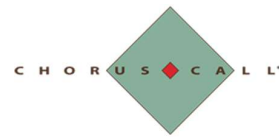




**“CCL Products (India) Limited
Q2 FY '26 Earnings Conference Call”
November 06, 2025**



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CCL PRODUCTS (INDIA) LIMITED**

MODERATOR: **MR. DIPAK SAHA – NIRMAL BANG INSTITUTIONAL
EQUITIES**



Moderator:

Ladies and gentlemen, good day, and welcome to CCL Products India Limited Q2 and FY '26 Earnings Conference Call hosted by Nirmal Bang Equities. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference to Mr. Dipak Saha from Nirmal Bang Institutional Equities. Thank you, and over to you.

Dipak Saha:

Thank you, Samad. Good morning, ladies and gentlemen. On behalf of Nirmal Bang Institutional Equities, I welcome you to the Q2 FY '26 Earnings Call of CCL Products. The management today is represented by Mr. Challa Srishant, Managing Director; Mr. Praveen Jaipurkar, CEO; Mr. B. Mohan Krishna, Executive Director; Mr. Chaithanya Agasthyaraju, CFO; and Ms. Sridevi Dasari, Company Secretary on the call.

Without any delay, I would like to hand over the call to Mr. Jaipurkar for opening remarks, post which we will open the floor for Q&A. Thank you, and over to you, Praveen, sir.

Praveen Jaipurkar:

Thank you, Dipak, and thank you for setting up this call. Good morning, everyone. I welcome you all to the second conference call of FY '25-'26. Now I'll give a brief overview of the company's performance for the second quarter and the first half of the year. And thereafter, we will open the floor for questions.

So as far as the numbers are concerned, the group has achieved a turnover of INR1,128.21 crores for the second quarter as compared to INR738.74 crores for the corresponding quarter of the previous year, achieving a growth of 52.7%. The EBITDA stands at INR198.61 crores as against INR137.62 crores, which is a growth of 44.3%, while PBT is INR127.09 crores, which grew at 45.5% and the net profit stands at INR100.86 crores with a growth of 36.4%.

As far as H1 is concerned, the group has achieved a turnover of INR2,186.25 crores as compared to INR1,513.37 crores for the corresponding half of the previous year, achieving a growth of 44.5%.

The EBITDA stands at INR360.05 crores as against INR269.23 crores, which is a growth of 33.7%, while PBT is INR221.28 crores, growing at 26.8% and the net profit stands at INR173.31 crores with a growth of 19.2%.

The domestic market continues its growth momentum with a gross sales of INR160-odd crores in the second quarter and INR310-odd crores for the first half. Out of this INR310 crores, almost INR210 crores was the branded business, and there is a continuous market share improvement across channels and states as we speak.

As far as the green coffee scenario is concerned, the green coffee prices continue to be volatile. There was some softening in Q1, which we saw, but post Brazil supplies, but then the prices went up again in Q2. And the news about Vietnam crop has been conflicting right now. So the prices continue to be volatile. We will wait and watch till the month of December when the crop

starts to flow in. That's when we'll get some idea that where the prices are settling down. That is a brief note from our side.

Now I open the floor for further questions.

Moderator: Thank you very much. The first question is from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: Yes. My first question is on the last point which you made in terms of coffee clarity coming in December. So in terms of crop, if you could tell us till now what is the indication? We have seen many agri commodities globally in India also, they have been slightly soft. And we are seeing Robusta and Arabica, the chart is a bit divergent. So if you could comment between the 2, what is the sense you are getting in terms of pricing in the next 3 months?

Praveen Jaipuria: So actually, as I was mentioning, Abneesh, that there has been conflicting reports, and therefore, you are seeing some divergent chart movements across both the types of coffee. But as we speak, what has happened is that, and this I have been mentioning in our previous calls as well, that a lot of considering coffee is so much traded, there's a lot of speculative tendencies that have crept in, which means that conflicting reports keep coming in as far as the crop is concerned. So till 2 weeks before, we were getting good news about the flow of crops in Vietnam.

But last week onwards, we have heard that there has been certain amount of flooding in some coffee growing region of Vietnam, which could impact the supplies. So therefore, it's become very, very difficult to predict that which way the prices would settle and therefore, there is no other way but to wait until December to see how the crop flows happen and where does the price settle in.

So while I agree that a lot of agri commodities have softened, settled in, but coffee somehow remains to be volatile. And this also points to the fact that the demand has been robust for coffee, which means that the volatility is easier to manage when the demand is pretty robust.

In most of the other commodities, you'll see that generally softening happens at the demand side as well, kind of that settles the demand and the supply gap. But here, considering the demand has always been robust, the supply fluctuations have led to these kind of price volatility.

Abneesh Roy: And last question on the branded coffee in India. If you could tell us in the e-commerce and quick commerce, what kind of share performance you have had, market share performance? And which channels you have a good presence because the #1 player is still seeing a 20%, 25% sales growth. Of course, large part will be the inflation. But how are you doing? Because both the #1, #2 seem to be doing quite well.

Praveen Jaipuria: So yes, Abneesh, I think if you see our numbers, when it comes to growth, we're almost growing at 40% to 50% at least in the first half. So our growth has been very, very robust. And these are backed by volume growth as well. It's just not price increase. So almost 25%, 30-odd percent out of this is due to the volumes itself. So that's a pretty strong growth. And we are gaining market shares, as I told, not only in states, but also in channels.

So now again, we look at, in 2 ways. One is the southern markets, where we are trying to drive penetration. So here, our presence in general trade and modern trade and e-commerce are equally strong. But when it comes to other markets like the Northeast and the West, where our distribution may not be so penetrated as it is in South, there, our presence in e-com and modern trade is very strong.

So as we speak, we are pretty well positioned. And in fact, our channel shares in e-com and modern trade are much better than our overall market shares. So we are doing pretty well in all the platforms, so as to say.

Abneesh Roy: Will it be high single-digit market share, e-commerce, quick commerce plus modern trade?

