wanted to -- again, I'm not asking for any guidance or numbers, I just want to understand what would be the drivers for margin expansion in the coming quarters versus what we've delivered in Q1 for the India business, apart from the price increase taken in the salt business?

Ashish Goenka: So, Percy, I think we will have multiple drivers coming through. One of course is the full impact of the pricing that we have taken and if need be we will also make further pricing interventions because the costs have been fairly dynamic and we're also coming to terms with the exact inflationary impact on the margins because at the same time as you -- as you would be aware that the West Asia situation has been fairly dynamic and cost and therefore has also been a bit dynamic.

So, we also don't want to go get ahead of ourselves and take up price increases which are not underlined, Yes? So, we've been a bit calibrated from that perspective. So, that's one clear driver. The second driver as I said would be US coffee because coffee prices again have been coming off while recently they've gone up again, but sequentially -- I mean, directionally they are significantly lower than what we saw last year. So, US coffee should lead to further improvement in the international margin. And third of course we have mounted multiple cost saving and efficiency drives across the organization which should continue to bring in goodness in the P&L. Yes?

Percy Panthaki: Got it. A sub-question to this: coffee price deflation at a consolidated basis, is it a net positive or a net negative? Because while it is beneficial for the international business, it sort of is detrimental for the unbranded business. So, what's the net impact if coffee prices are Y-o-Y lower?

Ashish Goenka: So, Percy, it's still net positive because in our unbranded business is largely a pass-through because it's made to order. So, we don't -- there's no adverse impact of coffee prices coming off. Therefore, in the branded business is where we gain. So, it's a net positive.

Sunil D'Souza: And mathematically, Percy, the US consumer business is larger than the solubles and plantations put together.

Percy Panthaki: Got it. And last question on the India tea business: can you give some color on market shares both for the quarter and also I mean what has been the trend over the last let's say two, three years? And also if you could give some kind of understanding of within your portfolio which are the brands or segments which have been doing sort of better than the others without naming any numbers?

Sunil D'Souza: So, Percy, broadly last quarter we had said that we are stopping disclosure of Nielsen because today general trade accounts for only 56% of my business. Modern trade is 16%, but there is one significant player who doesn't share numbers and therefore there is a guesswork on what their numbers are because unlike in many countries where there is a surrogate for such outlets, for such retailers, in India there is no surrogate for that particular retailer. And quick commerce and e-commerce is anyway not added and it is separate.

My only submission would be that there are publicly disclosed numbers which includes quarterly filings and annual reports. If you put together enough data, I think you'll be able to figure out. We've broadly done better or gained in market share in relative terms over the last couple of years. And this quarter also we do feel from the numbers that we have from the big retailers as well as from the quick commerce players, we do think we've gained market share. Overall, even in our portfolio, our mass premium and premium range has done better than the bottom end of the portfolio, which has again increased market value realization if I may.

Percy Panthaki: Got it, Sunil. Thanks a lot and all the best.

Moderator: Thank you. Next question is from the line of Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon: Hi team, just two questions or clarifications. One, a quick update on the water business. I'm sorry, I probably missed the fact, at least I didn't find any comment. That's one. Second, when I look at the medium term aspiration guidance target, maybe all these words are interchangeable, of EBITDA margin of operating margin of 20%.

What I'm trying to broadly understand, while Percy covered the short term, but I'm trying to understand the true long term because when I look at your salt business and tea business, is it a fair let's say assertion to make that, you know, it's fairly earning, you know, the margins currently, which means the 14% to 20% bridge has to be done by the newer categories, faster growth category?

Within that, when I see Sampann, essentially the core part of Sampann or the older part of Sampann essentially would be low gross margin business. So, I'm just trying to understand is the -- for the 14% to 20% to happen, let's say what would be the key drivers broadly speaking? Thank you.

