



January 30, 2026

National Stock Exchange of India Limited

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27 (Physical)

Sub: Transcript of Earnings Conference Call pertaining to financial results for the quarter and nine months period ended December 31, 2025

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 Tuesday, January 27, 2026, in respect of the financial results for the quarter and nine months period ended December 31, 2025.

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.

Thanking You.

Yours faithfully,

For **Tata Consumer Products Limited**

Delnaz Dara Harda

Company Secretary & Compliance Officer

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Encl.: as above

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“Tata Consumer Products Limited Q3 FY '26 Earnings Conference Call”

January 27, 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 Tata Consumer Products Q3 FY '26 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 ‘*’, then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

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

Nidhi Verma: Thank you so much, and welcome everyone to the Q3 FY '26 Results for Tata Consumer. As we usually do, we will first walk through the key highlights of the quarter for the first 10-15 minutes, and then we will open the floor for Q&A.

Today, I am joined in the room by Mr. Sunil D'Souza - Managing Director and CEO; Mr. Ashish Goenka - Group CFO; Mr. Ajit Krishnakumar - Executive Director and COO.

I will just draw your attention to the disclaimer statement, which is on your screen. With that, I will hand it over to Sunil.

Sunil D'Souza: Yes. Thanks, Nidhi. So, if I have to summarize, we have had a decent quarter, where we had a 15% revenue growth. India branded business posted underlying volume growth of 15%. India Tea up 3%, as basically, as the tea prices have come down, we have started passing on pricing back to consumers. Overall, YTD, we are growing at 9%. Just to put it in perspective, we have always guided for a mid-to-high single digit growth for the tea business.

Salt had a, I would say, strong quarter, 14% revenue and 15% volume, as we did targeted actions on consumer price and trade promotions, coupled with A&P in specific geographies, yes, so we saw strong results there. Growth businesses, which you always guided for being 30% of our business growing at 30%, we were quite in the ballpark, growing 29% and contributing 30% to our revenue, surpassing Rs. 1,000 crores in quarterly revenue. Tata Sampann had a strong quarter, 45% growth, all volume driven. RTD delivered strong performance, 26%, again, all volume driven. Capital Foods and Organic India together grew 15%. Organic India was in the 30s(%) and Capital Foods India grew sequentially month-on-month.

We were impacted a bit by the US tariffs, because 20% of Capital Foods is international. International business maintained a strong trajectory, 11% constant currency revenue growth, primarily led by US coffee, which had strong volume growth as well. Non-branded business up 20%, with profitability remaining healthy, but margins coming back to normative levels, as coffee prices have stabilized, albeit at a higher level. Consolidated EBITDA up 26%, so EBITDA has grown roughly 2x of revenue. Margins expanded 60 bps quarter-on-quarter, 120 bps year-on-year to 14.2%. Our innovation pipeline remains strong, with 15 new product launches throughout the year. Innovation to sales is roughly 4.8%, almost close to our target of

5%. Yes, so Rs. 1,600 crores of India beverages, with a growth of 7%. Foods, similar number, growing at 19%. International, Rs. 1,300, growing at 18%. And non-branded growing 23%, total Rs. 5,000. This was a landmark quarter for us, having crossed the Rs. 5,000 crores in a quarter number.

Year-to-date, close to Rs. 15,000 crores, growing at 14%, with all businesses delivering double-digit revenue growths. Yes, Rs. 5,112 crores topline, growing 15%, Rs. 728 crores of EBITDA, 14.2% points. PBT up by 11% to Rs. 563 crores. Before exceptionals, net profit of Rs. 399 crores, which is up by 130 bps versus last year. And we are now sitting with Rs. 1,272 crores of cash. 9 months, almost Rs. 15,000 crore, growing at 14%. Group net profit before exceptionals growing at 17% to Rs. 1,137 crores. And yes, Rs. 1,272 crores of cash.

So, starting with the India business:

We maintained our A&P close to the 7%, 6.8% to be precise. Salt market share, we had volume growth. On top of that, we had market share growth as well of 40 bps. Market share of tea, as I mentioned, this only tracks about 57%-60% of our business, down 70 bps.

Next slide. I had talked about last quarter about our pilots on go-to-market. Just to repeat, a lot of the Salt-strong geographies were also the geographies where our new growth businesses were supposed to be strong. And therefore, to provide the requisite focus, we had 3 types of pilots running. A separate Salt distributor in Salt geographies where Salt contribution was very high. And a non-Salt distributor in geographies where Salt plus Tea was very high. Salt alone was not. Salt plus Tea was very high. We separated into core and growth. And there are cities where smaller outlets, we now got a common salesman going in, whereas for larger outlets, we have got separate split routes selling by category going in. All the 3 pilots more or less were bang on the KPIs that we had budgeted for. And therefore, now we are rolling it out nationally.

