



April 28, 2025

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**Sub: Transcript of Earnings Conference Call pertaining to financial results for the quarter and year ended March 31, 2025**

Dear Sir/Madam,

In accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed the transcript of Earnings Conference Call held on Wednesday, April 23, 2025, in respect of the financial results for the quarter and year ended March 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 Listing Regulations.

Yours faithfully,

For **Tata Consumer Products Limited**

**Delnaz Dara Harda**

**Company Secretary & Compliance Officer**

**ACS73704**

*Encl.: as above*

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## **TATA CONSUMER PRODUCTS**

# **“Tata Consumer Products Limited Q4 FY '25 Earnings Conference Call” April 23, 2025**

**TATA CONSUMER PRODUCTS**

**ICICI Securities**



**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:** **MR. DHIRAJ MISTRY – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to Tata Consumer Q4 FY '25 Earnings Conference Call. As a reminder, all participant lines should 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dhiraj Mistry from ICICI Securities. Thank you, and over to you, Mr. Mistry.

**Dhiraj Mistry:**

Thank you and good evening, everyone. First of all, I would like to thank the management of Tata Consumer to give an opportunity to ICICI Securities to host 4Q FY '25 earnings call.

I would like to hand over the call to Nidhi Verma, Head IR and Corporate Communication at Tata Consumer to take the call forward. Thank you.

**Nidhi Verma:**

Thank you so much, Dhiraj, for hosting us today. Good evening, everyone, and welcome to the Q4 FY '25 call for Tata Consumer. A while ago, we declared our results, and I hope you had some time to go through the materials.

I have in the room with me Mr. Sunil D'Souza, Managing Director and CEO; Mr. Ashish Goenka, Group CFO; and Mr. Ajit Krishnakumar, Executive Director and COO. As we usually do, we will spend about 15-20 minutes walking you through the key highlights, and then we will open the floor for Q&A. I just want to draw your attention to the disclaimer statement, which is up on your screen.

With that, I will hand it over to Sunil.

**Sunil D'Souza:**

Yes, thanks, Nidhi. I will jump straight to slide 6, yes. In summary, for the quarter, we grew revenue at 17%. If you knock off the acquisitions, organic growth was 12%. And starting this quarter now, we will start declaring UVG, because we have feedback saying it's slightly difficult to decipher volume growth for Tata Consumer given the expanse of the portfolio that we have. So organic UVG for the India-branded business grew close to 6%.

India Beverages, 9% organic growth, tea volumes were again up by 2%. India Foods, up 27%, 17% of that is organic. Salt volumes, decent growth at 5%. International business recorded a 5% revenue growth, 2% in constant currency. So for the full year, overall 9% organic revenue growth, 16% including the acquisitions. UVG organic for the India-branded business, close to 5%. India Beverages, organic growth up 3%, tea volume up 1%, primarily because of the softness of the first half.

India Foods, 13% organic with salt volumes up by 4% for the full year. And [inaudible 0:02:51], for quarter 4, we grew 12% organic and consolidated including acquisitions was 17%. This quarter onwards, we started to report UVG, because we've got feedback saying it's slightly difficult to decipher, because we report salt, tea separately, and there is the Sampann portfolio, etcetera. So we've started to disclose UVG or calculate and disclose UVG starting this quarter.

For the quarter, UVG for the India-branded business was up 6%. India Beverages grew 9% organic, including acquisitions was 17%. Tea volumes were again in the positive with 2% year-on-year. India Foods, up 17% organic, including acquisitions up 27% and salt volumes grew decent at 5%. International recorded a 5% revenue growth, 2% in constant currency.

Now, for the full year, we grew 9% in organic terms, 16% if I include acquisitions and UVG for the India-branded business for the full year was close to 5%. India-branded business was 3% organic with 1% tea volume growth. Tea volume just to point out was soft in the first half and recovered in the second half. India Foods, salt volumes for the full year grew 4% and 13% organic growth, international business had strong full year at 7%. Growth businesses organically grew 24%, if I include acquisitions was up 66% and crossed the INR3,200 crores of revenue, accounting for 28% of India business.

Consolidated EBITDA declined primarily on account of higher input costs in India in tea and in coffee in international, more tea than coffee, declined by 1%. For the year, EBITDA grew by 8% to INR2,500 crores, margin was down at 14.2%, down 110 bps, primarily impacted by tea cost inflation. Adjusted for tea inflation, our EBITDA margins would have expanded -- and when I say tea inflation, I am knocking off both the price increase as well as the cost increase, the margin would have expanded by 80 bps.

We launched almost the same number of innovations this year as last year, 41 new products. I2s was 5.2%, up by more than 6 times since we started off. Net working capital was down by one day and the notable piece was in the India business, net working capital is now negative one day and the final dividend which has been declared for TCPL is at INR8.25 per share.

If I look at broad performances, I already talked about 17% India beverage, 27% India foods, international up at 5%, non-branded up by 25%, primarily driven by coffee prices and consolidated up 17%, organically up 12%.