Praveen Jaipurkar: E-commerce, modern trade and this thing is double-digit market share, Abneesh.

Abneesh Roy: Pan-India?

Praveen Jaipurkar: Pan-India. Yes, most of the platforms, we are double-digit market shares, both in modern trade and in e-commerce. So that's very good news. And in some of the states, we are now pretty much, let's say, if you were to take the states of AP and Telangana, where we are very strong, we are #2 player now. So that's how strongly we are gaining market shares.

Abneesh Roy: And AP, Telangana, you will be displacing the #2?

Praveen Jaipurkar: Sorry?

Abneesh Roy: Who have you replaced in terms of # 2, because #2 is the other large MNC?

Praveen Jaipurkar: So let me not comment in detail. You can put your guesses who will be #2 in South because it's a pretty clear market who is the #1 in North and who is #1 in South. So the 2s are automatically you can spell it out.

Abneesh Roy: And you will be a bit competitive price compared to the other 2 players?

Praveen Jaipurkar: So it depends, Abneesh. Some places will be competitive. Some places, we are higher. And in some places, we will be kind of same pricing. So for example, the small pouches and all that, everybody is at the same pricing level, right? In some SKUs, we do become competitive at times.

But now you know the pricing has become pretty much kind of, you can change it by channel, by the day and by the month. So a lot of times, we are not necessarily competitive prices. And especially considering that the way we have gained market share, a lot of players are kind of pushing very hard on the pricing front as well.

So yes, but there has been a pretty good equity building on the brand also. We are seeing in our equity scores also. There's quite a good uptick in the awareness levels and the conversion ratio. All of them are leading to good results for us.

Moderator: The next question is from the line of Siddhant Mantri from InvesQ Investments.



- Siddhant Mantri:** Yes. Congratulations on the strong results. Actually, my question was on the working capital changes. There has been some cash release on the inventory side so -- and also the receivable side. So is this a onetime thing due to the prices or like could you some -- could you like to throw some picture on this?
- Chaithanya Agasthyaraju:** With regard to receivables, there are a lot of operational efficiencies, which we have brought in. So we are pushing for early realizations from the customer and then offering the discounts to them in case if they pay us a little early. And then we are renegotiating the contracts as well to reduce the credit period. So this has led to a drop in the receivables.
- Inventory has come down because there is better utilization of the existing stock in this quarter compared to the procurement. So this has translated into a better working -- this has translated into a better working capital, and this has led to the reduction in the debt.
- Siddhant Mantri:** All right. So is this going to be a durable sustainable level? Or is this a onetime thing, which has happened due to the pricing of the coffee?
- Chaithanya Agasthyaraju:** Last quarter, we have given a guidance that by this -- by the end of September '25, we'll have a net debt of INR1,500 crores. Of course, we are ahead of the guidance. But we would like to maintain the guidance that we have given in the last quarter because the seasons that we have -- the next 2 quarters that we have ahead is basically the harvesting season.
- There will be a lot of procurement that will be -- that we'll have to do in the next 2 quarters. So we'll retain our guidance of INR1,350 crores by December and INR1,200 crores by March. We are not revising that guidance.
- Praveen Jaipurkar:** In short, the efficiencies are long term, but let's say, the things that are related to the prices could be because of the lower prices. So we'll have to wait and watch to see how things pan out.
- Siddhant Mantri:** And just a follow-up question, sir, about the whole tariff situation and how is that fared till now? And going forward, how do you think the situation is going to be?
- Praveen Jaipurkar:** So the tariff situation continues to be the way it was last quarter. India is at high tariff levels. But considering our facilities in India and Vietnam, we were able to divert quite off -- quite a bit of the U.S. business to Vietnam, which meant that there was no disruption. We continue to be competitive in that market, and we continue to grow in that market. So that is the situation.
- As of now, we all are hoping not just us, the whole of India is hoping that post the deal, the tariffs should come down. And if that happens, then it's not that we'll get an added advantage, but we get a better leeway in terms of deciding, where do we want to supply from, whether it is India or Vietnam.
- Siddhant Mantri:** Because actually, what has happened is that a lot of coffee from Brazil has been diverted from U.S. towards the Europe. So is that affecting our market share over there? Has that something that has happened?



Challa Srishant: So it's, yes, Brazil coffee could be coming to Europe, but it is not just during tariff times. See, any time when the Brazil crop would be cheaper than the Vietnam crops, they become a little more competitive and therefore, the movement could have happened. Probably it was a coincidence that tariff also happened and the crops are also good for Brazil this time. But I don't see a direct relationship that because Brazil crops are coming to Europe, it has added to our competitiveness. The competitiveness remains the same as it was before.

Moderator: The next question is from the line of Naeem Patel from Bastion Research.

Moderator: As there was no response from this participant, we will move on to the next one. The next question is from the line of Bhavya Sonawala from Samaasa Capital.

Bhavya Sonawala: Am I audible? Hello. Am I audible?

Management: There is an issue with line. People are not able to connect.

Bhavya Sonawala: Am I audible?

Moderator: Hello, Bhavya, hello, sorry to interrupt you. Actually, your voice is cracking.

Bhavya Sonawala: So just wanted to understand on the capacity utilization including our new capacities that have come online. Can you give us a blended capacity utilization what's been in this quarter?

Praveen Jaipurkar: So this quarter was around 65% to 70% because we had good volume growth this quarter. So that's the blended capacity utilization. So almost 100% on the previous capacity around 15%, 20% on the newer ones.

Bhavya Sonawala: So newer ones would be 15%, 20%.

Praveen Jaipurkar: Yes.

Bhavya Sonawala: Okay. And would we be thinking about any newer capacities considering if we continue this growth in the next 2, 3 years? Or is it time for that conversation to come on?

Praveen Jaipurkar: So right now, I don't think so we are actively thinking. And as we have always maintained that when we near 80% or 85% utilization, that's when we will start thinking. But as we have always maintained that there could be many ways we could kind of source capacity, either we build or we buy. So we will take a call maybe 2 years or 3 years down the line.

