Tata Consumer Prod.

24 July 2026

Operator: Ladies and gentlemen, good day and welcome to the Tata Consumer Products Q1 FY27 earnings conference call. As a reminder, all participant lines will be in 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.

Management: Thank you so much and welcome everyone to the first FY27 call for Tata Consumer Products. Earlier today, we announced our results and uploaded the investor presentation and other materials. I hope you have seen the refreshed design. We have also tried to simplify and align the segmentation of the businesses in line with the colors we want to share with you all.

I just want to draw your attention to the disclaimer statement which is up on your screens before we begin. As usual, I am joined by Mr. Sunil D'Souza, Managing Director and CEO; Mr. Ashish Goenka, Group CFO; and Mr. Ajit Krishnakumar, Executive Director and COO. In terms of the format, we will spend approximately 15 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 will hand it over to Sunil.

Management: Thanks, Nidhi. In summary, our overall consolidated revenue grew 12%, with the India business delivering a 13% VVG. India tea volumes were up by 2% despite the prolonged summer, but revenue declined 4% because as tea costs came down, we have 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-over-year and scaled to 36%. In terms of growth, I think this was the best-ever quarter for the growth businesses for TCP, and they now account for more than one-third of the India business.

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. The international business grew 3% in constant currency, and overall, including forex, grew by 16%. The US business delivered 7% constant currency growth with what I believe is the seventh consecutive quarter of share growth. In the 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. We have a robust pipeline for innovation for the rest of the year. Starbucks had a very good quarter. Revenue grew 11% year-over-year. Albeit, I have to say that we were cycling a slightly subdued quarter last year during the same period, but even without that, the same-store sales were in a healthy range.

In terms of businesses, India salt was up 7% with revenue north of 1,000 crores. India tea and coffee was down 4%, with revenue of 1,200 crores. If you look at the growth businesses now, this is a bigger segment than India salt and tea and coffee. Revenue was 1,300 crores, growing at 47%. International constant currency was 3%, reported 16% growth at 1,245 crores. Non-branded was close to 500 crores, down 7%, but in constant currency down 10%.

Consolidated revenue in constant currency was up by 9%, and reported up by 12% at 5,349 crores. Regarding 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 427 crores. EPS was 4.31. Last quarter, if you remember, we started reporting adjusted EPS because we do amortize some of the brands from the businesses that we have acquired. If I net that off, our adjusted EPS is 4.67 rupees per share.

Looking at strategic priorities, we continue to put money behind A&P. Our Q1 spend was 6.1% behind almost all our brands. Growth businesses are now accounting for 36%, growing at 47% year-over-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 the Dow Jones World Index, in which we were incorporated on December 1, 2025. In the CRISIL ratings, we moved from 61 to 67 and 62 to 68.

Regarding specific businesses, I talked about India beverages volume being up but revenue down 4%. An unusually strong summer, along with a minor issue of LPG shortages impacting small restaurants and street-side vendors, including tea shops in the south, did impact the business. However, coffee continued to grow 24%. Salt showed a strong performance despite the fact that we took calibrated price increases in June. Broadly, the orange bag of Tata Salt moved from 30 to 32 in terms of MRP, but value-added salts continued to deliver strong growth at 13%.

Tata Sampann had a stellar quarter with 58% revenue growth driven by volume. We had growth across categories, whether it was core products or our new launches of dry fruits and cold-pressed oil. Our whole spices had another great quarter. RTD showed strong growth with revenue up 41%, driven by 38% volume growth. We saw growth across the portfolio, including our premium portfolio of Tata Gluco Plus as well as Tata Copper Water. We also launched two variants of Kombucha Zero, focusing on building our premium RTD tea and coffee portfolio.

Capital Foods and Organic India saw strong growth. Capital Foods revenue was 232 crores and Organic India was 118 crores. The combined gross margin continues to be very healthy at close to 50%. We had growth of 40% for Capital Foods and 27% for Organic India. We continue to focus on new launches to expand addressable categories for both businesses. We believe that apart from various other items, including innovation and A&P, the focus on execution, including the restructuring of the go-to-market strategy to drive specific focus behind these brands, has started showing encouraging early results.

In the international segment, we had another good quarter. Constant currency was up 3%, and reported was up 16%. The US business saw 7% constant currency growth. Overall, the US, UK, and Canada were impacted, especially in the month of June, by the unusually warm summer they experienced, and this had an impact on the business. This was more specific to the UK and specifically the black tea category. However, teapigs and Good Earth, our specialty and fruit and herbal brands, continue to deliver strong growth. We have also continued to gain share in those segments. Canada revenue was flat; however, value share improved across regular and specialty.