For the full year, India beverages up 10%. India foods including acquisitions up 29%, international 7%, non-branded with the coffee run is up 21% and therefore consolidated we are up by 16%. INR4,608 crores of revenue, EBITDA minus 1%, PBT at minus 5%, group net profit before exceptional was minus 34%.

We had primarily contingent adjustment and we had some asset provisioning because of which I mean net-net compared to last year where we had some significant write downs. Group net profit was up 64% at INR349 crores and net at this end of this year we are sitting at INR1,800 crores of cash. If I talk of the full year, basically we are now north of INR17,500 crores, INR17,600 crores of revenue, EBITDA at INR2,500 crores, group net profit of INR1,250 crores and cash INR1,800 crores.

If I talk of strategic priorities, we continued our A&P to sales in India. So whether it is Q4 or full year, you see the same ballpark number. Now just to point out to you that the Nielsen panels have changed recently. Earlier they used to change it once in three years, this time they have changed it to a year. So it is not completely like-to-like to my mind, because the panels are slightly different, but overall a slight bit of a downturn in tea, whereas salt we continue our uptrend with a value gain of 30 bps. So in the last four years, we have grown our direct reach 3x and numeric reach 2x.

Now we do reach 2 million outlets in direct and 4.4 million of numeric reach. For the quarter, our modern trade grew by 26% and e-commerce grew 66%. Our growth businesses I talked

about, for the quarter up 24% and for the year 66%, and they account for 28% of the business. But to put it in perspective, in the last five years, Sampann has grown almost 4x, Himalayan last four years has grown roughly 5x and Soulfull in four years has grown roughly 5x.

A bunch of new products launched, including a relaunched pre-mix tea. We entered alkaline water with Tata Lyfe. We launched new flavors in Tata Gluco+, new variants of salt, we launched Sampann chutneys, new dry fruits, we have enhanced focus on differentiated Chinese noodles, new momo chutneys and pizza pasta sauces, new flavors for Soulfull sticks and new products in Organic India.

We have improved our sustainability ratings overall, MSCI maintained, Sustainalytics improved, S&P Global improved. CDP improved and we are now a member of the sustainability year book on S&P Global. In the last five years, we have grown India branded revenue at a CAGR of 16%, international revenue at 5%, consolidated therefore is a 13% revenue growth, translating to 14% EBITDA and group net profit of 23%.

We have brought down working capital very significantly from the 50 days where we started off. We're at roughly half of what it is. More importantly, like I mentioned, India is minus 1. EPS is nearly 2.5 times from where we started and operating cash flow, we are now 101% of EBITDA and we have continued to deliver steady dividends. In the last 3 years, our payout ratios have been 65%, 64%, 64%, respectively. In terms of macros, tea prices with the seasonality coming down, but still about 15% higher than where they were last year, same quarter. Coffee, of course, continues into uncharted territories only in one direction.

In terms of business, India packaged beverages volume up 2% on tea, net revenue up 9%. We did take graduated tea price increases to make sure that we recover margins, but make sure we maintain competitiveness. Now, as a perspective, for the full year, we have recovered about 30% of the impact of tea costs. For the quarter, it is about 46% recovery.

Salt overall grew 5% on volume, overall food [volume growth] 6%. 17% organic revenue growth and 27% net revenue. Tata Sampann for the full year was up 30%, Soulfull grew 32%.

RTD is now back into growth territory after we having re-indexed our pricing and re-jigged our distribution system, etc. We have had a 17% volume growth, 10% value growth, touching revenue of INR212 Crs. Just as a perspective, the INR212 Crs. like-for-like, you might not see the same number because last year, NourishCo was a separate entity and there were accounting differences. But on a like-to-like basis, revenue has grown by 10%. Premium business has grown close to 30% and Tata Copper has recorded a 23% revenue growth.

Capital Foods, INR213 crores, Organic India INR109 crores and one of the big things is we had said that broadly the margins would be 50% plus and we have continued to maintain that.

Non-branded business with coffee prices primarily had a strong quarter again. 12% revenue on solubles, 23% plantation revenue. Overall, plantations delivered a 60% year-on-year growth and this has been a record growth with revenue growing 20% and operating profit growing 63% year-on-year.

Starbucks, 6 new stores opened for the quarter. So, overall for the full year, we have opened 58 stores and now we are in 80 cities. We have tempered in line with statements we had put out in the middle of the quarter. Given the traffic movement that we were seeing, we have tempered our outlet opening a bit. But overall, we remain the largest coffee operator in the country and in the city of Mumbai, we now have 100 plus stores.

International operations, 2% net revenue, EBIT margin which we have said international will be accretive to India, delivered another accretive quarter with 12.6% EBIT margin. For the full year, EBIT grew 21% with the margin expanding 190 bps, primarily driven by a super performance again in the UK.

UK business for the quarter declined 7%, but this was planned decline because last year we had a competitive discontinuity which we exploited and the Red Sea crisis because of which there was up stocking of tea. So, revenue was down 7%, but overall our market share continues to be in the 20% range overall on black and close to 10% in the fruit and herbal.