Sunil D'Souza: So, a couple of things, Manoj. On the water business, we've done very well, I would say. We've grown volumes overall for the RTD business by upwards of 30%, right? And the rest of it has translated to about a 41% -- sorry, the exact numbers are 35% volume and 41% revenue. And water is also in line with these numbers.

So, very good growth in water. In fact, water I think the critical piece for us is we underestimated our growth rates in some parts of the country and one of the things is we are doubling down now to make sure that we add as much capacity definitely for next season, but even if possible, for the coming second season as well because we think the entire mix including execution is starting to fire up.

In terms of the medium term aspirations, just to recap, we had said a good food business in India should operate between a 17% to 20%. 20% is at the higher range, so we should be showing a glide path towards that. You're absolutely right in terms of the gross margins for tea and salt, 33% to 35%, 36% is the range and therefore there won't be a substantial move on that.

The moves will be A, the mix of the higher margin Capital Foods, Organic India growing, number one. Number two, the water business continuing to improve margins as we improve utilization and throughputs, and premium RTD coffee, tea portfolio starting to fire up within that and the value-added waters that we've launched one and you'll be seeing a barrage of launches now in the next, I would say, three months or so, which are incremental on the margin front.

And then I come to Sampann, which actually when we started off it was a negative 5% in 2020, we are closing in on a 12% with a constant increase. I think this quarter was close to a 150 to 200 bps of margin expansion over the same quarter last year. So, it's growth plus incremental margin, so that's one piece. The second piece is the most critical piece is operating leverage, right?

So, this -- you're not seeing it this quarter in the P&L for a very simple fact that there is lot of noise with the inflation on packaging, inflation on freight, fuel, forex movements, etcetera. But last year we had about a 200 bps swing because of leverage. So, we expect that a significant portion of the increase will also come with a scale leverage because this year, for example, in terms of head count.

Apart from very specific injection for the vending and a little bit of injection on the RTD business, there's no substantial head count increase, for example. And over the past few years, we had been adding head count as we expanded our footprints, expanded geographies, last year as the go-to-market split routes came into being, but now it is broadly stable and we don't expect significant increase in the middle of the P&L. So, scale leverage should start kicking in pretty quickly.

Manoj Menon: That's super clear. Thank you for the very detailed response on this. Just on the water, just re-clarifying, what I understood. You're essentially saying Tata Water Plus has got a far higher let's say awareness versus availability gaps to plug to drive growth in the short-to-medium term, apart from the other...

Sunil D'Souza: By far, by far, Manoj. Let me put it this way. We probably, we do sell water I would say in 75% or let me put it this way, we have availability in probably 75% of the country. But in real distribution, marketing, having got our act together, we're probably still at probably a 40% to 50%. So, we've got a still a long way to go.

The north, the east -- sorry, north, the west are, I would say, broadly white space geographies. The water business primarily is Andhra, Telangana, Odisha, a little bit of Tamil Nadu, West Bengal, and a little bit of Bihar and East UP. So, balance is, I would say, still a wide geography where we've got a lot of work to do.

Manoj Menon: All the best. We'll continue to chat. Thank you, sir. Good day.

Moderator: Thank you. Next question is from the line of Anurag Dayal from PhillipCapital India. Please go ahead.

Anurag Dayal: Yes, hi sir. Congratulations for the good number. I wanted to understand about Tata Soulfull. Where we are currently in terms of revenue size, how has the growth been in that particular segment, and we also see lot of NPDs happening there. So, in initial some of the new NPDs which have stuck well and we expect them to do well in the future as well driving the overall category growth. Some inputs on Tata Soulfull.

Sunil D'Souza: Yes, so Tata Soulfull we grew at 45% for the quarter. It was a decent run. Tata Soulfull you will see a significant number of launches in the premium category so to speak and a little bit of expansion of the categories in which they play. We've just launched protein muesli and it has gone off to a very good response. Muesli is the top performing category for us, but you should expect to see expansion in number of categories in which Tata Soulfull plays; I would say probably in the next three to six months.

