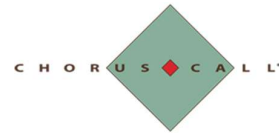




**“CCL Products (India) Limited
Q4 and FY '26 Earnings Conference Call”
May 08, 2026**



MANAGEMENT: **MR. CHALLA SRISHANT – MANAGING DIRECTOR –
CCL PRODUCTS (INDIA) LIMITED
MR. B. MOHAN KRISHNA – EXECUTIVE DIRECTOR –
CCL PRODUCTS (INDIA) LIMITED
MR. PRAVEEN JAIPURIAR – CHIEF EXECUTIVE
OFFICER – CCL PRODUCTS (INDIA) LIMITED
MR. CHAITHANYA AGASTHYARAJU -- CHIEF
FINANCIAL OFFICER – CCL PRODUCTS (INDIA)
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MS. SRIDEVI DASARI – COMPANY SECRETARY AND
COMPLIANCE OFFICER – CCL PRODUCTS (INDIA)
LIMITED**

MODERATOR: **MR. DIPAK SAHA – ASHIKA INSTITUTIONAL EQUITIES**



Moderator:

Ladies and gentlemen, good day, and welcome to CCL Products (India) Limited Q4 FY '26 Earnings Conference Call hosted by Ashika Institutional 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 your touchtone phone. Please note that, this conference is being recorded.

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

Dipak Saha:

Thank you, Michelle. Good morning, everyone. On behalf of Ashika Institutional Equities, it's indeed a great pleasure to host the 4Q FY '26 and full year '26 earnings call of CCL Products Limited.

Joining us today to discuss the earnings for the fourth quarter and full year ended 31st March 2026 are Mr. Challa Srishant, Managing Director; Mr. Praveen Jaipurkar, Chief Executive Officer; Mr. B Mohan Krishna, Executive Director; Mr. Chaithanya Agasthyaraju, Chief Financial Officer; and Ms. Sridevi Dasari, Company Secretary and Compliance Officer. We thank the management for giving us the opportunity to host this call.

I would now like to hand over the call to Praveen sir for his opening remarks, post which we'll open the floor for Q&A. Thank you. Over to you, Praveen sir.

Praveen Jaipurkar:

Yes. Thank you, Dipak, and thank you team Ashika Institutional Securities for hosting this call. Good morning, everyone. I welcome you all to the fourth conference call of FY '25-'26. And now let me give a brief overview of the company's performance for the fourth quarter ending year gone by.

The group has achieved a turnover of INR1,226.39 crores for the fourth quarter as compared to INR839.65 crores for the corresponding quarter of the previous year, achieving a growth of 46%. The EBITDA stands at INR193.76 crores as against INR167.1 crores, which is a growth of 16%, while the profit before tax is INR123.1 crores growing at 16% and the net profit stands at INR114.53 crores with a growth of 12%. As far as the full year is concerned, the group has achieved a turnover of INR4,465.80 crores as compared to INR3,114.2 crores for the corresponding previous year, achieving growth of 43%.

The EBITDA stands at INR741.38 crores as against INR563.54 crores, which is a growth of 32%, while the profit before tax is INR460.74 crores, growing at 31% and the net profit stands at INR388.11 crores with a growth of 25%. The domestic business has achieved a gross turnover of INR650 crores, approximately out of which the brand sales were around about INR440 crores. And now Continental as a brand is well established as the number 3 player in the country. And in some regions and platforms, we are also the number 2 player. And we will look to further strengthen this position in the coming months and years.

As far as green coffee prices are concerned, they remain to be stable as of now, which is a good sign. The Brazilian crop is around the corner. And with the positive news of good supplies, we have a belief that the prices could further soften in the coming months.

The Middle East crisis does pose a challenge with a bit of supply disruptions and energy price increase, but we have managed the situation well and do not see much of disruption going forward.

I will just ask Chaithanya, our CFO, to give a little bit of color on the balance sheet performance, post which we will open the floor for questions. Thank you.

Chaithanya Agasthyaraju: Good morning, everyone. Adding to what is highlighted by CEO, we are closing the financial year on a very strong note with revenue and profit both growing significantly for the quarter and for the full financial year.