US tea business, second strong quarter of showing a turnaround, coffee revenue up 3%, tea revenue up 15%. We continue to maintain our bag share at 4%+. In Canada, after a little bit of hiccups during a pack transition in the middle of the year has come back very strongly. Revenue growth of plus 5% with 2% growth in specialty and maintaining market share overall black very strong and total market share of close to 27%.

Financials, I'll hand it over to Ashish.

**Ashish Goenka:**

Thank you Sunil. So, as Sunil mentioned, I think we had a strong quarter. Overall, standalone revenue grew at 21% and consolidated revenue we saw a 17% increase, 16% adjusted for currency and 12% on an organic basis. EBITDA margins were a bit muted largely on account of the tea cost.

Overall margins were at 13.6% versus 16.1% last year on a consolidated basis. And on a standalone basis, we saw 14% decline in EBITDA over last year. Again, largely on account of the impact of the tea cost, which as Sunil mentioned, we have been able to pass on 50% and 50% is getting absorbed.

Rounding up the year, again, 16% growth on top line on a consolidated basis. On a standalone basis, the growth came in at 20%. On EBITDA margins, EBITDA growth was 8%. The margin again moderated a bit over last year. 90bps drop largely on account of the tea cost that we had to absorb in the second half of the year.

Adjusting for that, the overall operating profitability actually improved on an underlying basis. And if you were to adjust for the tea cost impact, the underlying improvement would have been about 80 basis points. I think consolidated financials, nothing much to speak about here. I think we've talked about it. So, I'll probably skip this slide.

Same on standalone. I think segment performance is pretty much indicative of what we have shown earlier in terms of the India business, international and unbranded. And therefore, let's skip.

Maybe, I think nothing much to cover here. So, let me hand it back to Sunil for the closing remarks.

**Sunil D'Souza:**

We've delivered another strong quarter across India, international and non-branded business and delivered strong growth for the year as well in a tough operating environment. India tea business, good part was we saw 4% growth in FY25. I mean, it was primarily driven by strong recovery in H2, up 10% driven by strong execution.

India foods, another stellar year, 13% organic growth total up 29%. Growth businesses ended north of INR3,200 crores and when we had said they will account for 30%, they account for 28% of India business. Tata Sampan up 30%. RTD business back on track, positive growth, 17% volume, 10% value growth for the quarter.

Capital Foods and Organic India continue to show strong progress and are helping us build the new channels of food service and pharma. Food service we are rolling out to 16 cities and pharma we will be in 40 cities and we should be there in the next one or two months. The beverage vending business ended with a 5% market share.

International business delivered all-round performance with 5% revenue EBIT up 21%. Non-branded driven by coffee pricing, revenue up 20%, operating profit up 63%. And Starbucks is the largest coffee chain in India with 479 stores across 80 cities. Back to you, Nidhi.

**Nidhi Verma:**

Thank you. Thank you, Sunil and Ashish. Moderator, maybe we can go to the Q&A line now.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question comes from the line of Arnab Mitra with Goldman Sachs. Please go ahead.

**Arnab Mitra:**

Hi. My first question, Sunil, was on the Capital Foods and Organic India business. So how do you see this business grow in FY26 now that the integration has been completed? In terms of revenue, I think when the acquisition happened, you had an aspiration to grow this at 30%. Do you think that kind of growth rate is something that the business can actually have? And also on the margin synergy side, have you already netted some of the margin benefits or they are more likely to come over the next couple of years?

**Sunil D'Souza:**

So, Arnab, let me comment about the margins first. I think broadly, most of the margins are in the bag. And we are seeing close to business case margins, gross margins coming through. And of course, I mean, apart from that, below the line, the entire synergies on S&D, logistics, procurement, all that coming through very nicely.

On the top line, yes, we had guided for 30% growth and we remain confident. As I said, we were probably behind by a quarter from where we started because different channels, different outlets, different buying frequencies, different merchandising skills, different competitors, it took us a bit of time to learn.

But I think now we are fairly confident of having, let me say, got fully inducted into the business. And therefore, it is now about expanding distribution, portfolio and making sure we fire the marketing guns.

**Arnab Mitra:** And just a related question on the instant noodles launch, the choice of launching at INR10, which is where kind of the lowest price point in the urban market. Are you -- should we see this as your attempt to -- would you like to go very deep and wide in instant noodles, given that it's a very big category or it's a part of a portfolio extension and it might take time for it to really contribute in a meaningful way to growth?

**Sunil D'Souza:** So let me say, A, instant noodles is a large category. I don't think we are going to take it head on in terms of the category itself. We do believe Desi Chinese and the Ching's brand has robust credentials to carve out a decent enough space in that segment. B, the INR10 at 60 grams is what we are going in, has got a pretty decent margins also. So it is not significantly dilutive to our whole story, gives a very strong top line and a decent margins with a differentiated play.