The non-branded business, in line with coffee prices declining globally, was down 10% in constant currency. While solubles, which is primarily a pass-through business, declined 12%, plantation declined 8%. Proactive hedging helped us mitigate some of the impact of coffee price corrections. Starbucks had one of its very good quarters. Revenue was up 11%. As I mentioned, we are cycling a slightly subdued quarter with store closures impacted by operations in Indore last year in May. Even if I net that off, we had mid-single digit same-store sales growth, which bodes well 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.

Management: Thank you, Sunil. As Sunil mentioned, we had a strong quarter. Consolidated revenue growth was 12%, coming in at 5,349 crores. Regarding EBITDA, we expanded our EBITDA margin by 70 bps over last year. EBITDA growth came in at 19%, leading to an adjusted EPS growth of 25%. In terms of consolidated financials, revenue top-line growth was 12%, EBITDA grew at 19%, and we saw a margin expansion of 70 bps. EBIT growth was 21% and the group net profit growth was 29%, with 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. This was somewhat offset by salt, but by and large, all businesses are improving margins. The international business is flattish over the previous period, and in non-branded, we saw some dilution in margin this quarter. This was largely on account of the correction in coffee prices and some forex-related losses but should come back in subsequent quarters. I think that is the financials in a nutshell. I will hand it back to Nidhi for the Q&A.

Operator: Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We will take our first question from the line of Avnish Roy from Nomura. Please go ahead.

Avnish Roy – Nomura: Thank you, and congratulations on the spectacular growth business. I have three sub-questions on the growth business. First, I understand a lot of this is outsourced in terms of manufacturing, but given that many new categories have hit a threshold size, would you need to invest in your own capacity? Could you provide details on that from a one to two-year perspective?

Second, there is a fair bit of cost inflation in some of your growth segments. For example, in spices, there is severe inflation, and similarly in dry fruits due to the Iran crisis, and even in cold-pressed edible oil. Have you been able to pass most of this on? Obviously, this aids in revenue growth, but I wanted to understand the impact from a margins perspective.

My last question on the growth business is regarding Capital Foods and Organic India. There were some initial teething troubles. Are those now fully resolved, and can this 35% growth be the new normal in the medium term?

Management: Avnish, regarding your first point on own manufacturing versus outsourced, for Organic India, we make most of the infusions and supplements in-house, with only a few categories going out. In Capital Foods, most production is in-house. We do go to some third parties, but the IP part of it we do ourselves. RTD is run by dedicated co-packers who primarily run it for us. It is almost exclusive manufacturing, except that the capex and operations are run by someone else. It is mostly in Sampann that we do a lot of outsourcing.

Where we see an opportunity and scale already exists in a category, and there is value in bringing it in-house, we will definitely evaluate that. For most of these categories, the manufacturing capex is not very heavy, so it should not be too difficult. However, we have to evaluate if it makes financial sense based on scale and geographical spread. We evaluate this from time to time, and there are a certain number of categories where we are checking if consolidation makes sense.

Regarding cost inflation, if there is inflation, we will pass it on. There might be a bit of a time lag, but broadly we pass on the inflation to ensure we maintain margins. Incidentally, for Sampann and the overall growth category, we improved margins during this quarter.

Regarding Capital Foods and Organic India, we have said our aspirations are at 25-30% growth. I would take it one quarter at a time. We have innovation firing, A&P support, and execution in place. Specifically, the split go-to-market system was relayed in February, and it took time to fill vacancies for sales representatives. That is now starting to bear fruit. So, the answer is that 25-30% should be the new normal going forward.

Avnish Roy - Nomura: My second question is also on the growth business. Given the price hikes in three sub-segments of the growth portfolio and the two large acquisitions now firing well, are you looking to upgrade your 30% guidance for the growth business? Related to that, spices and edible oil are two large segments. Currently, you seem to be playing in the premium end. At some stage, would you look at the mass end of spices and the healthy end of edible oil, similar to where Saffola plays? Given your success, would you need a healthy edible oil portfolio as well, as cold-pressed might be too niche and premium?

Management: Avnish, we have our entire roadmap drawn out for the categories we want to play in. This includes a clear understanding of our capabilities across procurement, marketing, and manufacturing. One of the defining factors is the margins and growth possibilities, but most importantly, the trust deficit. We decided to get into cold-pressed oils because we saw a consumer trust deficit regarding whether oils were refined or cold-pressed. Putting the Tata brand name on it worked well, and we figured we could drive growth with margins.