We are about 82% done on the national rollout. By first week of February, we will be 100% done. 270 odd distributors have been transitioned to the new go-to-market model. And we have added 160 more distributors. We have used AI to align routes and servicing norms. Also, dispatch plans, auto replenishment systems have been aligned. And the sales hierarchy has also been realigned as needed. For example, if it is a Salt plus all non-Salt, so the territory executives and area managers will handle only Salt. And we consolidate at the region level, so to give dedicated focus both from a supervisory level as well as from an execution level on the ground. This, I already talked about 29% growth and growth businesses now account for 30% of our India business.

New launches across health and wellness, convenience, and premiumization. We have launched Matcha. We have launched RTD Green Tea and Fruit Tea. Green Tea, which includes L-Carnitine as well. Tata Copper, now in glass. We have launched various formats of coffee and jelly and flavors in coffee. Soufflé, we have launched Slimcare. In Convenience, we have got ready mixes for Paneer Chilli, Schezwan and Manchurian. We always had Ginger Garlic paste, but there is an opportunity for a separate ginger and garlic. And we have launched the high-end

Chili soy, Light soy, which is primarily used in Southeast Asian/Japanese restaurants. And Rock Salt, we have taken it to the next level by launching a Himalayan version. Our ratings underscore our commitment to responsible business. We have upped the game on MSCI ratings, upped our score on S&P Global and done decently on all the other ratings.

In macro terms, Tea prices are coming down broadly to the 2024 levels, albeit in the fag end of Q3, we did see a little bit of an uptick on Tea prices, keeping a close watch on that. Coffee has started to come down, except after the Venezuela action, there was a bit of uptick on coffee. The forecast is that from the current, about 370-390, it should start coming down, but your guess is as good as mine on coffee pricing. We remain agile and ready to take pricing as and when needed. In Packaged Beverages, 3% volume translated to 3% net revenue for Tea. Marginal movement in market share, albeit, gross margins expanded handsomely out here as Tea prices came back to normal. India Foods, 19% net revenue growth, 16% volume. Salt up by 14% on revenue, Sampann 45%. Salt market share up by 40 bps. Ready-to-drink, close to Rs. 200 crore net revenue. Remember, Q3 is probably one of our lower quarters, and therefore we are well poised to recover strongly in the coming season. Revenue up 26%, primarily driven by volume up at 27%. And we have expanded the Ready-to-Drink tea and coffee aggressively in the meantime.

Capital Foods, Organic India. Capital Foods, close to Rs. 240 crore revenue. Organic India, Rs. 120 crores, combined gross margins of close to 50%. Non-branded business revenue up 20%, solubles revenue up is 34%. Tata Starbucks, second successive quarter of same store sales growth of 3%. Average daily traffic, which was the issue, is now more or less stabilized and ticket is holding. We opened 12 new stores during the quarter. We are now at 504. We opened our second reserve store in Gurgaon, and now we are present in 81 cities, with Jabalpur being the latest city to be opened.

UK flat on revenue, market share on black close to 19%. And we continue to maintain 10% value market share, but very strong delivery on profitability in the UK. The US business, very strong revenue growth, driven both by volume and by pricing at 31%. Market share slowly inching up both for K-Cups as well as Coffee Bags. In the US, Coffee Bags are growing roughly four times the growth rate of K-Cups. And given our strong share in bags, we remain quite confident to continue this growth, at least in the near term. Canada, as we took some aggressive pricing on Tea, revenue has been sluggish. Growth in speciality has been heartening at 2%.

And overall, more or less maintained our market share at 25%. Ashish, over to you for financials.

Ashish Goenka:

Thank you, Sunil. I think most of you would have seen the numbers, so I will keep it very brief.

Our consolidated revenue crossed the milestone of Rs. 5,000 crores this quarter, growing at 15%. Growth was fairly broad-based with all 3 vectors of the business delivering double-digit growth, which is India, international and non-branded. In terms of margin, we expanded our EBITDA margins by 120 basis points, sequentially by 60 basis points. EBIT margins expanded by 150 basis points this quarter. This was largely driven by the recovery in India margins and led by the

moderation in Tea prices and therefore recovery in the Tea margins. International margins continue to remain impacted by the US coffee, albeit some of the pricing interventions that we have taken in the last quarter has improved the margin profile, but the gap remains.

On non-branded, there was again a contraction in the margin, largely on account of the fact that in the base, we had some inventory gains and fair valuation gains, which of course are not repeating, but margins have come to more normative levels right now.

On a 9-month basis, very quickly, topline in consolidated basis growing at 14% underlying 13%. And of course, at YTD level, our EBITDA margins have contracted by 80 basis points because of the impact that we had both on Tea and coffee in the first half.

Overall financials, as Sunil said, topline growing at 15%, EBITDA growing at 26% and PAT growing at 34%.

In terms of exceptional items, we have 3 this quarter. We had a one-time gain on a sale of property, which was offset by a one-time charge that we took on some of the impairment of assets because of the transformation that is happening in our coffee factory in the US. We also did a one-time catch-up as a consequent to the labor courts, which were announced recently. The gratuity catch-up and the leave encashment catch-up was about Rs. 23 crores, which is what you see in the exception line. And with that, the PAT growth was about 34%.