**Arnab Mitra:** Thanks so much. One last question, which is on the tea business. So in the last cycle of tea, we had seen, you know, significant market share gains for the branded, the top two players in the market. This time, we are not seeing that. We are also seeing volume still remaining a bit tepid, despite you having taken the pain on margins. So in your view, what has changed this time? Are the local players, have they done something which is helping them overcome this very high inflation delay period?

And would you expect this to continue for the next couple of quarters till we see any change in the tea pricing environment?

**Sunil D'Souza:** So let me answer it in a variety of ways. Number one is normally when there is a very high inflation and prices go up, people do tend to down trade. I think that is normal. The difference between this cycle and the last one, last one was during COVID, because last one was not only pricing went up, it was also supply chains got disrupted. Locals couldn't, how do I say, put their supply chains together from auction to purchase to distribution. I think that is where the larger companies benefited a huge lot.

So here, classic, exactly what I said, down trading. If I dial back about six months back, or maybe about four, five months back, when we really started to deliver the price increases in the market, we saw our lower end of the portfolio growing faster than the premium, because even within the portfolio people, we saw them moving down. But broadly, I would say in the last two or three months or so, we are seeing growth across the portfolio, slightly stronger at the lower end. But overall, even the premium and mass premium segments coming back to growth, number one. Number two, going forward, if the tea crop is normal, and if prices start to ease off, we would see margins starting to normalize. And like I said, volume growth, I would expect to start seeing coming back if we hold prices for some time.

But that said, again, this is a commodity business. I cannot forecast pricing because last year, I couldn't forecast the two droughts that happened. And therefore, again, this year, I'm keeping my fingers crossed. But if it is a normal crop, then if supply greater than demand happens, then we would probably see an easing of prices and relief on margins, and also volume growth coming back decently.

**Moderator:** Thank you. Next question comes from the line of Sheela Rathi, Morgan Stanley.



**Sheela Rathi:** So my first question was with respect to the mention on the net working capital cycle for India coming to one day. Now I understand that e-commerce is growing very well for us, 66% growth. So just wanted to understand, one, what is driving this improvement in such a steadfast manner? And second is, how is the e-commerce business driving the net working capital for us in general?

**Sunil D'Souza:** So, Sheela, let me, I mean, e-commerce overall, including e-commerce and quick commerce is about 14% to 15% of my business, right? So it is, I mean, it's a relatively smaller piece in the scheme of things. Significant portion of my business is GT, which is almost zero credit. Modern trade is a little bit and e-commerce is a little bit. So from that perspective, outstanding's are not, I mean, hugely out of proportion, number one.

Number two, we've invested significant amount of capability, technology, talent, infrastructure at the backend to make sure that right from commodity to finished goods, inventories, etcetera, are in line. Whether it is enormous focus on packaging material, raw material, finished goods, or figuring out supplier credits, etcetera to make sure that we keep working capital under tight control.

Multiple measures have gone into place to make sure that this happens and this is sustainable. It's not that it's a one-off thing. The system that we put in place, extremely sustainable.

**Sheela Rathi:** Understood. Second question was with respect to the NourishCo business. We have seen a very strong revival in the last two quarters. So obviously we see it in the presentation that we have done distribution expansion, portfolio expansion, and actions on the pricing side. But is there anything else, Sunil, you want to call out in terms of our efforts to sustain this kind of growth even going ahead?

Because obviously the competitive landscape has become tougher than where we were say 12 months ago in this particular piece. And where is Tata Copper now in terms of the portfolio mix?

**Sunil D'Souza:** So I did mention Tata Copper grew, if I'm not mistaken, 23% for the quarter. So Tata Copper has had a stellar run. The bigger pressure which had come was on the Tata Gluco+. And I had said, I think we missed a trick when Reliance came in because we thought they came in at INR10. Tata Gluco+ was at INR10. But their retail margins were higher than what we had and we didn't re-index fast enough.

After that we took corrective actions. We re-indexed the retailer margins. The product proposition consumer connect had no issue at all. It is plain and simple, a retailer disconnect that was pushing it down. Once we corrected that, and that is when everything has started to come back. Now as it has come back, we've also taken an opportunity to, I mean, rebuild the distribution.

Because once you have volume momentum going up, you do have some hiccups. That is almost done. And now that we have it, we are back to our original thesis of expanding portfolio, expanding distribution, making sure that we grow the business. The month of March, I think we exited, if I am not mistaken, at a 38% volume growth. While overall for the full quarter it was 17%, value was 10%. We are improving from month-to-month.

And we remain fairly confident that we will come back to the stated 30% top line growth very quickly.

**Sheela Rathi:**

Good to hear that. And my final question is on the Sampann business. I think last five years growth as called out in the presentation has been very strong. So now what would be the largest piece in the Sampann portfolio for us? I know we are doing a lot of innovations here, but if you can just give some qualitative and quantitative aspect to it.