In the base edible oil segment, our current hypothesis is that we do not have the full capability to play there, and we would struggle to find differentiators since the trust deficit is not as strong. However, we never say no and continue to look at options. In spices, blended spices are broadly regional and very sticky over generations. We figured whole spices and straight spices are our key focus areas for driving growth with the margins we are looking for. We will stay focused there as the runway is long enough. Regarding guidance, it remains 30% growth. We will exceed it once in a while, but I would stay focused on 30%.

Avnish Roy - Nomura: That is all from me. Thank you.

Operator: Thank you. The next question is from the line of Vivek M from Jefferies. Please go ahead.

Vivek M - Jefferies: Hi Sunil and team. My first question is on the Sampann business. You have been doing very well for the last seven quarters, but the last two specifically have been very strong. You mentioned it was broad-based and core did well. Are new products adding to that base growth rate, or have pulses themselves seen an acceleration?

Management: Vivek, the core portfolio of Sampann, which includes pulses, spices, poha, and vermicelli, has been growing at about the 30% growth rate I guided for. The cold-pressed oil and dry fruits have added to that growth. Overall, we are happy with the portfolio, especially the dry fruits and cold-pressed oils.

Vivek M – Jefferies: Understood. Regarding the salt business, the base is high, but you have taken up prices at the end of the quarter. As we go through the rest of the year, should growth pick up and reach double digits?

Management: Vivek, we have always said mid-to-high single digits for growth. So, 5-7% is a good number to target. These price hikes will probably take a quarter to settle. After that, we will keep pushing. We are now touching close to a 39% market share in salt, and our ambition is to quickly cross the 40% mark.

Vivek M – Jefferies: Regarding Capital Foods, do you think the worst is behind you and you have the ingredients for sustained growth?

Management: I think our innovation and media have started to work, and we have coupled that with execution. We see green shoots. The go-to-market is not fully fleshed out yet because finding distributors and DSRs takes time. However, we are broadly in place now, so 25-30% growth should be the norm going forward.

Vivek M – Jefferies: From a primary and secondary perspective, is there anything to call out in Capital Foods?

Management: No. We are laser-focused on making sure our ARS system works so inventory days are defined. It is a very clearly calculated piece, so there is no significant difference between primary and secondary in India. There was a little bit of export phasing that moved to this quarter, but it is not significant enough to call out. Our export business has also been on track after cycling the initial hit from downstocking in the US last year.

Vivek M – Jefferies: Sequentially, when I look at Indian branded margins versus international margins, they have moved in opposite directions. India margins have gone down by 250 bps and international moved up by almost 250 bps. What is the reason for this divergence?

Management: I can answer that, Vivek. In international, we are benefiting from US margin improvements as coffee prices normalize. We have always said that as coffee prices normalize, we will see improvement in the US. There has also been some phasing in terms of A&P. In India, we saw a contraction in margin largely because of inflationary impact plus a step-up in A&P. We also had some forex losses this quarter which contributed to the decline.

Vivek M – Jefferies: Thank you, Sunil and Ashish.

Operator: Thank you. The next question is from the line of Mihir Shah from Nomura. Please go ahead.

Mihir Shah – Nomura: Thank you for taking my question. I wanted to check on tea. How far are you with procurement, what level of inflation are you seeing, and how should we think about tea pricing given the current 5-6% price cut?

Management: Mihir, I have stopped trying to forecast tea completely. We will move in line with the market. Last quarter had some impact from the extended summer and lack of rain in parts of the south and north. Overall, we are seeing about 7-10% inflation for now, but the peak cropping season has just started. Right now, the crop seems quite good in Assam. We saw inflation more at the bottom end of the portfolio. We are not yet through a significant portion of our buying. It takes about 30 days between cropping and hitting our inventories. We are currently planning for 7-10% inflation, and if that happens, we will look at judicious pricing. We took some minor price increases in June, and if the trend persists, we will take pricing up to maintain margins. We will wait and watch for the next 15-30 days.

Mihir Shah - Nomura: That is very useful. Secondly, regarding overall sales growth, you will be lapping a higher base across many sub-categories. Will revenue growth remain in the early double-digit trajectory, or is there something that can drive it higher?

Management: I maintain that we will drive double-digit growth. There will be odd quarters in the mid-teens or low double digits. I do not think lapping the base matters much. In tea and salt, we have decent shares, but the runway for our growth businesses, like Sampann and RTD, is very long. Delivering double-digit growth should not be an issue.

Mihir Shah - Nomura: On Sampann, you have been doing upwards of 40% or even 60% growth, but you still maintain 25-30% guidance. I wanted to understand that better.