I think I will not spend time on the standalone and the segment performance. Maybe we can jump to the Q&A straightaway. Happy to take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take a first question from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: Yes, thanks. Congrats on a strong performance. My first question is on Tata Soulful and Tata Sampann. So, Tata Soulful, I wanted to understand how is the market share in the past 2 years? And this is a great, exciting market on paper, but reasonably challenging because there is one strong multinational company. And then there is a long tail of a lot of new companies. Some of the existing companies have also entered. So, what is the right to win here? How are you able to differentiate? So, if you could discuss Tata Soulful. On Tata Sampann, very strong numbers, 45% growth, largely essentially volume led. So, if you could tell us here, how has the legacy business done? And how have the new businesses like the Cashew, Nuts, etc., those have done? So, we can get a sense of where is the growth coming from any one of them given 45% growth?

Sunil D'Souza: So, Abneesh, let me take your second question first. The Sampann growth is broad based. So, the base businesses of Poha, Pulses, Makhana, all of them are firing off on great cylinders, percentage growth wise. So, let me say it has come from the new businesses as well as from the legacy businesses, right. The best part is my dry fruits business is now close to a Rs. 250- 300 crore annual run rate. Cold press oils is again in the similar ballpark. All of these have been launched in the last 18-24 months, right. So, differentiated product, very specifically entering

trust deficit categories. Very clear winners. In fact, the good part is this is just the base foundation, because the ultimate idea in dry fruits is we will play the whole spectrum. Now that we know the sourcing, we know the time of the year, when to source, which channels, what are the packs which work, what are the dry fruits which work. Now, when we entered the flavored, roasted, salted, that is where we will move up the value ladder. So, that is a good part. Similarly, in cold press oils, I think we are off to a great start, because normally we would list on e-commerce, then go to, I would say, SAMTs, then GT, and then modern trade. This time we have had pull from modern trade, pulling us into the outlet even before we went to GT or SAMT. So, that is how powerful the proposition is. So, we remain bullish on Sampann, but again, I will go back to our guidance is for roughly 30% growth, and we will remain guided by that. That is number one. On Soulfull, we are close to a double-digit market share in most categories which we operate. We don't track for all the categories in which we operate, but mostly close to a double-digit number. The big numbers for us are in the Choco-fills as well as the Muesli segment, which is growing very fast. But here is the thing, in Soulfull, it is not one particular category that we are playing at. If you look at it, we have expanded to different categories and therefore expanded TAM and therefore we are not playing in the small pond, given the fact that we are playing in rusks, we are playing in Choco-sticks, we are playing in Muesli, we are playing in Breakfast Cereals as well. So, it is a wide-ranging thing. Broadly, let me say we are decently satisfied, but we do think we can take Soulfull to the next level. And I wouldn't worry about one incumbent versus all startups, etc. Everyone can carve out their own space. I think with the plans that we have, we remain quite confident.

Abneesh Roy:

Thanks. Two follow-ups to my first question. So, one is, you said 30% is the more normal number to look at from a growth perspective for Sampann, but growth was 45%. So, there is no one-off, you could clarify on that? Second is on the margins for Dry Fruits and say for Soulfull. Any color you can give from an outlook perspective, when do you see that normalizing versus the overall non-core portfolio, X of the Salt and say your Tea business, when do the margins for these two subsegments normalize versus the non-core?

Sunil D'Souza:

So, let me put it this way. There is no one-off in Sampann this quarter. I am just trying to temper expectations on the number that we might not always hit a 6. Sometimes it will also be a 4, right. So, from that perspective, I think 30% is a realistic number for us to keep targeting. While we know we can drive 45% and we will continue to drive for that. On the margin perspective, I always said in Sampann, we were close to double-digit margins. The good news is we have hit double-digit. We remain confident of edging up the total business to close to a 15% sort of number in the medium term, near to medium term and that is what. So, while we are growing topline, the good news is we are constantly improving the margin profile as well. Going forward, the margin profile will only get better as like I said in dry fruits, the margins are in the roasted, salted, flavored ones. But for you to get there, you need to know how to play the base game because then you add the value additions on top of that.

Abneesh Roy:

So, thanks. Last question, Salt, which is generally very highly penetrated. Last 2 quarters, I have seen super volume growth. I do understand that you did mention on the grammage addition, the trade incentive and promotion, but on a full year basis, does it normalize because initially

customer will buy more, but he will not consume more Salt anyway, given it has a health kind of a question mark. So, would you say that next 2 quarters, this could start normalizing up to a much more modest number or you see that market share gains will continue?