**Sunil D'Souza:**

Sorry, just for this thing, I just want to do this thing on the NourishCo piece. The other piece that I want to call out, we are still decent gross margins, even despite re-indexing on the retailer piece. So it's a sustainable business for us. We can stay long term at this price. I am not very sure competition is doing exactly the same calculation. Right.

So that's number one. Coming back to Sampann, Sampann we have always guided for a 30% top line. As we have maintained about four years back, we did this entire work of scanning the entire horizon on the Indian food and beverage space and therefore made our choices on where to play and where not to play.

And we are sticking to that playbook. If you look at it today, I would say the biggest, this thing is still from pulses. The good news is the reason we are delivering continuous growth in pulses is because we've got our procurement, we've got our supply chains, we've got our pricing indices and our reaction times all tuned to the market.

That's number one. Apart from that, as you said, innovation, dry fruits is now close to a INR100 crores plus run rate. Cold Pressed Oils, which we entered recently is a INR70 crores plus run rate. We are seeing good traction continuing in poha. So, yes, overall, across the board, categories which we are playing, I think we have fine-tuned the playbook. Categories which we are entering, we are figuring out that the thesis of entering it is proving to be right.

**Moderator:**

Thank you. Next question comes from the line of Mihir P Shah with Nomura.

**Mihir Shah:**

So my first question is on the unbranded coffee business. You know, some insights on coffee pricing and crop pattern will be very helpful Sunil. I know you were -- last time highlighted that, you know, we should tell you what the coffee prices would be and then you can answer them. But given that you are the one of the key players, any insights on that will be essential. Essentially, we are just trying to understand how should one -- how are you thinking about the revenue growth and margins from here on? As you will cycle, very significantly high margin base from the quarter going forward. So some insights will be very helpful on that front?

**Sunil D'Souza:**

Absolutely right. And my answer remains the same as the last time around. I don't think, we can draw a trajectory or we can plan a forecast on where coffee prices will go. We did see a bit of a hiccup on the day the tariffs were announced. Little bit came off. I mean, the futures.

Arabica moved from 4.30 to about 3.80. It gave out \$0.50, but again, it started to climb back. So I'm not sure where it will settle. That said, post this tariff thing, the other big commodity which was moving around has come down significantly, which is cocoa.

So I am not sure who is how long has had most of these hedge funds, etcetera, gone. So therefore, I wouldn't be able to comment. Two or three indicators, A, Brazil, which is Arabica, and Vietnam, which is Robusta, both seems to be slightly below par in terms of the forecast crops for the year. A, and therefore, there might be an impact on pricing there. And B, everyone, including the large players, have started to shorten their hedging cycle. So everyone is expecting more volatility around the corner.

So I wouldn't put a forecast around where we are going to move. All I would say is we are going to react to whatever is coming around in the market. Now, again, in terms of the extractions and the solubles business, it is a pass through because we buy, move it into either freeze or spray and then sell it off.

So there is only a, say, conversion and a margin there. Plantations is where there is, so roughly half the business, I would say, or slightly less than half is plantations, which is actually the impact of coffee prices. Extractions and solubles is more of just a pass-through business.

**Mihir Shah:**

Got it. Understood. Secondly, on margins, how should we think about the overall gross and EBITDA margin on consolidated level from here on? There has been a sequential improvement due to the price increases. But I think, if I heard you correctly, the tea pricing, you're absorbing some of them in the interim. So price increase from here can be limited. So how should one think about the improvement going forward from here on?

**Sunil D'Souza:**

So, as I said, we have absorbed, we have passed on about 30% or 28%, 29% of the tea costs for the full year. For the quarter, it's now 46% with the price increases that we've taken through the year. So, yes, 54%, 53% of the costs have been absorbed.

That's primarily to make sure that we remain competitive while taking price increases and maintain the volume growth. That said, going forward, we expect tea pricing, tea cost to soften rather than pricing going up if the tea crop is normal. So, therefore, margins will come back.

As I said, for the last quarter, if you had added back the impact of the tea prices, my EBITDA margins would have expanded 80 bps. And, therefore, as tea prices come back, we would expect to see expansion of EBITDA. We would have expansion of EBITDA anyway because we have taken the price increases, but we would come back to normal territory of where we should operate in.

We were, if you remember, last year, we had closed at a 15.2%, 15.3% EBITDA margin. And if I normative add 80 bps, it should be, it should have been around 16%. So, there's no reason by end of Q2, early Q3, we should not be in that ballpark. And the reason I'm saying end of Q2 is by the time the new tea crop costs come through into my supply chain would be end of Q1, middle of Q2.

**Mihir Shah:**

Got it. That is very helpful, Sunil. Lastly, on salt, volumes have seen a decent pickup sequentially despite the price increases. Is this level of volume sustainable over the coming year? Also, keeping in mind that you have a high base coming up in 1Q? So, that's the last one.