Management: For the growth portfolio, we are targeting 30% plus. Some things will fire, and some might lag, so 30% is a good number to take.

Mihir Shah - Nomura: Lastly, while gross margin improved sequentially, EBITDA margin saw some contraction. How are you placed with other costs, and should we expect margins to build up sequentially from the current 13.5%?

Management: We have guided for 50-70 bps margin expansion for the year, Mihir. You have to bear in mind we are a food and beverage business with seasonality. Tea peaks in Q3 and Q4 as winter sets in. Capital Foods peaks in Q2 and Q3 because of festivals. Salt is largely non-seasonal, except for some historical downstocking during monsoons. I would not look at the quarters sequentially. My comparison is versus the same quarter last year, where we delivered a 70 bps increase. That is in line with our full-year guidance of 50-70 bps margin expansion.

Mihir Shah - Nomura: Clear. Thank you and all the best.

Operator: Thank you. Participants are requested to restrict themselves to two questions at a time. The next question is from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman - CLSA: Hi, good evening. Two questions. First, on tea, given the price increases in June and the gas shortage you mentioned, should we expect flattish growth until the tea auctions? Second, regarding Starbucks, can you sense how growth will pan out? As the base stiffens, do you expect to continue double-digit growth?

Management: Despite the hot summer and the LPG hiccups, we still delivered 2% volume growth in tea. There is no reason we cannot exceed that. Our guidance remains mid-single digit volume growth in the short to medium term. On Starbucks, same-store sales growth was mid-single digit. Coupled with new store openings, you should expect high single-digit top-line growth going forward.

Aditya Soman – CLSA: Thanks, that is very clear.

Operator: Thank you. The next question is from the line of Nihal Maheshwari from HSBC. Please go ahead.

Nihal Maheshwari – HSBC: Good evening. Two questions. Ashish, on margins, A&P spend was around 7% in the same quarter last year and is now 6%, yet we have seen an increase in opex. Could you explain that? Second, regarding the India margin drop and RM pressure, if it is related to tea, I thought we were holding inventory and saw lower tea prices year-over-year.

Management: To elaborate, the impact has been largely from inflation in packaging and salt. That is why we took pricing in the latter half of the quarter. Pricing went in on June 1, and we took calibrated increases in tea as well. There has been a timing mismatch between the cost impact and the price increases. Our A&P also stepped up both sequentially and year-over-year. A combination of those two, plus the forex losses on some of our hedges, impacted the margins for the quarter.

Nihal Maheshwari – HSBC: That was helpful. Thank you.

Operator: Thank you. The next question is from the line of Parthi Pankaj from IIFL Capital. Please go ahead.

Parthi Pankaj – IIFL Capital: Hi sir. I want to understand the drivers for margin expansion in the coming quarters for the India business, apart from the price increase in salt.

Management: We will have multiple drivers. One is the full impact of the pricing we have already taken. If needed, we will make further pricing interventions because costs have been dynamic. We do not want to take price increases that are not supported by underlying trends, so we have been calibrated. The second driver is US coffee, as prices have been coming off compared to last year. This should improve international margins. Third, we have multiple cost-saving and efficiency drives across the organization that should bring goodness to the P&L.

Parthi Pankaj – IIFL Capital: Is coffee price deflation net positive or negative at a consolidated basis? While it benefits international, it seems detrimental for the unbranded business.

Management: It is net positive because our unbranded business is largely a pass-through made-to-order business, so there is no significant adverse impact. We gain in the branded business. Mathematically, the US consumer business is larger than the solubles and plantations businesses combined.

Parthi Pankaj – IIFL Capital: Finally, can you give some color on market shares in the India tea business and which segments are doing better?

Management: We have stopped disclosing Nielsen numbers because general trade now accounts for only 56% of my business. Modern trade is 16%, but one significant player does not share numbers, so there is guesswork involved. Quick commerce and e-commerce are not included and are separate. We have broadly gained relative market share over the last couple of years. Based on numbers from big retailers and quick commerce players, we believe we gained market share this quarter too. Within our portfolio, the mass premium and premium ranges have done better than the bottom end, which has increased our market value realization.

Parthi Pankaj – IIFL Capital: Thanks a lot and all the best.

Operator: Thank you. The next question is from the line of Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon – ICICI Securities: Hi team. Two questions for clarification. First, an update on the water business. Second, regarding the medium-term aspiration of a 20% EBITDA margin. Is it fair to assume that since tea and salt are already at mature margins, the bridge from 14% to 20% must come from newer categories? I see that the older part of Sampann has low gross margins. What are the key drivers?