Bhavya Sonawala: Understood. Just a last question on the branded business. Can you just throw some light on how the marketing spends will go ahead from here, considering we're trying to build Percol and a few other brands overall? Are we going to ramp it up? How does it look from here?

Praveen Jaipurkar: So actually, yes, we have been ramping up our marketing spends, and that's the reason we have been gaining market share across the board. And we will continue to do that because the growth are good. We don't want to kind of slow down the momentum at this stage. So we will continue to ramp up our marketing initiatives.

And the marketing initiatives are being ramped up almost all 360 degrees. So whether it is mass media or whether it is select channels online, everywhere, you would see that our presence is increasing by the day.

Bhavya Sonawala: And can you just hint on the volume growth overall, what's been on this quarter?

Praveen Jaipurkar: So this quarter was 20-plus percent, yes. So that was the volume growth this quarter.

Bhavya Sonawala: Okay. Can you just throw some light on this 20% after quite a while of volume growth being in single digits or higher, just high single digits. So anything that has changed us..

Praveen Jaipurkar: Not really. I think as I have always maintained, 1 quarter growth sometimes is not really the reflection of the right picture. Therefore, we say that go with the annual guidance and a little long-term view of the company because multiple factors could play in a quarter, but long term is what will matter.

Even things like that, how was the same quarter last year. If you remember, the same quarter last year wasn't as strong. So that base effect also plays in. So the long-term guidance of 10% to 20% volume growth remains intact. We are currently closer to first half around 15%. So we're looking to maintain that kind of a thing going forward as well.

Moderator: The next question is from the line of Abhishek Mathur from Systematix.

Abhishek Mathur: Congratulations on a good set of numbers. Just wanted to understand, sir, it seems that our EBITDA per kg seems to have improved materially sequentially as well as on a Y-o-Y basis. It would be great if you can give an indicative range. But also if you can talk about what seems to have led to this improvement? What are the factors that are leading to this? It seems that over the past 2 years, this has significantly improved as well. If you can talk a bit about that.

Praveen Jaipurkar: So, this is, if you see, and again, I'm just pointing it to some long-term trends. Yes, it has improved in the last 2, 3 quarters. But if you were to see maybe a few quarters prior to that, it had also kind of softened a bit also. I had always maintained that at that point of time, our capacity addition was largely in spray-dried, spray-dried, the EBITDA per kilo is lesser than freeze-dried. So what happened initially, our contribution of spray-dried had increased, so the EBITDA per kilo had softened a bit.

Then as the new freeze-dried capacity came into picture, which largely happened last quarter. So a lot of EBITDA per kilo improved because of the re-entry of, not re-entry, I'd say, more addition of freeze-dried into our sales profile. Our small pack profiles are increasing. I had always maintained that in tough times, which was last year, we were also looking to, when the volume growth were not so high, we were looking to drive in more efficiencies. So that's adding to the growth.

And also, let's say, the things like domestic market, which is now the additional contribution already the domestic market, first few hundred crores were built on breakeven. Now whatever is happening additionally is also contributing now to the profit. So all of these factors are leading to improvement of EBITDA per kilo profile.

I always say that there are certain things, which are built for long term. So efficiencies are built for long term. But quarter-on-quarter, let's say, change in the mix, change in the profile could lead to some fluctuations here and there. And therefore, our guidance doesn't change largely.

Yes, it improves a little bit. We had given a guidance of EBITDA growth of around 15% to 20%. It looks like we'll end up -- end the year towards the higher end rather than the lower end. So that's what we are looking at. So in totality, this is what, this is what the scenario is.

Abhishek Mathur: And if you can give an indicative range of what was the EBITDA per kg for the quarter or for the recent 1H?

Praveen Jaipuriar: So if you see and because we don't share the volume numbers, it's a little bit of a back calculation, but I'll give you some range because you are persistently asking for it. But you have seen that last quarter, we had mentioned that it was around INR120. Probably this quarter, there is an increase of INR10, INR12. So that is where it is. So that's the thing.

Moderator: The next question is from the line of Shirish Pardeshi from Motilal Oswal.

Shirish Pardeshi: Praveen, more curious how in the context of the crop volatility, which is visible in terms of demand, how the customers are reacting because now the price increases are given. So obviously, is there any change in ordering, is there any change in sentiment from the customer?

Praveen Jaipuriar: So yes, last quarter, there was a little change in the sentiment because prices had softened and there were some long-term contracts that we saw coming our way. But what happened is that very quickly, subsequently, that whole softening kind of went away. And post the harvest of Brazil and before the harvest of Vietnam, which is going to happen in November, December, the prices again went up, and it remains to be volatile because we are seeing fluctuations almost to the tune of \$100 every single or every 2 days.

So that is again keeping the people on tender hooks and people are still not, a large section of the buyers are not still committed to the long term because all said and done, while price increase is there, people are still not willing to accept that this is the real price that is going to kind of stabilize at. So therefore, still tentativeness is there. So I can't say much has changed from the previous quarters as far as the sentiment of the buyers is concerned.

Shirish Pardeshi: No, why I'm asking because you did fantastically well and the volumes are very good. So in terms of B2B, what kind of volume? Is it higher of 20% or is lower than 20%?

Praveen Jaipuriar: Yes, yes, it was closer to 20%. And B2C, as I was mentioning just a while ago, was closer to 25%, 30%. So blended, yes, we were a little upwards of 20%.

Shirish Pardeshi: And in domestic, what is the business we have? And in that, what is the branded?

Praveen Jaipuriar: So domestic, we did around INR310 crores, INR315 crores of business. And out of that branded is INR210 crores in the first half.

Shirish Pardeshi: No, particularly this quarter?