Sunil D'Souza: So, Abneesh, we have always guided for Salt being again in the mid to high single digit growth on revenue, volume being about 4-5% and rest being value price mix movements. Just to give you a perspective, I think the top 6 brands are probably 56%-57% market share in this category. And the balance 44% is a long tail of what I call no-name brands. So, the scope for growth is enormous. It is not necessarily driven by per capita consumption. It is driven more by market share and improved penetration of Tata Salt, not necessarily Salt. We are replacing other brands in the household. So, the market size could be 2x of what it is if you just extrapolate from that perspective. But mid to longer term, we have maintained that it will be mid to high single digits.

Abneesh Roy: Thanks. That is all from my side. Thank you.

Moderator: Thank you. We will take our next question from the line of Tejash Shah from Avendus Spark. Please go ahead.

Tejash Shah: Congratulations on good set of numbers. First question is, is the strong momentum that we are witnessing, is it a broader consumption recovery or largely led by our own execution or mix of execution in this effect? And how do you see this sustaining over coming quarters?

Sunil D'Souza: So, let me say we have always said we will drive double digit topline and bottomline ahead of the topline. And I think we have roughly delivered that. I wouldn't comment about the broader consumption and recovery, etc. I do think the teams have executed our plans quite well and the plans have changed through the year. For example, we didn't have the Salt targeted actions baked in into the numbers or the expansion of certain brands like Sampann baked into the numbers. But let me say, Tata Consumer, I would say, is an entrepreneurial company. As we see opportunities, we jump in. It is not that it is not in our budget, so we will execute next year. That doesn't happen here. So, if we see opportunity, we will drive it. We have seen opportunity this quarter and across the board, I think the teams have driven the numbers quite well.

Tejash Shah: Very clear. Sir, second, the growth portfolio has done phenomenally well. And we have reached our target of 30% of the India business, at least a quarter ahead of your timeline. So, how should we think about this number now moving? Would you say that this can be 40%-50% of portfolio by FY let us say 28-29 or you are keeping it open as of now?

Sunil D'Souza: So, let me say growth businesses have to contribute to a higher percentage of the India business fundamentally, because they defined as growth businesses, they will grow faster than the core. So, the mix will change. And that is a conscious strategy. As we seek to diversify away from being a Salt and Tea company into a multi-category food and beverage company, this will happen. We are in the middle of putting numbers together for the next year and beyond. And as and when we have clarity, we will definitely give guidance. But as of now, I would say 30% is

a good number to put a peg on. As and when we look at a different number, we will revert on that.

Tejash Shah: That is all from my side. Thank you.

Moderator: Thank you. We will take our next question from the line of Mihir Shah from Nomura. Please go ahead.

Mihir Shah: Hi, sir. Thank you for taking my question and congrats on a great set of numbers. Firstly, on Tea pricing, have all the price cuts in Tea captured in the quarter? If not, what percentage is reflected in 3Q? And secondly, on Tea, now with Tea prices going up again, fair to say that given that you have bought most of the Tea prices in 2Q, you will have a lower cost advantage and can that have a tailwind to margins? So, that is on Tea first?

Sunil D'Souza: So, Mihir, let me say broadly on commodities, we have given up on forecasting with accuracy, right. Given climate change, etc., you don't know how things pan out, number one. So, we remain flexible, agile, able to move in either direction. And that is what I maintained even in coffee. That is number one. Number two, there was a small uptick on Tea prices at end of the quarter. But remember, January to about mid-March, early April is a very lean season in the north. Now, how the north crop comes out mid-March to early April will determine the opening prices then. Therefore, I would not make a statement as to whether we will be better off or worse off, right. We have done a calculation, we have got inventory for a decent part of Q1, but we will be flexible on moving up or down depending on how the commodity fares when the season opens. And to the other point, we have already passed on most of the increases in this quarter. And that is why you saw volume equal to value growth for the quarter. And as of now, if nothing changes, broadly, we will go back to the mid-single-digit volume plus a couple of basis points of price mix.

Mihir Shah: Understood. Secondly, can you talk a little bit more about the GTM changes that you highlighted? 80% you have already said that pilot is already in place. Now, that is only for those number of states, 8 states or so. Or it is for pan-India, some clarity on that. And what is the impact on the growth there? The 30% growth that you would call out for the growth businesses captures these GTM changes or one can expect elevated growth because of this?

Sunil D'Souza: So, number one, the primary reason we have done the GTM changes is to continue to drive growth. Now, as the percentage of growth businesses grows and the absolute grows, I think even maintaining the 30% is a decent enough target to have. So, in the short to medium term, we are not changing the 30%. The GTM changes fundamentally are supposed to be making sure that they drive growth. A, they are pan-India, they are not restricted to specific states. We had shown the maps on certain, the things on the strong points, where Capital Foods was strong, where Salt is strong and where Organic India was strong. So, if that is the deduction for the 8 states that is not a right number. We have done a pan-India, more than 10 lakh plus cities. Any city which is either overwhelming share of Salt, then it is a Salt plus non-salt, where Salt plus Tea is overwhelming. For example, Calcutta was 91% Salt plus Tea and only 9% contribution from

growth. So, there we have gone core plus growth. And then across every other city where we have common distributors, and we had split routes earlier, we have gone back and because the retailers told us that for small drops, small this thing, they don't want multiple salesmen coming in. And therefore, the smaller outlets, if I remember right, it is more than Rs. 3,000 drop per month in urban and in metros and Rs. 2,000 in lower than metros, we have common salesmen. Beyond that, we have multi-category salesmen going in split routes. So, the idea is the salesman has dedicated focus. Above the salesman, the TSE and the ASM is also structured by category. So, for Salt, it is the guys only handle Salt. And for, if it is core and growth, there is a team which is only handling core, there is a team which only handling growth. So, that gives dedicated focus behind execution. So, not only supervisory level, execution level, everything is segmented to drive growth.