A key area of focus for us this year has been strengthening the balance sheet. We always delivering very good operational results with the CAGR of close to 20%. What we have done this year is to ensure that the operational results get translated into a real balance sheet strength.

The balance sheet right now is much cleaner and a lot healthier with healthy cash flows and debt coming down significantly. The net debt as of 31st March is around INR1,073 crores, a reduction of more than INR750 crores from last year. Debt to equity is at 0.5 compared to 0.92 a year ago. Net debt to EBITDA is at 1.45 right now compare to 3.1 a year ago. With that, hand over to Dipak for questions.

Moderator: Thank you very much. First question is from the line of Abhishek Mathur from Systematix. Please go ahead.

Abhishek Mathur: So just wanted to check what would be our volume growth for the quarter? Also has the EBITDA per kg, which is a key metric we track, has it come down to a level of about 130, which is a bit down sequentially from maybe the 140 that we saw in the previous quarter? And what is driving the strong realizations on the top line for us to have clocked this kind of growth? Thanks.

Praveen Jaipuria: Abhishek, just to clarify -- sorry, the first thing that you asked was on this thing -- if you can...

Abhishek Mathur: On volume growth, sir. On the volume growth for the quarter?

Praveen Jaipuria: Yes, yes. So our volume growth has been -- and I'm speaking on a little larger four quarter perspective has been in the range of 18%, 20% this year, and the quarter was also very similar. So volume growth stands at that level. And EBITDA per kilo, again, probably this quarter was a little bit of a down considering the proportion of coffee that you sell, because if you would have seen last quarter, much higher high-margin coffees were sold. But on an annual basis, in fact, the EBITDA per kilo has improved from previous year. So that's an improvement.

And as we have been guiding most of the time, some of these key metrics on a quarter level may not give the right picture. So while a sequential drop a bit, but I don't think so that there's much to read into that on an annual basis, in fact, the per kilo EBITDA has improved.

Abhishek Mathur: Just a follow-up second question, sir. What -- so we have earlier given the guidance for 10% to 20% volume growth and maybe a 15% to 20% EBITDA growth. Anything changing for FY '27? How is our guidance looking now?



Praveen Jaipuria: So the guidance is very similar. Probably we are giving a guidance of both volume at around 15% and even EBITDA at around 15%. So that will be the thing. While things have stabilized, quite a few things have stabilized since the last year. But keeping the other volatility in mind, we are sticking to the volume growth guidance of 15% and the resultant EBITDA growth will also be in the same region.

Abhishek Mathur: Great, sir. And finally, the guidance of the India business and also any capex thoughts that we have -- capacity expansion thoughts that you have right now? That's it from me.

Praveen Jaipuria: So while there have been discussions, we are looking at things related to capacity. But as far as next 2 years are concerned, we are generally good for our growth aspirations, our capacities are good. But there could be certain areas where we would like to kind of see if the grows are more, for example, we are seeing better utilization for freeze dried. So if that is happening much faster -- at a much faster rate, the utilization, we could look at not necessarily a capacity expansion, but maybe a strategic tie-up or things like that.

But these are things we will be able to comment on when we come closer to a decision on date. Obviously, there are discussions that keep happening on a regular basis. But on a largely on a long-term basis for the next 2 years, we are good as far as capacity is concerned.

As far as domestic business is concerned, as I told in the narrative that out of the INR650 crores that we did in the India business, INR440 crores were the retail business, the branded business. And we'll continue to drive similar growth in the coming years also. We are seeing very good traction in a lot of areas. And it is important at this stage that we keep driving those growth traction. So that will automatically come through. So we'll keep up the momentum on the branded business as well.

Moderator: The next question is from the line of Abhay from Carnelian Capital.

Abhay: So I just wanted your outlook on the D2C business segment firstly. Secondly is the margin contraction, can that entirely be attributed to the coffee prices? And in general also, what's your outlook on coffee prices in the coming quarters?

Praveen Jaipuria: So I'll answer your second question first and then come to the first one. The second question, there actually is no margin contraction. So the margin contraction that you see is basically because we are seeing EBITDA as a percentage to top line, and therefore, it is only optical in nature as we have always maintained that our business works on per kilo EBITDA where there is no contraction.