- Praveen Jaipuria:** This quarter was out of INR210 crores, it was INR110 crores was this quarter because if you remember last quarter it was INR100 crores. So it is INR110 crores this quarter, yes.
- Shirish Pardeshi:** And in the domestic, because we've been saying that we have been feeding a lot of new markets and the small packs or the pouch packs is growing faster. So is there a significant volume rise you are seeing in the South versus North?
- Praveen Jaipuria:** No. So in fact, we are seeing more because our bases are small in North, so we are seeing more volume increase and value increase in North. But South also remains to grow very, very strongly. So at these levels, both are growing well.
- In South, we are driving more penetration. As you rightly mentioned, we are driving more of small packs, sachets and getting into smaller towns and the wholesale business, whereas in Northeast and West, we continue to drive more of variety, e-com, quick-com and of course, the modern trade. So from there, we are driving a lot of variety of packs. We have done flavored coffee and things like that. So that is what is helping us drive more growth in the other markets.
- Shirish Pardeshi:** This is a little hypothetical, but assume that if the prices remain elevated, so what is our quarter 4 exit debt position you aspire to be?
- Praveen Jaipuria:** So I think CFO had given a guidance of around INR1,300 crores to INR1,400 crores. So that is what we will probably end up at.
- Moderator:** The next question is from the line of Vignesh Iyer from Sequent Investments. As there was no response from the participant, we will move on to the next one. The next question is from the line of Nitya Shah from KamayaKya.
- Nitya Shah:** Congrats on a good set of numbers. I just wanted to understand the vision of the company going forward. I saw that you have launched products such as iced tea and some non-coffee kind of products. So what's the vision here? Do you plan to be just a coffee company or an FMCG company in the future?
- Praveen Jaipuria:** So I think we have kind of spell it out. You have, and you have spelled it out in your second half. We want to be an FMCG company. We want to build more and more brands. That's our long-term vision. And therefore, you will see our experimentations into some of these categories, which kind of very well complement our coffee category, which is also growing very well.
- So we are wanting to enter into more categories. And we are creating this distribution network. And as we grow into smaller towns, we probably will -- this entering into other categories will also help us expand. So it's like a 2-way process. So the distribution will help us launch products and the new products will help expand distribution as well. So it's a 2-way thing that will also benefit us. So long term, yes, you're absolutely right. We are looking to be an FMCG company.
- Nitya Shah:** Okay. And are we expecting a lot more new kind of product launches this year and next year, like other than what has already been announced?



- Praveen Jaipuriar:** So I don't see a lot of launches because there are quite a few things that we have launched, and we want to consolidate that. We are experimenting. We are test marketing. You know how we work. We generally want to make sure that in the test market, we make things right and then expand. So there is these things like tea in the institutional segment, iced tea for the consumers. We've also done a very small micro or, let's say, a nano test launch of snacks as well.
- So we are looking to kind of make sure that our -- all piece of marketing are set right before we expand. So we have our plates full right now. So I don't foresee any more categories getting added very quickly. But yes, at the background, we keep evaluating things. We are working on a lot of things. So that work keeps happening in the background.
- Nitya Shah:** And to fund the growth of this new vertical will all be done through internal or in the future, you may require more debt or equity funding. How would you go about it?
- Praveen Jaipuriar:** Absolutely internal because our old coffee business now, hopefully, this year, we'll end up at INR420 crores, INR430 crores, which is profitable. And as I said, not only to grow the coffee business, but also for the newer categories, we will have enough internal accruals, not just internal accruals from the company, but from this vertical itself, which is the B2C vertical, which will be able to fund its own growth going forward.
- Nitya Shah:** Sir, what was the revenue number of the B2C segment in this quarter?
- Praveen Jaipuriar:** Yes, INR110 crores. I just mentioned in my previous.
- Nitya Shah:** INR110 crores. Sorry I missed that.
- Moderator:** The next question is from the line of Siddharth Purohit from InvesQ Investment Advisors.
- Siddharth Purohit:** Just one clarification and understanding I would like to have. Earlier when we used to see a lot of price fluctuations and probably price being elevated and continuously upward trajectory, we used to see a margin pressure. And when you started the short-term contracts, it has been largely been kind of insulated.
- You have been largely insulated. So right now, from the customer point of view, does it really make a difference if prices like if at all, starts trending down, they will continue to have a short-term contract with you. And in that case, again, how do you position your contract going ahead so that we maintain the similar EBITDA per kg?
- Praveen Jaipuriar:** So I think that's a wrong conclusion to draw. Price never determines our margin profile because we are, we always do cost-plus model, yes. So which means that we try and maintain our margins, whether it is a short-term contract or it is a long-term contract. Yes, long-term contract gives us better vision, gives us better planning. Our supply chain management gets better. But largely, our margin profiles don't change whether it is a short-term contract, long-term contract, right?
- The improvement in margin profiles happen because as we were speaking earlier, product mix, efficiencies getting built at our end, small packs, now domestic market is also contributing. So

all of these lead to better margin profile. And sometimes, therefore, I say some of these stay with us, like, let's say, things like efficiency building, internal efficiency building and all that, they will stay with us.

Product mix and all that is also a determinant of how the markets are behaving and how the contracts are coming. So that is why, that is how things will play out as far as the margins are concerned.

Now where do we focus on? Obviously, we love long-term contracts because it gives us long-term view. It helps us plan better. But sometimes, we also don't want to kind of as our clients to go into long-term contracts because of high prices because, see, if they go for long-term contracts at high prices, then it is actually a loss for them when the prices fall. It will not lead anything, means it will not impact us in any way.

But we have a very strong relationship with clients. We guide them that how to do things, how should they place the contracts. So we also, at times of volatility, we actually tell them to kind of go for short-term rather than long-term contracts. But yes, we would love the prices to stabilize as much as possible because long-term contracts obviously are much better in terms of our view in the future.

Siddharth Purohit: Okay. And just 2 more bookkeeping questions. Now that our assets have been capitalized, is it the current run rate of depreciation will be like is at the peak? And secondly, earlier you used to have lower tax rate. Now last 2 quarters, we have been on a higher side. So is it the normal tax rate that we should be considering going ahead?