Mihir Shah:

Got it. And last question on the margins, I know you highlighted double-digit revenue growth, higher than revenue growth will be the profit growth. Can you just highlight what will be the tailwinds for margins? Happy to know that your Dry Fruits portfolio will contribute to Sampann, etc., but again, maybe in the overall scheme of things will be relatively smaller. But what are the other drivers that can lead to better margin growth and drive higher than revenue growth on the profitability front?

Sunil D'Souza:

So, I think the single biggest lever will be scale, simply, right? Growing 14%-15% in that ballpark, we get huge leverage of scale, number one. Number two is the mix of the portfolio. We have got a balance between the higher margin acquisitions, Tea, Salt to be growing enough to offset the lower margin growth of Sampann, for example and we have managed that so far. Overall, like I said, when we exit Q4, we should be in the ballpark of 14.5%-15% EBITDA margin. 15% is a normative number which we need to get to. Longer term, as we continue to drive premiumization in our portfolio and drive premium categories in the portfolio and improve margins for the base categories, for example, pulses, it was a negative 5% when we started 5 years back. Today, it is close to a double digit, right? So, as we improve that as well, we would expect to continue to improve the gross margin profile. Longer term, I have always maintained a good foods business in India should be a 17% plus. We are targeted towards that in the longer term.

Mihir Shah:

Got it. Thank you, Sunil. Wishing you and the team all the very best.

Moderator:

Thank you. We will take our next question from the line of Nihal Mahesh Jham from HSBC. Please go ahead.

Nihal Mahesh Jham:

Yes, Sunil. Good evening and congratulations on the strong performance. The first question was on Capital Foods. If you could just give a sense of what the domestic growth was leaving apart the international impact that you mentioned because of tariffs. And ideally, I think, as you were highlighting, you were expecting the changes there to sort of reflect in better growth. So, what is still missing for that part of the business to see a pickup?

- Sunil D'Souza:** So, overall, Capital Foods has improved month on month for us. And like I said, we expect the go to market changes that we are doing to provide impetus to that. Overall, the softness in Capital Foods was, like I said, month on month. So, the early part of the quarter was a bit soft. And more importantly, 20% of the business is exports, largely the US. And while tea and coffee, base tea, coffee and base spices margins, the tariffs have gone to 0. The rest of the portfolio still remains at 50%. So, as you have taken up prices aggressively, that has had quite a bit of an impact.
- Nihal Mahesh Jham:** So, just possibly to follow up, what was the growth in the export part of Capital Foods?
- Sunil D'Souza:** Exports was roughly flat for the whole quarter.
- Nihal Mahesh Jham:** Understood. The second question was on acquisitions. Now, historically, you have always mentioned that whenever you will incrementally be evaluating, it has to be aligned to distribution, potentially something that can sort of go in the same truck as you have highlighted. If you ever have to consider categories which are say beyond this, then what are going to be the aspects which you look into?
- Sunil D'Souza:** It is the same, nothing changes, right. A, it has to pass strategic filters. We have already defined. Right now, we are in Food and Beverage. In Food and Beverage, we have defined specific categories where we will play in. More or less, we have ticked all the boxes on the categories that we wanted to play in. And we have got the brands now to play across the food and beverage spectrum, A. B, apart from that, it has to make sense from a financial value creation perspective. So, unless that happens, I don't think we will be doing acquisition, but that is not to say that we won't. We are keeping our eyes and ears open. Like I said, almost every deal that happens in India does pass through either Tata Sons or Tata Consumers. So, we either will do or will not do depending on the fact that it has to tick off both the strategic and financial filters.
- Nihal Mahesh Jham:** Got it, Sunil. Maybe some more questions, I will come back in a few seconds.
- Moderator:** Thank you. Next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.
- Percy Panthaki:** Hi, sir. My question is on Sampann. As brand overall, all the categories that Sampann deals in, is the brand breakeven at EBITDA level?
- Sunil D'Souza:** So, Percy, we have always maintained we do not do EBITDA for brands. For every single business, we do something called margin after advertising and promotion expenses because below that the sales force, the operations are all common cost. I can always do a hypothetical allocation, Excel sheet, accounting number, but that is not a true way to judge the business. The MAPE for Sampann is positive and it is improving quarter-on-quarter in line with our expectations.
- Percy Panthaki:** Understood, sir. And given that this business is a lower margin and it would be growing at a very high pace, do you think that it will sort of put a drag on the overall consolidated margin?