But because the prices -- coffee prices increase and we are modeling as a cost-plus model, therefore, it seems that the top line kind of in times of rising coffee prices looks -- the growth looks more inflated. So let's say, if you take the 46% growth top line, it is a combination of 18%-20% volume growth and another 20%-25% of coffee prices increase that gets built into top line.

And therefore, EBITDA as a percentage top line looks contracted, but it is not because what will happen, the opposite will happen probably going forward when in the base, you have higher

green coffee prices and going forward, the green coffee prices could soften. And therefore, you may see in spite of 15% volume growth, you may see lower value growth.

But what we always say that, how the basic metrics to be looked upon is the volume growth, the EBITDA growth and are growing in line with each other or not. And that's the guidance we are giving for the future that in line with the volume growth of 15%, around about that number. We also look to drive EBITDA also in the same region.

So that's the answer to your second question. And therefore, what it means is that the volatility in coffee prices does not affect our margins because the moment we do contract, we do back-to-back buying of green coffee, which means that we are guarded against any fluctuations, if at all it happens in the coffee prices. So that's the answer to your second question.

The first question as far as D2C is concerned, we are doing extremely well on D2C. Most of the platforms, we are very strong with double-digit market share. And in a few of the platforms, we are also the number 2 player in the category. So we are doing extremely good approximately 20% to 25% of our sales come from the online channel, which is very good -- very good marker for the business that we're doing.

Abhay: Got it, sir. Another question was just the capex fund, but I think that's been answered already.

Moderator: The next question is from the line of Raj from Fident AMC.

Raj: A couple of questions. Firstly, on inventory days. Now I was just looking, I mean, because of the softening of coffee prices, the inventory days are almost for us are at historical lows. Do you see any further improvement in inventory days over the next 2 years, assuming that the coffee prices stay at these levels or even move down further from here?

And secondly, I think, because we don't have any major capex for the next 2 years, our operating cash flow is actually going to be very strong. What is the management thinking about maybe going forward for utilizing these funds, whether it will be increasing dividend payouts or any acquisitions or any other thing?

Praveen Jaipuria: So 2 things. First was about the inventory cycle. Of course, yes, you're right, lowering of coffee prices and the better visibility has helped us tighten the inventory cycles. And it's just not the inventory cycle, there are other efficiencies that we have been able to bring in, in most of our operations.

So that's an ongoing process. Do we think that as a guidance, we would like to lower it from the place that it is? I don't think so we are giving guidance of lowering of inventory cycles from here on. We would love to kind of better it. Better it, of course, we'll do our best. But as a guidance, I would not like to kind of give a guidance of lowering it further from here because we will take it as things come along. So that's on this thing.

Of course, yes, you have pointed it right. We will have cash flows coming in. Now as far as how do we utilize it, there is no commitment as of now, but things that you spoke about, most of the things we are thinking about. And we are thinking, yes, if there's an opportunity in the areas of

any good acquisition that comes our way, we would definitely love to evaluate those. And we'll make sure that we are using these flows to maximize the returns for the stakeholders in whatever way we can.

Raj: Understood. I mean, just whether it will also be used for reduction in debt from here on, I mean, we are at...

Praveen Jaipuria: It is actually, yes, yes, yes. So yes, of course, it won't come to 0, but definitely, there is a certain reduction that has already happened and a significant reduction. We were not -- last year, if you would have heard, our guidance was around INR1,400 crores, INR1,500 crores, but we have reduced it to INR1,080 crores, I think possibly around about that number. Maybe there could be a certain more reduction. But again, all will depend on because even our growth numbers are there, we are at 15% volume growth is what we are thinking. So which means that you require 15% more working capital to fund this growth.

So -- but how much of this gets offset by lower coffee prices and all that. So we will take things as it comes along, but definitely idea would be -- the long-term debts will anyways get paid. So there will be reduction in the long-term debt.

Working capital will take it up as things come along. But definitely, all the efficiency measures are being put in place to improve the ratios and the parameters as much as possible. And maybe CFO saying that, probably with a 15% growth, probably INR1,100 crores, INR1,200 crores is the level that we probably could be seeing in the next year.