Praveen Jaipuria: So I think, first, I'll just answer the first one very broadly because I think your voice was not very clear. So I don't know whether our CFO heard it. Second one about tax rate, he will clarify. So we are already off the peak levels. If you remember, last year end, we were at around INR1,800 crores, INR1,900 crores debt levels, which has now come to INR1,580 crores and the net debt will be a little lower than that as well. So we are off peak levels as far as debt is concerned. As far as tax rates, I'll just ask Chaithanya to clarify to you.

Chaithanya Agasthyaraju: So regarding the tax rate, again, it's a derivative of where the profit has come from. Since we have facilities at Vietnam, we have, as you said, EU and all. So where the profit earned also determines the tax that we have in the P&L. So average, it would be around 17%. So we can take 17% as the average tax rate.

Siddharth Purohit: And also the depreciation is at a peak right now, now that we have capitalized RSV.

Chaithanya Agasthyaraju: Yes. Yes, yes. So depreciation is at peak. Interest is also interest will start slightly moderating. It may not come down significantly because last year, we would have capitalized a lot of interest. So in terms of depreciation, it is at the peak level. Interest rates will more or less remain stable.

Moderator: The next question is from the line of Nihal Shah from Prudent Corporate Advisory Services.

- Nihal Shah:** Congratulations on a great set of numbers. So as we have seen a lot of growth in the B2C segment, can you give some color on the margin profile that we are managing right now at B2C segment?
- Praveen Jaipuriar:** So your voice was a little cracking, but what I hear you is that you are asking to give some color on the margin profile, right?
- Nihal Shah:** Of B2C.
- Praveen Jaipuriar:** Of B2C. Okay, fine. So the margin profile is pretty much similar to what we had seen last year. Again, there is a lot of things that play into it. The more penetrative we are becoming, the more small packs we are selling. Small packs don't necessarily have very high margin profile. But what we are doing is at 2 levels.
- One is we are keeping an eye on our top line growth, and we are keeping an eye on our EBITDA levels. Now what is happening in between is that we are playing it around so that we keep the momentum happening. So at times, we are pushing the brand because some SKUs need to be pushed. And at the same time, we are also creating enough pool. So that is where it is.
- As far as EBITDA is concerned, we are at around 5% to 6% EBITDA level for this B2C setup. And we will continue to be at these levels going forward because we want to reinvest, as I told you, that not only in driving the coffee growth and distribution, but also making sure that some of our new initiatives also are nurtured and nourished. So we'll keep using the fund to drive all of this and keep the margins at these levels and continue to drive the aggressive growth.
- Moderator:** The next question is from the line of Param Vora from Trinetra Asset Managers.
- Param Vora:** Congratulations on great set of numbers. So sir, can you give us some light on the 26% stake you took in Mukkonda Renewables, like what will be the time line for commissioning and what EBITDA margins can we expect?
- Praveen Jaipuriar:** So there is a dual purpose of this. First and foremost, yes, as a company, we are a responsible company as far as the energy requirements are concerned. So we want to go for greener energy more and more. So that was our primary objective to do this or take this project. This project will take around 12 to 18 months to complete because it's a hybrid thing. Therefore, I'm giving you a broad guideline.
- In 12 months, certain set of energy will start coming in. And in 18 months, the full energy that we have contracted with them will start coming in. And almost 50% to 60% of our energy requirements will be suffice to this arrangement. And this would mean that 50%, 60% of our energy requirement will be green energy. So that is there.
- Yes, there will be an improvement in terms of operational cost. But we are looking at it in both ways because we're also kind of spending money upfront to get this thing done, which will mean that there will be a 2, 3 years of payback period as well. So that's where it is. Right now, we are not too predictive about that what is the margin improvement that will happen because energy

is contributing very, very small portion into the margin profile. 60%, 70%, we all know is green coffee. So that is what will drive the margins going forward.

Moderator: The next question is from the line of Dipak Saha from Nirmal Bang Institutional Equities.

Dipak Saha: Praveen sir, one question on the B2C part. If you can double-click on the demand driver. I mean, is it more of out-of-home consumption or in-house consumption that we are seeing, which is doing 40%, 45%? I understand base is small, but what is largely driving from the end user perspective? Is it out-of-home or it's in-house consumption or something else? If you can give some color on that?

Praveen Jaipuria: So let me first, Dipak, give you a little category this thing. So category, if you see, the out-of-home is growing much faster than in-home, yes. So there is quite a bit of consumption increase. The in-home consumption still is not very euphoric. It is, let's say, if I were to speak of volumes, it is low single digits only. So it is not very high.

But for us, the growth is not necessarily coming from the category growth. We are more focused because we are a very small player. We are a new entrant in the market. So most of our growth is largely dependent on market share gains. And that is where our focus is that how do we gain more and more market share.

Dipak Saha: Got it, sir. And sir, just a follow-up on the previous participant's question on the investments that you have done on the renewable side. And you also highlighted the kind of efficiencies kicking in from working capital point of view and other measures that you are taking. So if you can list out all these other different measurements that you are taking to bring operational efficiencies, both on the operations side and as well as it is reflected on the working capital side, it would be a bit helpful for us to understand.

Praveen Jaipuria: So it kind of span across the whole value chain. So basically, right from making sure that you get the most optimum yields, the better utilization, as we increase our utilization, the fixed cost spread becomes better. So you're able to spread towards a higher volume. All of this leads to better efficiencies.

Now energy cost, yes, this will also add. It's like in Hindi, we say small saving making a big investment that's the kind of thing that is going to happen on the efficiency front. And most of this is going to stay. But yes, considering, as I told -- as I always tell, 60%, 70% is green coffee, which determines where the margins will be. So yes, efficiency building is something that we have taken forward.

Now if you were to ask -- if you were to break it down, very difficult to break it down that, okay, if I got a INR10 better margin every kilo, how much was it through energy and how much was it through yield improvement. But yes, all of them have kind of added to this INR10 is what I would like to say.