- Sunil D'Souza:** So, here's the thing. I don't forecast quarter to quarter. We forecast for the short to medium-term. And we've always maintained both for tea and salt, mid-single digit volume and a couple of bps on that on terms of pricing. So, tea, if you look at it, the good part is last quarter we delivered overall between price and volume 10% growth. This quarter, we've delivered close to 9% growth, but in a reverse scenario, 2% volume, 7% pricing.
- Last quarter was 7% volume, 3% pricing. So, overall, it's in the ballpark, whether it's volume or price. Similarly, salt would be in that ballpark. Last quarter, we have delivered higher because we've taken price increase slightly head of the curve. But we remain on our forecast of mid-single digit volume and a couple of bps of that on pricing.
- Mihir Shah:** Perfect. Thank you. Thank you so much. And lastly, one bookkeeping any one-off in employee costs, that we should think about?
- Sunil D'Souza:** Yes. So, on the employee costs, I think if you're looking at the movement between December quarter, March quarter and March quarter last year, A, the entire set of synergies which were planned through on all the acquisitions, etcetera, came through. And there were some one-off credits on employee expenses which were passed through for March quarter.
- Mihir Shah:** Thank you. Wishing you all the best.
- Moderator:** We will now move to text questions. The first question comes from the line of Sameer Pitadia, an Individual Investor. The question is, with the Indian foods business now surpassing the international portfolio in size, how should we think about the margin trajectory going forward?
- Sunil D'Souza:** So, if you're talking of margin trajectory in EBITDA terms for Tata Consumer Products, we remain continued guidance of double-digit top line and EBITDA growing ahead of top line. So, in effect, expansion on EBITDA margins as we go ahead.
- Nidhi Verma:** Moderator, we will just go to the webcast for a few questions. Yes. There is a question from Abneesh. He's asking on expectations of next tea crop in India and prices? Yes.
- Sunil D'Souza:** So, as I mentioned, I think if you look at, again, I separate it into North and South India. And, Abneesh, the reason I'm not forecasting is last year I didn't forecast the two droughts. So, this year I can.
- Early indicators, South India crop seems to be better than last year. North India, March was better than last year. April is sort of sluggish, but the expectation is April plus May will come in better than last year. So, overall, till now, it looks like crop better than last year. And therefore, if crop better than last year, then we do expect some flex in price and softening out there.
- Nidhi Verma:** Thanks, Sunil. There is a question from Ray. He's asking, can you comment on preliminary thoughts on the tariff impact to the US business?
- Sunil D'Souza:** Now, the only question I would ask Ray is what will be the final tariff? If someone tells me that, then I would be very happy to answer. But if I take 10% as a normative norm, big business in the US is coffee and coffee is not produced in the US, it's all imported.

And therefore, from a competitive scenario, we'll be on even keel with everyone else. In fact, because we are manufacturing onshore, we might have a little bit of a handicap in our favor as we go forward. Tea, again, the US doesn't grow tea and therefore, tea coming in, there will be a little bit of difference if someone is manufacturing in Canada versus the UK, but not significant enough.

Balance, organic India, supplements, infusions is primarily India based products going there. So, from a competitive perspective, I don't think it changes at all. Balance foods, again, India foods, people will be supplying out of India. And therefore, overall category wise, there might be a bit of pressure as inflation builds up. But that is your guess is as good as mine. But from a competitive scenario, we don't expect to be way off.

**Nidhi Verma:** Thank you. Thank you, Sunil. There's another question from Abneesh. He's asking about margins in Gluco plus and water, post higher trade margins?

**Sunil D'Souza:** So, Abneesh, as I mentioned, we have taken a bit of a hit on Gluco plus margins as we've re-indexed retailer margins, but it's fairly decent still. Water plus, that is Tata Copper, there is no significant difference. And as we showed you, our premium, including Himalayan, is growing at 29%. We launched cold coffee which is off to a great start. We're in the process of launching Kombucha. Tata Copper grew by 23%. So, a slight bit of downside on margin, but more than made up in terms of top line growth.

**Nidhi Verma:** Thank you. There is a question on the presence of NourishCo on quick commerce seems limited. What is the reason for that and what's your plan?

**Sunil D'Souza:** So, quick commerce will always be limited. I mean, if I go back to the basic hypothesis of investing in NourishCo. Plastic, water and freight see these are the three big costs out there. And therefore, limited radius of distribution is the key to driving profitable growth. E-commerce is all about logistics and freight costs. And therefore, it's not a viable proposition. You will find our premium portfolio on NourishCo.

But the mass portfolio, I don't think the margins will justify, apart from the fact that they're bulky and fragile, I don't think the margins justify e-commerce at all.

**Nidhi Verma:** Okay. Thank you. Sunil, there is a question from Akshin. I think we've already addressed in terms of one-off employee costs. And I think there's a question from Latika asking, do you see significant risk to revenue momentum in US/UK market given recessionary risk for these markets?

**Sunil D'Souza:** Recessionary risk is, I mean, yes, people are calling off recessionary risk in the US, but I don't think they are calling it off as much for the UK. UK, we are on a very strong footing. We are at the number 2 in tea now. We've expanded margins. We are now, actually speaking, beginning of this quarter our first set of films and brand building for Tetley has started. We've defined the platform going forwards and we will be consistent in brand building.