Sunil D'Souza: So, Percy, for the last 5 years, we have been growing Sampann at 30% and we maintained the gross margin. The whole trick is to make sure that your portfolio works to your advantage. As I said, we have created our portfolio, crafted our portfolio in a manner where A, we have got a set of businesses which are paying the bills and with a steady state gross margin, bar up and down of a US coffee or a tea happening from time to time, but broadly longer term, Tea, Salt, international, very steady businesses, mid to high single digits and certain gross margin. There are high topline businesses of RTD and Sampann, where the margin is lower, but improving consistently. And then there are the growth businesses growing aggressively, smaller businesses, but significantly higher margin profiles of Capital Foods, Soulfull, Organic India, those. So, it is all to make sure that you are balancing topline and bottom-line at the same time. So, it is a delicate balance to place. If none of my other businesses were growing, it was only Sampann, it will be dilutive. But I think over the last 5 years, we have proved that we have the ability to juggle multiple balls at the same time.

Percy Panthaki: Understood, sir. And earlier when you said a foods business in the longer run should be 17%, is that at EBITDA level or is that at the other calculation that is variable costs and advertising but not accounting for fixed costs?

Sunil D'Souza: No. So, I wish I was allowed to deliver businesses with MAPE of only 17% because below that there is at least 12%-13% of costs coming in, right. So, I can no way deliver EBITDA as required. This is EBITDA percentage of 17%. +17% is the number.

Percy Panthaki: Got it, sir. Secondly, on Tea, just wanted to understand the volume growth of 3% is a little lower than sort of our targets. So, what is playing here? Is it sort of competition or is it just one-off quarter? What should we read into this?

Sunil D'Souza: So, Percy, I wouldn't measure too much into the quarter-on-quarter for every single category. Overall, year-to-date, we have delivered a 9% topline for Tea. Also remember, last year, same quarter, we had delivered a 7% volume growth. So, we are cycling that. So, if you do 7% and 3%, we are back to the 4%-5% volume growth, which we have been guiding for. So, A is the base quarter. Second, I would urge not to look at quarter-to-quarter. There will be ups and downs because at times you will have volume upsides, price downsides and vice versa. Sometimes, a few quarters, it does take to settle. But overall, India Tea, about 4%-5% volume and a couple of basis points of price mix. That is what we guide for.

Percy Panthaki: That is all from me. Thanks and all the best.

Moderator: Thank you. Next question is from Sheela Rathi from Morgan Stanley. Please go ahead.

Sheela Rathi: Yes, thanks for taking my question. Two questions from me. The first question was with respect to Capital Foods. So, we just want to hear from you that in 2026, do we have any major plans with respect to scaling that part of our portfolio? And I will just add the second question also. The second question is, overall on the distribution side, for the next 2 years, what is the kind of roadmap we have with respect to our GTM strategy?

- Sunil D'Souza:** So, on the GTM strategy, overall, we cover about 1.7-1.8 million outlets directly and numeric reach is about 4.5 million. In the medium term, our target is to get to about a 5 million numeric reach. And the reason I am emphasizing this because direct reach will probably, I would say an aspirational number is about 1.9-2 million. I wouldn't drive beyond that, because now we have to get the wholesale multiplier and get into the semi-urban rural territory, which are our lower share territory. So, that is number one. On Capital Foods, our ambition remains 25%-30%. I do think we have started to expand the portfolio through innovation, number one, and number two, the new segmented go-to-market and supervisory system should drive us there. Apart from that, you would have seen our new ads that we have created. This is in the mold of how Capital Foods was built, making blockbuster ads memorable, which lasts for a long time. So, that is the third pillar.
- Sheela Rathi:** Yes. Is there something which is missing for us to kind of accelerate the growth path for Capital Foods? Is there some missing link here which we need to work on right now?
- Sunil D'Souza:** I wouldn't say there is a missing link. There is, basically, there are two jobs in Capital Foods. There is market share growth in existing categories, and there is category creation for us. The south and east of the country, Capital Foods is a slightly alien thing, right. They have not seen Schezwan chutney, etc. So, both advertising and sampling at scale are the critical pieces, and we have started accelerating that. We have upped our what we call taste ambassadors by roughly 50% over the last, I would say, 6 months or so. And like you have seen, pumped up our A&P, including bringing in known faces from the south into the ads, so as to relate better to the consumers. And lastly, like I mentioned, like I will give you the example of Calcutta, where 91% of the business is Tea and Salt, 9% is total growth categories. You can imagine how much focus it gets. And therefore, the segmented go-to-market will be a huge unlock, because now there is dedicated focus on these categories.
- Sheela Rathi:** Sorry, 90%, if you could just repeat?
- Sunil D'Souza:** In Calcutta, 91% of the business came from Tea and Salt, and 9% from all the growth categories, including Organic India, Capital Foods, Soufull, and Sampann. So, whether it is the distributor, whether it is a salesman, whether it is the supervisor, ultimately bread and butter is paid for by Tea and Salt, and therefore the focus is always Tea and Salt. Now that we have separated it out, there is dedicated focus on these growth categories, and that's where we expect the unlocks.
- Sheela Rathi:** Sir, if I may ask, what is the reverse of that 91-9? Which are the markets where we are seeing the fastest growth for our growth categories?
- Sunil D'Souza:** So, fastest growth for our growth categories is across the place. I just gave you an example of Calcutta, because that stuck in my mind about what should be done in large metro markets to unlock.
- Sheela Rathi:** Understood. Thank you, Sunil.