Dipak Saha: Got it, sir. And sir, one last thing. I mean, quite structurally, if I see, I mean, our capex cycle is behind us. We are talking about debt reduction, working capital is improving. Your cash flow from operations have gone up quite meaningfully. Now, and B2C has started firing, right?

So considering all this when we are talking about 15% to 20% kind of an EBITDA growth, right? And there has been steady improvement on the operational efficiency side. So is it fair to say that we are being quite conservative on those numbers? And structurally, not from a near-term point of view, next couple of years, we can actually do even better than that?

Praveen Jaipuria:

So time will tell whether we were conservative or not. But yes, we kind of, as I always said, 1 quarter may not be a reflection of a long-term performance. And when we say long-term performance, we always, and you know if you were to see CCL we always have been kind of saying that we want to maintain steady state of growth. And to do that, last conference call, I mentioned that there are times where volume will drive our growth. There are times where efficiency and other aspects, mix will drive our growth.

Sometimes a quarter like this happens where all of them come together, so the growth becomes that much more nicer. So therefore, so therefore, I cannot for sure say that this will happen every time. Thus, the long-term guidance remains. But yes, I do kind of accept that when we had given a guidance of 15%, 20%, we could have landed anywhere between 15% to 20%. Now it looks like we probably will land closer to the higher end of the guidance than at the lower end. So that's the submission from my side.

Dipak Saha:

Appreciate it, sir. Just one last thing before I join the queue. Sir, structurally, now you mentioned that even last con call and today also you mentioned that the desire to be a FMCG company, and we have seen the kind of measurements you have taken for with Malgudi brand and different other snacks also some of the experiments that you are doing.

So if you just can very briefly give your thought process on where -- how we position ourselves from a longer-term point of view. One is coffee business is definitely doing it. But beyond that, what's your vision on that front?

Praveen Jaipuria:

So very, very clear. I kind of spelling it out again. We want to be an FMCG company. We are building distribution. We were the, probably the only company 6, 7 years ago when everybody was kind of focusing on direct-to-consumer and we're not ready to build distribution because of the challenges it has, we went the other way around and we went ahead and build distribution because we were clear that if this were to succeed, we probably in future, would like to transition ourselves into an FMCG company. So that is the thought process.

And therefore, seeding of some of these initiatives like iced tea or, let's say, a snack, all of this is happening. There are a few categories we are always on the lookout or kind of working at the back end at what could be some of the other categories. But right now, we have our plates full in terms of driving growth in some of these adjacencies that we have entered into.

And going forward, yes, we are putting all our might behind all of these categories and developing ourselves into an FMCG company. Today, as we speak, we are already directly distributing to 130,000 or 140,000 outlets, which is quite significant. And we have a belief that since we have built this distribution network, we need to supplement it with some more categories.

And these more categories will help us go beyond from 150,000 to 200,000. So because every additional outlet you go, the through put has to match the cost of going to that outlet. So unless and until we add to our portfolio, this may not be feasible. So keeping all this mind, our vision and our way forward is pretty much clear.

But yes, while we say so, we always know that all of this has to be taken with a pinch of salt because not every initiative succeeds. So therefore, we are taking calibrated steps doing test marketing, be sure that in the test market, things are working and only then we will expand and spend money behind it.

Moderator:

The next question is from the line of Akhil Parekh from B&K Securities.

Akhil Parekh:

Many congratulations, Praveen sir and Srishant for the good set of numbers. And it's really heartening to see the gradual and consistent progress that CCL has achieved over the last 10 years and more so specifically in the last 5 years.

So my first question is on the branded business, right? We have seen last 2 years, we have maintained 70%, 30%, right, in the domestic, 70% comes from branded, while non-branded is 30%. While in first half, we see that proportion has gone down to slightly below 50% for branded. So any specific pockets where we have seen growth in the non-branded part? And what has led to that distortion basically? And how should one look at it between branded and non-branded domestic for next 2 years? That's my first question.

Praveen Jaipuria:

Akhil, so again, one of the first things that I've been telling that let's not look at proportions because it's not that we will compromise on any one segment for the other. So what it means is that, yes, we would like all our business to come from B2C, but there is a non-branded segment also, which we drive very aggressively.

Today, as we speak, almost 80% of the private label that we are doing in India -- 80% of private label in India, we are doing. So we are aggressively driving that segment as well. So we don't want to leave any piece saying that, okay, because we anyways are a coffee manufacturer, we have been in the B2B business for so long.

And our ability to deliver on the B2B part is equally good. So what is happening is that we have set up a separate vertical, which is now very aggressively going to all the private labels, the B2B parties in India, and we are aggressively driving the growth there as well. So it's more like we are driving equal very strongly all the segments. And it so happened that, that segment, we gained a lot of contracts in the near time. Last 6 months, we have added 2, 3 more private labels to our kitty, which has led to much better growth there as well.

Akhil Parekh:

Sure. And the margin profile would be broadly similar between the 2?

Praveen Jaipuria:

So it depends. If you were to see at the gross margin levels, the B2B will be lower. But when you look at net margin levels, the B2B will be higher because you don't spend anything on marketing spends and all that. So it is like that, but yes, we kind of play it contract by contract and target by target, client by client.