So I expect to go from strength-to-strength in the UK. US, fingers crossed. For now, I'm not sure where it is headed, but coffee we are in the base consumption categories. It's not that we are in

a discretionary category and therefore we'll get thrown off by recessions. Coffee, tea, basic this thing, I don't - there will/might be an impact, but I don't think it will be significant enough.

**Nidhi Verma:** Thanks, Sunil. There's another question from Latika. She's asking that you mentioned that Capital Foods and Organic India have reached their business case gross margins. In terms of, what are your thoughts on operating margin given the likely step up in marketing spend?

**Ashish Goenka:** Latika, I think even in terms of A&P spends as a percentage to revenue, we were in line with the business case. So even at an EBITDA level, the margins are pretty much in line. So there should not be any further impact as we scale up A&P because it will be in line with the revenue scale up as well.

**Nidhi Verma:** Thanks Ashish. There's another question in terms of capex plans for next year?

**Ashish Goenka:** So capex plans for next year are also in line with the current year. There is no significant investment coming up next year. The Vietnam capex was done half this year, will continue half into next year. So in terms of percentage, revenue will be similar to current year levels.

**Nidhi Verma:** Thanks, Ashish. I think we can just go back to the Q&A queue now to take a couple of questions from there.

**Moderator:** Thank you. The next question comes from the line of Jitendra Arora with ICICI Prudential Life Insurance Company Limited. Please go ahead.

**Jitendra Arora:** Thank you. Two quick questions. You mentioned that there is a INR90 crores export revenue for Organic India and Capital Foods in the international business. If you can help us understand how this piece has grown per se, is it in line with the rest of the Organic India & Capital Foods business? That is first.

And second, even though you mentioned that there were a few one-offs on employee benefit expenses, I just wanted to understand that if we were to look at the full year FY25 and we have to go to FY26, how should we see that growing?

**Ashish Goenka:** So in terms of the export revenue, as you would recall almost 40% of our Organic India business comes out of the US. Overall revenue from export is 50%. So this INR90 crores includes that part of the revenue. Of course, in line with our business plan, our US business has also done well and I think we have been able to grow the business in the US. Capital Foods has a small portion of about 15% of the total revenue coming out of exports. This again goes into various markets, namely US being one of the key markets, Middle East, etcetera.

And that portfolio has also done reasonably well. Sorry, your question was on the employee cost. So this year, of course, we have taken a lot of synergy benefits that came with the acquisition of both Organic India and Capital foods. And going forward we would see only normative increases in line with the inflation on employee cost.

**Sunil D'Souza:** Percentage wise, I think as the top line grows, I think the percentage will start to get operating leverage.

- Ashish Goenka:** Yes.
- Jitendra Arora:** Sure. Thank you.
- Moderator:** Thank you. Next question comes from the line of Nihal Mahesh Jham, with HSBC Securities. Please go ahead.
- Nihal Mahesh Jham:** Sir, I have two questions on Sampann. You had mentioned a couple of quarters back that the margins for the portfolio were close to double digits. Just wanted to check, have we seen any change to that?
- Sunil D'Souza:** No, overall for Sampann, we remain in that ballpark. See, it's a question of tradeoff of top line versus margin. We are quite comfortable growing top line at an aggressive pace at a decent margin and we are in that ballpark. So nothing changes from that guidance.
- Nihal Mahesh Jham:** Understood. The second question was that for the 30% growth that you're targeting in the Sampann portfolio, is there a ballpark mix in terms of what will be the contribution of new categories? I'm asking because you mentioned obviously, say for the dry fruits and some of the other categories, they've become reasonably sizable to the overall portfolio. So if we had to look two, three years ahead, are you looking at more categories and that would be the primary driver for Sampann's growth and how would then that impact your margin expectations?
- Sunil D'Souza:** So going forward, I think more or less we've ticked off all the boxes on the categories that we had shortlisted, as I mentioned about 4 years back or maybe 4.5 years back. So I don't think you're going to see any more category launches. We are probably going to see an expansion in the same categories that we play in. For example, we might launch a GI-tagged dal or we might get into a new range of dry fruits or we might launch a different version of poha or a flavored version of vermicelli. I'm just making it up as I go.
- So I don't think you'll find new categories as much as innovation within and the portfolio expansion within the category that we're playing. Sorry, just to add there. Remember, each of these categories, the runway for growth is huge. So I don't need to go look for new categories. In pulses, I think branded pulses are less than 1% of the total. So I mean, I don't need to, I mean, look far beyond where I'm playing to look for growth.
- Nihal Mahesh Jham:** Understood. That's it from my side. Thank you.
- Moderator:** Thank you. Next question comes from the line of Bhavdeep Vora, Franklin Templeton Asset Management India. Please go ahead.
- Bhavdeep Vora:** My question was on the new growth business. So that's roughly now 28% of the India business. I mean, what would be their exposure to the new age trend? So what percentage of their sales would be coming from modern trade /e-commerce? If you could share that?
- Sunil D'Souza:** So I don't think we have a sum total, but just to give a perspective overall, my e-commerce is about 14% of my total business. And out of 14%, about half is quick commerce, half is e-

commerce. I would say Sampann is weighted, I mean, relatively more on e-commerce and modern trade and lower, slightly lower on GT compared to the rest of my portfolio.