Raj: Understood. Just lastly on capex again. So I mean, currently, what is our capacity utilization on a consol basis globally? I mean, you said that will be good for next 2 years, but for a new plant, would it be greenfield or brownfield? And I mean will it -- what time will it take for a new capex to come on board once we start executing it?

Praveen Jaipuria: So first and foremost our annual utilization would be around 65% or so, a couple of percentage here or there. Last quarter was a little maybe 70%. So that's why I said we are good for another 2 years. It does take 1.5 to 2 years to materialize the capex. But the thing is that whether it will be greenfield, brownfield, we go into a strategic tie-up, it will all depend on how things shape up, there could be a scenario that we don't put our own capex, but we end up doing some sort of a capacity strategic tie-up or we end up buying capacity, underwriting capacity of somebody else or we may ourselves think that we want to put a brownfield, that also is on the cards.

But all of this, it is a little too premature to talk to. We'll definitely keep you posted, if there is any development on this front because a lot could change as we go along, it depends on what kind of product the utilization is better. But at an aggregate level, we are good for 2 years, but it could happen that maybe on atypical type of product, we could be seeing better utilization than 2 years.

So it will all depend how things go from here. On a broad basis, yes, we are good for the year. What do we put next year, we are all evaluating and watching the situation very closely, how growth are panning on, which areas, which geographies, and accordingly, we'll take a decision going forward.



- Raj:** I was only asking from that point of view because we are hearing that Indian players are guiding -- I mean gaining significant market share globally plus our peers are also talking about strong volume growth. I was just trying to understand whether our volume growth, what we are guiding if we achieve materially higher than that, we should not be caught in the wrong foot in terms of having -- not having enough capacity there.
- Praveen Jaipuria:** Absolutely. Yes. So that is an assurance we are giving that we will not let capacity come in way of growth. So we will make sure that we do kind of get the capacity required to fulfill our ambitions.
- Moderator:** We take the next question from the line of Kashyap Javeri from Emkay Investment Managers.
- Kashyap Javeri:** Congratulations team for great numbers. Just one question. I missed out on the number of capex for FY '27, if that was discussed, if you can repeat that number?
- Praveen Jaipuria:** So, there is no capex for '27. We didn't say there would be any capex. As we have been maintaining next 2 years, there will be some maintenance capex of maybe INR25 crores to INR30 crores, INR35 crores, but these are very small capex. There is no planned big capex -- planned as of now for the next 2 years, so yes.
- Kashyap Javeri:** Trying to sort of reconcile this number. I think what Chaithanya mentioned was that our debt next year closing could be roughly about INR1,100 crores. Now let's say, our sales grow by about 15%, that's additional about INR700 crores of sales at about 120 days, that would need just about INR200 crores worth of cash. You add about INR50 crores, which will come from the maintenance capex. That should still leave a significant number in terms of free cash to repay the debt. So does that mean that we would retain cash on the book? Is that assumption correct?
- Praveen Jaipuria:** Not really. So, Chaithanya is a little bit conservative considering the volatility that has been there in the market. So we would like to kind of are on the right side than on the wrong side. Definitely, as per your calculation, there will be cash in the book, as I said, there are multiple ways to figure out things, right now, while we're doing a lot of evaluation not wanting to commit on any one aspect or the other. But given a chance, obviously, we would like to retire debt rather than keep it on the books for long period of time. So that goes without saying. But we don't know, yes.
- Kashyap Javeri:** Understood. If coffee prices remain where they are, this ceteris paribus, the calculation is in the right direction.
- Praveen Jaipuria:** In the right direction absolutely.
- Kashyap Javeri:** Like, you said, there could be -- if there is any plus/minus in either of these assumptions, then obviously, what Chaitanya is saying could be.
- Praveen Jaipuria:** That could be, yes, yes, yes.
- Kashyap Javeri:** Congratulations again for a great set of numbers.
- Moderator:** The next question is from the line of Prithish Garg from Nuvama Wealth.



Prithish Garg:

I would like to bring attention to a little bit about the business side of things. As we have seen the coffee market in India shift from spray-dried coffee to freeze-dried coffee and even to roasted blends. So what do you believe would be your plan to shift that demand in the company as well?