Moderator: Thank you. We will take our next question from the line of Anurag Dayal from Phillip Capital. Please go ahead.

Anurag Dayal: Yes. Hi, sir. Thank you for the opportunity. So, my question is related to RTD portfolio. Two parts of the question. One is that we launched the Zip Zap Energy drink in the previous quarter. How has been the initial reception to it? And secondly, there is expectation that summer will be good this year, and a lot of beverage companies are now already started to build their channel, increasing visi-coolers and all. So, where we are in the distribution and how we are planning to increase our distribution and reach before the summer ends?

Sunil D'Souza: So, let me use a Hindi term, Aapke Muh Mein Ghee Shakkar, because I have stopped trying to forecast the weather, right. When there are rains in Bombay in November and December, and it starts, doesn't rain till around June, July, it is a very difficult forecast, right? But that said, you're absolutely right. Seasonality does pick up. I would say probably February onwards is when you would start seeing the uptick. So, right now, we are, let me say, over the last 2 years, we have started to be ahead of the curve. We have ramped up our distribution and we should be in a good position by around end January, early February, whether it is sales force, whether it is distributors, whether it is salesmen, because after that, the entire focus is on execution. So, if it is a good summer, we will ride it out. Like you have seen, it is not a pricing-driven growth, it is a volume-driven growth, which I feel good about. And we very clearly started to build out the 3 pillars, the entire water stack, right from the Rs. 10 bottles of copper water up to Rs.90 to Rs. 100 bottles of Himalayan, and the entire range in between. And you will see some more aggressive launches in this space coming in the next 60 days or so. We have started to build the whole stack of Ready-To-Drink tea and coffee, whether it is green tea, fruit tea, kombucha, Ready-To-Drink coffee, in a can at Rs. 70, we have now a PET at Rs. 50, and high-end as well. And then, of course, we have got the entire cups portfolio. Zip Zap was launched middle of last quarter. Fingers crossed, we are still in a few markets. We want to test it out before we go broad-based. But right now, more or less to expectations.

Anurag Dayal: Thank you, sir. Just to follow up on RTD, what is the current reach, if you can, that how many outlets we reach for RTD?

Sunil D'Souza: I will have to get back to you on the exact number of outlets, but it is broadly in the million outlet ballpark. Right now, we will focus on growing our share in this territory before widening the footprint.

Anurag Dayal: Thank you so much.

Anurag Dayal: Thank you. Next question is from the line of Sidharth Negandhi from Chanakya Wealth Creation. Please go ahead.

Sidharth Negandhi: Hi, thank you for taking my question.

Moderator: I am sorry, can you use your handset mode, please? Your audio is not very clear.

Sidharth Negandhi: Just give me a minute. Hi, is this clear?

Moderator: Yes, please go ahead. Yes, we can hear you. Please go ahead.

Nidhi Verma: So, moderator, perhaps we can use the webcast.

Moderator: Please go ahead.

Nidhi Verma: So, Sunil and Ashish, there are some questions on the webcast link. I think some of those have been answered, which were touching upon the go-to market changes, which you have already explained. There is one more question on the India Beverage market share in Tea has seen some softness despite revenue growth. To what extent is this a conscious value over share trade-off and how do you internally track success in such situations?

Sunil D'Souza: I think I have publicly maintained and the good news is now multiple people are saying the same thing. If you read the Economic Times, I think yesterday or day before, just to give you a perspective, last quarter, I think about 18.5% of my business came from e-commerce, quick commerce. Previous quarter was 21%. This quarter, it was 18.5%. Modern trade roughly is in the 14-15% ballpark, so that 33%. About 5% comes from institutions, which is 38%. Therefore, all of GT is only 62% of the business. And in modern trade, remember, which Nielsen reports, one significant player doesn't share data. At best, they are reporting about two-thirds of the market in a sampling format. And if you observe market shares ups and downs, I would urge you to listen to commentary from multiple players and then make up your mind about who has gained share, who has lost share. Because there is no other database available, we continue to report Nielsen because otherwise, if I don't report, I will be accused of trying to hide numbers. So, we do report it for what it is worth. And yes, when my volume growth is still a strong number compared to industry, when total value growth is close to double digits, we feel in a good place. I don't think we are losing market share. It might move marginally up and down. Just to give you a perspective, on Nielsen does measure e-commerce. They don't report it and don't total it into this. But we are market leaders on e-commerce. Incidentally, e-commerce, quick commerce, as I mentioned, quick commerce has grown 100%. So, on e-commerce, we have about 38-39% share and we are leaders. If I total all that, it will be a completely different picture. There are channel shifts, which Nielsen doesn't measure. Where it measures, it is by sampling. And like I said, in modern trade, it doesn't pick up one player. So, your guess is as good as mine.