But whether it is Organic India, Capital Foods, I think that, I mean, ready to drink is almost all is general trade. So it varies by segment. Capital foods, Organic India is in line with my, more or less in line with my overall channel mix.

**Bhavdeep Vora:** Okay. Fair enough. Got it. My last question was on the international business. So there seems to be a little bit of margin dip sequentially this quarter in the international business. So anything to read into it or what should one kind of build in as a sustainable margin level for the international business?

**Sunil D'Souza:** So, margin level for this quarter, let me split it into two distinct reasons why. Number one is a conscious call on pricing on coffee in the US, because there was so much volatility. We had not gone in with a price increase, which we have announced. You need to get 60 to 90 days notice depending on the trade partners we've announced effective June.

So you will start seeing the margins coming back in the US on the coffee business. On the UK business, like I said, we had not been investing in the past. We've invested a decent amount. It was planned. Actually, while you see the margin dip, it's slightly better than what we had planned for because we have started investing back into the UK.

The UK accounting that we follow is whatever films we shoot, take the charge in the same quarter. So now those the thing going forward, it will only be airing and no production costs in the UK business.

**Bhavdeep Vora:** Okay. Got it. Thanks. That's all. That's it from me.

**Nidhi Verma:** Moderator, we'll take one last question.

**Moderator:** All right. Next question comes from the line of Sheela Rathi with Morgan Stanley. Please go ahead.

**Sheela Rathi:** Yes. Thanks for taking my questions again. Just, the reference you made about NourishCo being a less quick commerce play from a logistic standpoint. I just wanted to understand that. Is there a need for us to expand capacity for NourishCo as we go deeper in terms of distribution?

**Sunil D'Souza:** So, let me say I don't see a connection between e-commerce versus capacity. I do think its 40 or 42 plants that we have for NourishCo. Broadly, we are well positioned in the geographies that we wanted to play in. And we've got ample amount of headroom for capacity expansion. And remember, this is cheap and cheerful capex, all third party and therefore very easy to ramp up if we do need.

So I don't see a need for capacity focus at least in for the next 1 or 2 years. If we really hit it out of the park continuously year-on-year, then I don't see an issue in expanding as well, because like I said, it's cheap and cheerful and it is third party.



- Sheela Rathi:** Understood. And I do agree there's no reference to it. It just triggered the question. The second question and the final one is, we called out the UVG growth for this year. Just want to understand from you, how should we think of the stable state, UVG growth if everything remains as is for the business?
- Sunil D'Souza:** So that we have to come back to you. I mean, we've also for the first time done our UVG numbers and looked at it. Like you understand, UVG is a slightly complex formula and we will take some time to digest. But I go back to my original this thing, mid-single digit volume growth on tea, mid-single digit on salt, everything else where we look for revenue. We're looking at growth businesses being 30% of the portfolio growing at 30%.
- Sheela Rathi:** Thank you, Sunil. This is very clear.
- Moderator:** Thank you. Next question comes from the line of Sumant Kumar with Motilal Oswal Financial Services Limited. Please go ahead.
- Sumant Kumar:** So, can you talk about the channel expansion and state wise, how the presence is increasing for NourishCo?
- Sunil D'Souza:** So, let me say NourishCo about, I would say 35%, 40% of the business comes from Andhra, Telangana, Orissa, which is the original states where we started off. Roughly around 20%, 25% comes from the east where we expanded post that, which is Jharkhand, Bihar, West Bengal. And the balance of 25%, 30% is from nationally.
- Right now, we are after having re-indexed this thing, we are seeing good growth across. In fact, we are seeing the east and the original Orissa, Telangana, Andhra coming back to the party sooner than what we had expected.
- Sumant Kumar:** And where we have a gap and we are planning to expand more in near state?
- Sunil D'Souza:** So, I we are not planning to expand states per se. We are planning to populate the geographies in which we are present much more intensely, because remember, it's just been about 2 or 3 years since we put up plants in the north or the west or even the southern states per se. So there is a huge headroom.
- So if you if you look at even number of outlets that we go to, even in those geographies, I would say we could multiply it 2x, 3x, 4x very easily before starting to expand any more plants and geographies.
- Sumant Kumar:** Okay. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, we have reached the end of question and answer session. I would now like to hand the conference over to the management for closing comments.
- Nidhi Verma:** Thank you so much, ICICI Securities for hosting us and thanks everyone for joining on behalf of the management. I just want to say, if you have any pending questions, please feel free to get in touch with us. Thank you.

**Sunil D'Souza:** Thank you.

**Moderator:** Thank you. On behalf of ICICI Securities and Tata Consumer, that concludes this conference.  
Thank you for joining us.