Management: We have done very well in the water business. We grew volumes for the overall RTD business by upwards of 30%. Specifically, the numbers are 35% volume and 41% revenue growth, and water is in line with these. In some parts of the country, we underestimated our growth rates. We are doubling down to add capacity for the next season and even the second season this year. The mix of execution is firing up. Regarding medium-term aspirations, a good food business in India should operate between 17% and 20%. You are right about the gross margins for tea and salt being in the 33-36% range.

The moves to reach that higher range will come from several areas. One is the mix of higher-margin Capital Foods and Organic India growing. Two, the water business improving margins as we improve utilization and throughput. Third is the premium RTD coffee and tea portfolio starting to fire up along with value-added waters, where you will see many launches in the next 3 months. In Sampann, we moved from a negative 5% margin in 2020 to closing in on 12%. This quarter had 150-200 bps of margin expansion year-over-year.

The most critical piece is operating leverage. You are not seeing it clearly this quarter because of noise from inflation in packaging, freight, fuel, and forex. However, last year we had a 220 bps swing due to leverage. We expect a significant portion of the margin increase to come from scale leverage. In terms of headcount, apart from specific injections for vending and RTD, there is no substantial increase. Our headcount is broadly stable, and we do not expect significant increases in the middle of the P&L. Scale leverage should kick in quickly.

Manoj Menon – ICICI Securities: Just to re-clarify on water, are you saying Tata Water Plus has a far higher awareness versus availability gap that will drive growth?

Management: By far. We have availability in probably 75% of the country, but in terms of real distribution and marketing execution, we are probably only at 40-50%. We have a long way to go. The north and west are broadly white space geographies. The water business is primarily in Andhra

Pradesh, Telangana, Odisha, and parts of Tamil Nadu, West Bengal, Bihar, and East UP. The rest of the geography is wide open for us.

Manoj Menon – ICICI Securities: All the best. Thank you.

Operator: Thank you. The next question is from the line of Anurag Dayal from Philip Capital India. Please go ahead.

Anurag Dayal – Philip Capital India: Congratulations on the numbers. I want to understand where we are regarding Tata Soulfull revenue and growth. Have any of the new product developments stuck well?

Management: Tata Soulfull grew at 45% for the quarter. You will see many launches in the premium category and an expansion of the categories they play in. We just launched protein muesli, which has received a very good response. Muesli is a top-performing category for us, and you should expect category expansion in the next 3 to 6 months.

Anurag Dayal – Philip Capital India: How much is the reach of Tata Soulfull in modern trade or e-commerce?

Management: The strong channels for Tata Soulfull are online and modern trade. It is available in all modern trade outlets and most high-end self-service modern trade outlets. We are listed on all quick commerce and e-commerce platforms, which is a significant growth channel.

Anurag Dayal – Philip Capital India: Thank you.

Operator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment Managers. Please go ahead.

Bharat Sheth – Quest Investment Managers: Congratulations Sunil and team. What impact is El Nino having on the Indian market? Second, we are hearing that the cropping of pulses is low this year. What is your risk mitigation strategy?

Management: If sowing is low and output is low, prices will go up. If prices go up, we will raise our prices. We are a relatively small portion of the overall pulses market. Sampann pulses are about 600-700 crores in a 2.2 lakh crore market with 6% branded penetration. I am not worried because the ball is in our court regarding how fast we grow. Regarding El Nino, we saw a delayed and erratic monsoon. The single biggest impact would be on tea. If that happens and prices go up, we will take up pricing to maintain margins.

Bharat Sheth – Quest Investment Managers: Thank you.

Management: We have a few questions from the webinar. Vismay from Citi Group is asking about the outlook for tea prices in the current procurement season and how we plan to take pricing action.

Management: I think I already addressed that. We are very early in our total buying and are seeing 7-10% inflation so far. If costs remain high, we will definitely look at pricing. We started calibrated pricing in June and will continue price hikes to maintain margins if needed.

Management: Jay is asking about the product portfolio expansion plans for Capital Foods and Organic India.

Management: Jay, our expansion plans are drawn up. For Capital Foods, a big expansion was in noodles, where we launched cup noodles. We expanded into chili oil and are looking at a disruptive play in the Korean noodle space coming soon. Organic India is focusing on supplements and aggressive expansion in organic pulses. Organic pulses have a large runway where we are just beginning to put the threads together.

Management: I think that addresses all the questions. With that, we can conclude today's call. If you have remaining questions, please reach out to us. Our contact details are in the investor presentation. Thank you for your time.

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