And since we're also talking about DTC demand that has grown to 20% this year. So what is your plan on brand visibility as we again mention that freeze-dried coffee and roasted blends are usually focused, the buying is focused on brand visibility, like Blue Tokai and everything. Does Brand House usually acquire that share by creating the taste of coffee and focus towards premiumization?

Praveen Jaipuria:

Yes. So there was a little bit of disturbance in your voice. What I heard I'll try and answer that. And probably a couple of answers in your question as well. So the first thing is -- sorry there is a lot of...

Moderator:

Mr. Garg, please mute your line, sir. Mr. Garg, please mute your line, sir.

Praveen Jaipuria:

So what I was telling is that it happens in any category that there will be premiumization. So there is not a shift from spray-dried to freeze-dried, there is a large chunk of consumers who are still drinking spray-dried and continue to drink spray-dried. But yes, as it happens in any category, there is always a premiumization that happens.

People are always upgrading to better coffee. And that leads to some of these shifts that where consumers are adopting freeze-dried coffee. And that's the reason we are pretty well equipped to cater to that demand. And that's the reason. And this, in fact, we had predicted a couple of years ago, and that's how we initiated capacity enhancement in freeze-dried as well. So that is always there.

As far as the shift towards beans is concerned, if you see largely the consumption of beans is for out-of-home consumption. And in growing markets, the out-of-home consumption is growing. And therefore, the usage of beans is growing at a much faster pace. We largely are not into beans because that is something that we very localized.

There is not much of value addition. So we don't see that market as a very big market for us. But yes, in the Indian context, we do supply to a lot of cafes and a lot of cafe chains, the beans, the roasted beans as well. So that is also something that we are seeing as growth drivers at least in the local Indian market.

As far as your brand building activities question is concerned, yes, we are building the brand. We have developed certain strengths in certain categories and in some areas. So we are taking things forward. It's not necessary that all the categories we will be driving the growth. What we think that will give us the maximum impact are the categories that we are building.

So like we started in South of India, we are strengthening our brand a lot there. And now we have started building traction in rest of South also. So we're getting good returns from markets like North and West, where our next growth momentum will come from.



So all of that is part of our strategic initiatives going forward. But yes, there will be certain categories where we will not knowingly participate because we want to deploy the resources at the places where we think we'll get the maximum impact. So I don't know whether I have answered all your questions because there was some disturbance from the side, but this is our thought process.

Moderator: Sir, the participant has left the queue. We will move on to the next question. From the line of Vivek Ganguly from TCG AMC.

Vivek Ganguly: I had one quick question. Your debt in the balance sheet has come up very significantly INR700-odd crores. But we do not see a corresponding reduction in the interest, the finance cost. Can you shed some light on that?

Chaithanya Agasthyaraju: Sure. Vivek, last year we had a lot of interest capitalized because our Vietnam facility was not yet running last year, right? The interest was getting capitalized. If you take that interest, there is a significant reduction in the interest as well.

Vivek Ganguly: Okay. And what would that number have been? And secondly, what is your cost of borrowing as we speak today?

Chaithanya Agasthyaraju: So I may not be in a position to give you exact number that has got capitalized. That should be somewhere around INR25 crores-INR30 crores could be probably last year what got capitalized. The cost of borrowing right now hovers between 7 to 7.5%, depending on where the borrowing happens.

Moderator: The next question is from the line of Bhavya Sonawala from Samaasa Capital.

Bhavya Sonawala: Yes, sir. First of all, congratulations on a good set of numbers. I think last few years have been very good. Just a couple of questions. First question is, I think you guided 15% EBITDA growth and volume growth for the next 2 years. So is this with respect to contracts still being short-term or because it's such a specific item, are the customer giving you long-term guidance? Can you throw some light on that?

Praveen Jaipurkar: So yes, so things are changing now -- sorry, there is some noise that I can hear, I don't know where its coming from. But yes, so things are changing as coffee prices are stable, we are seeing a lot of long-term contracts. In fact, some of our freeze-dried capacity is quite long-term now. So that has given a very long-term picture. So there is a movement towards long-term contract, and therefore we can be fairly assured of the guidance that we are giving.