- Akhil Parekh:** Sure. And my second question, you mentioned that we have reached 1.5 lakh retail outlets. What would be the true potential in terms of the retail outlet reach we can achieve, say, over the next 3 years?
- Praveen Jaipuriar:** So in next 3, 4 years, 3 years, at least, we'll try and double it. It will all depend on some of our other initiatives. So the more things we add to the portfolio, our speed of reaching the outlets will become that much more bigger because now after 1,50,000 what happens is that the cost of going to that outlet sometimes doesn't justify the through put, yes. But when you have other things in your portfolio, then it's getting justified. So it really depends how things shape up in the future. But in 3 years' time, we can definitely double it.
- Akhil Parekh:** Sure. And my last question, slightly short-term based. Usually, what we are seeing is second half is better than the first half, right? And our EBITDA growth is far better than 20% in first half, while you're alluding that you maintain 20% plus EBITDA growth for full year. So how should one read about the second half?
- Praveen Jaipuriar:** So Akhil, 2 things. One is that I think, yes, you're right. Maybe 5 years ago, we used to see that second half used to be a little better than the first half. But I think last 5 years, I haven't seen in terms of -- and this I'm talking about in terms of business. I haven't seen much of a difference. Yes, in India, the second half is definitely a little better because India is a little seasonal market.
- But rest of the markets like a Europe market, U.S. market, CIS country market, these are generally, and the buying for the second half, the season time also happens pre-season. So I don't see much of an impact in terms of sales or margin. Also, a little will depend on how the bases are. So I don't want to dampen the spirits here. But you remember that last year, the second and third quarters were a little weaker than the first and the last.
- So you will see the last, this year, the last quarter will probably, we'll be facing a very good last quarter last year as well. So that will also determine how the growth level are. So I can't say that this growth will better off. We'll try and maintain as much as possible. But yes, the guidance remains that we probably will be at the upper end of the 15%, 20% guidance of EBITDA growth.
- Moderator:** The next question is from the line of Vaishnavi Gurung from Craving Alpha Wealth Fund.
- Vaishnavi Gurung:** My first question is on the capacity side. If you can help me with the capacity in India versus Vietnam and the respective capacity utilization.
- Praveen Jaipuriar:** So in India, we have a capacity of around 40,000 metric tons. Vietnam is 36,000, 37,000. So the total is around 77,000, right. And the utilization at a blended level is around -- this quarter was 65% to 70%. So which means that the old capacity is fully utilized and the new one is at around 15%, 20%.
- Vaishnavi Gurung:** Sir, a follow-up question. When can we expect better capacity utilization for the new capacities added?
- Praveen Jaipuriar:** So it will, so the better is a question which is, can be answered in this way that we are anyways looking at the consistent volume growth. So it won't happen that overnight the capacity gets

utilized. What will happen year after year as we are driving volume growth, you will see probably every year, maybe 30% additional capacity gets utilized, the new one. So that is how the trajectory will be.

And therefore, we said in 3 years' time, 3 to 4 years' time, we will look to kind of fully ramp up the capacity. But as we have maintained that some of these capacity utilizations are in, it's a step-up process. So for any gradual increase also, you have to increase the capacity in such a manner that it takes care of next 3 to 4 years.

Vaishnavi Gurung: Okay. And the last question is on the revenue side. Our quarter-on-quarter sales have been increasing by 40% to 50%, if I'm not wrong, year-on-year basis. So just wanted to ask how sustainable is that? And where do we expect to close for FY '26?

Praveen Jaipurkar: So as you know this growth is largely dependent on the green coffee prices and may not be reflective of the long-term performance because it all depends how the green coffee prices pan out. And therefore, we kind of give you a little color on how the volume growth have been. So that is the true picture of our performance and even our EBITDA growth are mostly in line with the volume growth.

So our volume growth have been this quarter, the quarter gone by was a little upwards of 20% and the first quarter was closer to 8% to 10%. So the blended first half is around 15%. And we would like to maintain this kind of a volume growth going forward.

Vaishnavi Gurung: Any guidance on the revenue for FY '26?

Praveen Jaipurkar: So revenue, again, I said that it's a little, not, it doesn't give you the right picture. We have already done INR2,000 crores. If I were to, INR2,000 crores, and if the same coffee rates were to hold on, then INR2,000 crores will become another INR2,000 crores, so it will be closer to INR4,000 crores, but we will really depend on the coffee prices. And therefore, sometimes there could be fluctuation on the value numbers.

Moderator: The next question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: Praveen, my first question was on the new capacity utilization, 15% you mentioned. What is the size of this capacity?

Praveen Jaipurkar: So the new capacity is almost half of the total capacity that we have because, almost half, a couple of thousand crores here or there, yes.

Lokesh Manik: 35,000, give or take.

Praveen Jaipurkar: Right, right.

Lokesh Manik: My second question is, if I look at the conversion margins, they are at the lower end compared to historical levels. Then would it be a fair assessment that the mix would have more spray-dried compared to freeze-dried?



- Praveen Jaipuriar:** No, not necessarily because what is happening is also that because of the new capacity, it also adds to the fixed, the fixed cost gets added. And therefore, you will see some lowering of the conversion margins here or there. But it's not necessarily because spray-dried has increased. In fact, our freeze-dried component increased and therefore, EBITDA per kilo if you see are better than previous quarters.
- Lokesh Manik:** Okay. And, but the new capacity is of freeze-dried, if I'm not mistaken, which is coming up.
- Praveen Jaipuriar:** Both freeze-dried also and spray-dried also.
- Lokesh Manik:** Okay. My last question was on the branded business side on the B2C side specifically. So if you could just give a sense of what would be the, since you mentioned it's profitable now, if the margins, EBITDA margins are at the company level below that, above that because of 2 reasons.
- One is it is also, you mentioned contributing to our EBITDA per kg. And secondly, you mentioned that the new initiatives would be self-funded through this vertical. So there's a plus and minus kind of a scenario. So just getting a sense of where these margins for new businesses would be, B2C business vertical would be compared to the company level?
- Praveen Jaipuriar:** Yes. So it is lower than the company level. That is because we are reinvesting a lot of this back into the business. But if you see the additional volume that is coming, so let's say, for example, we did INR200 crores, let's say, last year, and if we were to do INR300 crores. So what happens is that the additional amount is, and INR200 crores is the, let's say, the breakeven of that INR200 crores is already built into the business. So the INR100 crores is coming at a much higher clip than it was coming last year. And therefore, I said it has started now contributing.
- So at a full level, like, let's say, we have done already INR210 crores in the first half. there we are at 5% to 6% EBITDA margin, yes. But come to think of it, last year, this INR210 crores was, let's say, INR130 crores, INR140 crores, that kind of a number. And that number was breakeven. So the additional number, the full 5%, 6% is actually contributed by the additional volumes. And that is why I said it is now contributing.
- But having said so, we would want to maintain this 5%, 6%, not kind of milk it as of now because as we said, we want to kind of grow the business, not only this business, but also add a couple of other categories, which will require investments. So therefore, we will continue to kind of spend at those levels.
- Lokesh Manik:** Just last one. The B2B business in this, what would be the revenue for this quarter or half year, if you can share? I missed that, I'm sorry.
- Praveen Jaipuriar:** Which B2B, India B2B?
- Lokesh Manik:** Yes, the private label part.
- Praveen Jaipuriar:** So basically, in India, first half, we have done around INR310 crores. So if you remove INR210 crores, almost INR100 crores is B2B, which is both bulk and private label, right?