Nidhi Verma: Thank you, Sunil. The next question is on Tata Sampann. The question is that, is the growth being primarily driven by distribution expansion or are we beginning to see repeat consumption and brand-led pull, especially in staples like Pulses and Spices?

Sunil D'Souza: So, let me say my strongest channel for Sampann is e-commerce, simply because most of the categories that we play in, with all due respect, we are also competing with a retailer. Remember, when I am selling Pulses, he is scooping up Pulses from a 50 kilo bag, making a 50% margin on that. Whereas in my Sampann, he would at best make a 15% odd sort of margin. Therefore, e-commerce, quick commerce is the stronger channel for Sampann. And the fact that we are getting

this volume traction and this thing just proves that we built brand loyalty and pull. Just to put it in perspective, even when I do market visits, etc., most of the times, even the GT retailers who are around, they attest to the fact that once a consumer has picked up Sampann, then they hardly go back, just because of our stringent adherence to quality norms.

Nidhi Verma: Thank you, Sunil. There is a question on innovation. It says, with innovation remaining strong at 15 launches this quarter, would you share what percentage of revenue now comes from products launched in the last 3 years? And how has this metric evolved?

Sunil D'Souza: So, we have launched 15 products this quarter. Year-to-date is 55. And we have publicly said that we want to be around the 5% plus mark on innovation to sales, defined as revenue from products launched in the last 3 years. We are at a 4.8% at the end of last quarter. And there is no reason we will not cross 5%, this year.

Nidhi Verma: Thank you. There is one question on how do you see the EU FTA for Tata consumers in the long term? And any update on Tata Starbucks further store opening in terms of resizing stores and further investment in that business?

Sunil D'Souza: So, EU FTA, I will not comment on it, because I am not sure we have all the details on what unfolds, number one. Number two, as we mentioned, our big focus areas in the international markets are UK, US, Canada. EU is there, but it is not a very significant piece. So, I would wait and watch to see how that pans out. On Tata Starbucks, we remain bullish on the coffee opportunity in India, both in home and out of home. On out of home, it is Tata Starbucks. We opened, we are now at 504 stores in 81 cities. We are immensely focused on making sure we constantly tweak our business model to make sure it appeals to Indian consumers and continue to drive business. As we said, coming from a significant dip in the entire QSR industry over the last 24 months, last 2 quarters have been encouraging. We are now in positive same store sales growth. We did temper store openings a bit to ride through the softness and make sure we made the right modifications to enable faster growth going forward. We remain in the middle of that entire exercise. But longer term, we do intend to be among the top, if not the top coffee shop in India.

Nidhi Verma: Thank you, Sunil. There is a question from Rohit from White Oak. He is asking how much is quick commerce within this quick e-commerce salience of 18%-20%?

Sunil D'Souza: So, quick commerce is about 15%. The balance about 4-5% would be e-commerce.

Nidhi Verma: I am just mindful of the time. So, maybe I will just take one last question from the webcast. Can you clarify the outlook for Tea price mix going forward, given we have given some pricing back to consumers? Should we expect some negative price mix for the next 2 quarters?

Sunil D'Souza: Yes, as I said, we have given off most of the pricing during this quarter, but I don't think the entire picture on the pricing has flown through. There would be a little bit of impact of price mix, but I wouldn't say it will be significant enough, but it will be sort of flattish to slightly lower

going forward. But as I said, as we have given off price, we expect volume to pick up. And as I said, we have said mid to high single-digit revenue growth. At points in time, volume will be overpowering versus price growth and vice versa. Going forward, at least for the short term, we expect volume to come back stronger and therefore, us continuing to deliver the mid to high single-digit revenue topline.

Nidhi Verma: And perhaps one last question before we wrap up. There is a question on international margins, whether they are largely back at normative levels, or are we likely to get expansion in the fourth quarter?

Sunil D'Souza: No, international margins are not at the normative level, simply because the entire impact of the coffee cost increases have not passed through. We have had one more round of price increase in the US in the month of January, post which we would have broadly passed on the current cost increases. But that takes some time to translate into the P&L. So, I would say we are about a quarter away from seeing normalized pricing for international. Yes, so we are at least a quarter off.

Nidhi Verma: Thank you. Thank you so much, Sunil. And just being mindful of the time, I know there are still some pending questions, but perhaps you can reach out to us for that. On behalf of the management of Tata Consumer, I would like to thank you for joining us today. Thank you.

Sunil D'Souza: Thank you, everyone.

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.