Bhavya Sonawala: Okay. Understood. So just with respect to the guidance, again, I think this year, we ended up at 30% growth in EBITDA, and the next year we are guiding 16%. Is that considering some conservatism and, keeping in mind coffee prices and other, probably issues that might happen? Or anyway, is there some change because we were guiding 20% and then we obviously revised it upwards to 25% in this year.

Praveen Jaipurkar: Right, right. So there are couple of things that went our way this year and probably, once it gets into their base, there may not be further improvement there. For example, this year our

proportion of freeze-dried was much higher, right. So that proportion may not get even higher next year. So therefore, that benefit we may not get. There are certain efficiencies that we had spoken about that may get built over a period of time. And some of them, got preponed a little bit because we were able to fasten some of these efficiencies. So that got built into the base as well. Some of the small packs where we were able to fasten the proportions there.

Some of these things are already there in the base and therefore may not come as an additional thing going forward. So therefore, we have always guided that our EBITDA growth will be in line of volume growth. Since we have guided a volume growth of 15%, and we already have built the efficiencies into the bases and proportions into the bases, I don't see this adding onto anything that we have already built. And therefore, we are giving a guidance that EBITDA also will grow in line with the volume growth, which is around sort of 15%.

Bhavya Sonawala: Okay. Got it. Just a last question, if I may squeeze in. On the branded business, what kind of growth do you think we'll be able to garner in the next few years or at least the next year?

Praveen Jaipurjar: So again branded business also this year, we got very, very handsome growth, which was on the back of volume as well as value. So volume was around 25%, 30%, and then we added another 15%, 20% of value growth. This year, probably because post GST and post coffee prices softening, I don't see that advantage of value coming in. But we are still committed to driving 25% kind of volume growth, which means that the value growth also will be in the same lines. So we are looking to drive that sort of growth going forward as well.

Moderator: The next question is from the line of Richa from Equitymaster.

Richa: My question is related to utilization at FDC capacity at Vietnam and the capacity enhancement that you have done at India. So what is the annual utilization? What is the run rate currently?

Praveen Jaipurjar: So I'll give you a broad picture. We don't kind of get into too much of details on capacity utilization. It works against us sometimes. But at a broad level annually, we have with everything put together, new old, everything put together, we are approximately 65% capacity utilization. And I cannot kind of go into details of Vietnam, India, but freeze-dried was a little higher utilization. As I told earlier also, the proportion of freeze-dried was better. So freeze-dried was higher than the average utilization, but average utilization remained at 65%. Last quarter was a little better at around 70%. So that's where it is.

Richa: And sir, this year, normally, you guide for that our volumes and EBITDA grow in tandem. But this year, our EBITDA growth absolute was more than well above 30%, while volume growth was 18% to 20%. So I mean, I understand that there is a mix of FDC and small packs coming in here. But going forward, is there also a possibility that our EBITDA per kg could moderate given the product mix and the fact that when coffee prices soften a lot of non-premium customers or traders also come in to get that volume. So would that be a fair assumption?

Praveen Jaipurjar: I think you asked a very precise question. Yes, there could be a possibility where it could soften. But as I have always maintained last time also, we were saying that we will try and kind of negate the pluses and minuses and keep it at the level that they are in, right?

So although technically, you are bang on when you say that there could be a situation where my proportion of FDC could increase. And as you rightly said, if the coffee prices are down, a lot of low-margin customers also come into the picture. So that could lead. But as I have told that we are continuously trying to build efficiency, small packs, trying to go to end customers. So all that will also help us, and we are very confident that we'll be able to, if at all, there is any negative impact negates to some of these actions. So hopefully, we will try and maintain the EBITDA per kilo going forward.

Richa: Okay. Okay, sure. And sir, also from a 2 to 3-year perspective, what kind of guidance would you give for your domestic and domestic sales and branded business, especially? Where could it be as a proportion of the total business? And will that end up becoming a better growth driver, let's say, 3 to 5 years from now, sir?