- Lokesh Manik:** Bulk and private label. Okay. And these would include the snacks and the new initiatives, the entire vertical?
- Praveen Jaipuria:** No, snacks is very small, but hardly anything to write home about. So these are very small. This is built into INR210 crores, not in the, but those will be a few lakhs because we are only micro marketing, test marketing.
- Lokesh Manik:** Right. And any development on the, or update on the U.K. brand acquisitions that we had done? How is that progressing this time?
- Praveen Jaipuria:** That's progressing quite well in spite of the hugely competitive market and a market which requires very, very high level of investment. In spite of that, we are growing, we are kind of adding new accounts. And so that business is also doing pretty well. So we should get a 30%, 40% growth in that business as well.
- Moderator:** The next question is from the line of Manish Mahawar from Antique Stock Broking.
- Manish Mahawar:** In terms of EBITDA per kg, I think last 2 quarters, right, our EBITDA is around INR120 to INR130 per kg, right? Going forward, maybe '27, '28 once our capacity will reach optimum level, how do we see this EBITDA per kg should be.
- Praveen Jaipuria:** So it should improve, Manish. Very difficult to put a number. But as we have been speaking, it will improve because of 2, 3 things, as we've said, more and more end clients that we are targeting, more and more small packs we are doing. Already, we have built in certain efficiencies. So that efficiencies will stay. It's already there in that EBITDA per kilo that we got last couple of quarters. So it's definitely going to increase.
- And if you remember, we probably have kind of advanced this a little bit because 2 quarters ago, we were saying that when people ask that EBITDA per kilo, when will it increase and all that. We had been saying that because of the efforts that we are taking in terms of changing the product mix going to the end customers, doing more small pack, the new additional domestic volume. All this will keep adding to the profile. Only thing is that we said that for a year or so, don't expect too much of an increase. But yes, some of that increase has started to build in.
- Going forward, put an exact number to this, that whether this will increase becomes very difficult because sometimes these things add to the EBITDA per kilo, but the proportion or, let's say, the product profile mix could also change. So that is very unpredictable. I cannot for sure say that my product mix profile will remain same or will improve in the future.
- And therefore, we'll remain with this guidance of 15%, 20% EBITDA growth year-on-year, whether it comes through only volume increase or it comes through proportion changes and all that, that is something that we'll keep an eye on. But nothing more or less to add to this number from here.
- Manish Mahawar:** But product mix side, I think so your FDC and -- FDC mix will remain, right, whenever you reach to optimal level, it will be stagnant on that time. You know the capacity numbers right now. Only I understand this small pack and bulk proportion may change, which you can't predict.

And operating leverage fixed cost, you know the company, right? So definitely, you must be knowing the per kg ballpark number can come over the next 2 years.

Praveen Jaipuria: No, no. So I'll tell you, even the mix of SD and FD is sometimes difficult to predict because right now, let's say, this quarter, we had a very good FD mix, and that's the reason you saw a much better profile, right?

Now if you know in India also, we had increased 16,000 tons of SD and Vietnam also 16,000 tons of FD. So if you see that our SD profiling is, in fact, capacity profiling has been more than FD, right? So that also plays a role. And therefore, predictability becomes a little challenging here.

Manish Mahawar: Okay. Understood. And second question in terms of debt number, I think loans, right? You said we will close by INR1,300 crores to INR1,400 crores by this year-end, right? Already first half, if I look at the number, I think INR1,500 crores to INR1,600 crores gross debt and we are sitting on a cash of around INR350-odd crores roughly in the book in the balance sheet, right? So we already have reached a number of net debt number of around INR1,250-odd crores, right? So you are not expecting any improvement or debt reduction in the second half?

Praveen Jaipuria: Yes. So it depends, again, that is what CFO was mentioning. It will depend on the Vietnam crop, how does the prices and all that pan out. And therefore, we don't want to be committed on saying that it will go down. Let us see how it happens. But yes, definitely, it will not go up. And this is the guidance we had given at the start of the year. Yes, it has got advanced by a quarter or a couple of quarters. But as of now, let's maintain the guidance rather than being bullish on that because we'll want to wait for the Vietnam crop to come in.

Manish Mahawar: Understood. And last one...

Moderator: Sorry to interrupt, Manish. Hello? Sorry to interrupt. Due to time constraint, we need to close this con call.

Manish Mahawar: Yes, sure. Just last bookkeeping question, if I may. Can I?

Praveen Jaipuria: Yes. Please go ahead, Manish.

Manish Mahawar: Just can I get, possible the number available for your Vietnam and your South subsidiary, which is FDC per kg number for first half EBITDA and PAT?

Praveen Jaipuria: Separately, I'll ask this thing to give some color, but you'll get the number at the end of the year. We'll be able to give you some color there.

Moderator: Due to time constraint, that was the last question. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Praveen Jaipuria: Yes. Thank you, everyone, for joining the call, and thank you, Nirmal Bang and team to arrange this call. We will look to meet you all again in the next quarter. Thank you, everyone.



Moderator:

On behalf of Nirmal Bang Institutional Equities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.