Anurag Dayal: Okay, sir. And how much is the reach of Tata Soulfull in terms of modern trade or e-commerce? You can give some understanding where we are doubling down.

Sunil D'Souza: So, Tata Soulfull is primarily the strong channels are online and modern trade. It is available in all modern trade outlets and most of the high-end SAMT outlets. We are listed on all the quick commerce, e-commerce and that is a significant growth channel for us.

Anurag Dayal: Thank you, sir. That's from my side.

Moderator: Thank you. Next question is from the line of Bharat Sheth from Quest Investment Managers. Please go ahead.

Bharat Sheth: Hi, congratulations Sunil and team and thanks for the opportunity. I have a just one question. What do I understand because of, I mean, of course we don't forecast, but what kind of impact that El Niño very strong El Niño playing out in Indian market? And second thing that what we have been hearing from the several agro input companies that this year cropping of pulses are low. So, how -- what is the risk mitigation strategy do you have in a place?

Sunil D'Souza: So, couple of things. If sowing is low, which means output is low, prices will go up. If prices go up, we will take up our prices, as simple as that. So, I don't see a issue around that. We are still a relatively very small portion of the overall pulses market. Just to put it in perspective, Sampann pulses would be about INR600 crores- INR700 crores, the pulses market is a INR2,20,000 crores with 6% branded penetration.

So, I wouldn't worry about the overall broad-based piece because I think the ball is in our court as to how fast we will grow. That's number one. Number two, in terms of El Niño, I think we did see the effect in terms of a delayed monsoon and then very erratic monsoon so to speak, but like I said, I don't know what I don't know. If the single biggest impact of El Niño would be on tea if it happens, and if it happens prices go up, we will take up pricing to maintain margins.

Bharat Sheth: Okay, thank you and all the best.

Sunil D'Souza: Yes, thanks.

Moderator: Thank you. Over to you, Nidhi.

Nidhi Verma: Thank you. We'll go to the webinar now and just read out the questions, Yes? Sure. There is a question from Gaurav. He is asking, can you provide some details on sequential India EBIT margin, why is it down? I think you've already addressed that, Ashish. There's question from Vismay from Citi Group. He is asking, can you please share your view on the outlook for tea prices in the current procurement season? I know it's difficult to predict commodity as you said, but what is the level of inflation you expect and hence how do you plan to take pricing action?

Sunil D'Souza: I think I already said that. Say, right now we are very, very early in our total buying. We are seeing a 8% to 10%, 7% to 10% inflation in tea so far. If the costs continue to be high, right now the crops look to be good for this month, which is now starting to get into the peak cropping. If the costs go up, we will definitely look at pricing. As I mentioned, we've already started some calibrated pricing in June. We will look at continued price hikes to make sure we maintain margins as we go forward.

Nidhi Verma: Thanks, Sunil. There is a question from Jay. He is asking what are the product portfolio expansion plans for Capital Foods and Organic India.

Sunil D'Souza: So, Jay, we've got our portfolio expansion drawn up. For Capital Foods, the big expansion was noodles where we've finally got capacity together. We've launched cup noodles, we've expanded chili oil, and we're looking at -- let me put it this way, a slightly disruptive play in the Korean noodle space coming soon.

Organic India is an expansion into the supplement categories and we're looking at aggressive expansion of the organic pulses. Incidentally, pulses per se and organic pulses is a quite a large runway. We've still not, let me put it this way, got our full act together or we still did not have our full act together in that space. We've just begun to put the threads together and you should start seeing some good action in that space.

Nidhi Verma: Thank you, Sunil. I think with that -- I think we've addressed all the questions on the webinar as well. With that, I think we can conclude today's call. If you do have any questions remaining, please feel free to reach out to us. Our contact details are on the last page of the investor presentation. Thank you for your time and we look forward to seeing you in the next quarter.

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