Praveen Jaipuria: Again, there are 2 aspects to it. One is that, yes, we are growing the business aggressively. What percentage to the total business will it become? I think that's not the right way to look at it because the other part of the business also we are growing aggressively. So that metric becomes irrelevant. What is relevant is that are we growing the B2C business much faster than the category? Are we gaining shares from our competitors or not? And are we making this business sizable enough for it to kind of give it back to the business?

And we are well on to this and not only in India, we are now looking to expand our B2C business in some of the other geography as well. And hopefully, we will keep building on this vertical as fast as possible. Now going forward, let's say, now the India business has become quite sizable at INR400-odd crores, it is no longer a very small business. It is quite sizable when you look at from a very -- on an absolute term basis. Now we are looking to kind of every 3 years, we would love to kind of double this and say that, okay, where do we go from there.

But -- and in the previous calls, we are also saying that we are also trying to see if there are some other categories we can kind of grow our business into. So a lot of our growth momentum will be dependent on how some of these things shape up. But yes, that's the intent that I would like to tell you that we are driving things very aggressively, not only in India, but trying to see if we can scale up outside India as well.

And in India, can we get into some other categories as well. So all of them is being worked upon. And yes, as a proportion, we'll try and keep increasing the proportion as much as possible.

Richa: Yes. So also, we keep investing back in the business as we grow at least for the next 3 to 4 years, right?

Praveen Jaipuria: Absolutely. Our intent is that we don't want to make this business as of now. We'll keep investing back into the business going forward.

Richa: Okay. Okay. And sir, my last question is if you could just guide us on the tax rate...

Moderator: I'm sorry to interrupt you, ma'am. We'll take the next question from Naem Patel from Bastion Research.



Naeem Patel: Congratulation on a good set of numbers. So I would just like to follow up on the last questioner's question that what the tax rate, what are we looking forward for that in next 2 to 3 years, considering we have capacity set up in Vietnam? That's my first question.

And secondly, on the B2C side, we have international brands as well. What sort of initiatives are we taking in on that account as well? Those are the two questions from my side.

Chaithanya Agasthyaraju: So regarding the first question the average tax rate at a consolidated level is a coalition of different, different -- multiple things. In the sense that we have entities which are at full tax, then we have a resident which operates at 15% tax, then we have a 115BAA entity, then again we have an entity which is completely not taxable. When we take an average tax rate at a consolidated level, you may have a bit of deviation year-on-year. Having said that, the average tax rate should be somewhere closer to 17%.

Praveen Jaipurjar: International, you were talking about the international brand. So yes, Percol now this year in U.K. alone is approximately anything between INR25 crores-INR30 crores and there is a bit of India business as well. We are looking to expand, not penetrate not only in the U.K. market with Percol, but we are now actively looking to take this brand in some of the other geographies as well. So we're talking to a lot of our partners across countries that how could we take this brand in some of the other countries now seeing this getting established in the U.K. market.

Naeem Patel: Understood. Just one last question on the cost of goods sold side. This quarter was on this spike in this quarter on year-on-year, this was largely due to the cost-plus model nature of the business and there is no inventory loss or anything. Is that correct way to look at it?

Praveen Jaipurjar: Yes, yes. Actually, it's not really about anything else because we work on cost plus. So the cost of goods sold could be dependent on the type of contract one is doing. So this quarter, we did a little bit of the proportion of lower margin contracts are higher. So the cost of good proportion is higher this quarter.

Moderator: We'll take the next question from Dipak Saha from Ashika Institutional Equities.

Dipak Saha: First of all congratulation on great set of numbers. My question is on the B2C side. So it's very heartening to know that on the quick commerce side, we are doing INR100 crores kind of a number for full year. So what I wanted to understand since there will be many markets where we would be mature in terms of compared to other micro-markets that we have gone?

What broad understanding currently we have that, we are giving 30%, 35% discount and after considering commissions and all at MRP. Now are there levers to grow that particular number or improve our take rate on some of the mature markets and which can eventually impact our overall revenue and profitability?

Praveen Jaipurjar: Yes, yes, definitely. So Dipak, it's actually directly linked to the equity that we are building. Brands with higher equity will command better pricing, lesser discounts, right? Also discount is a thing of competition is the same. So what has happened is that because of the aggressive growth that we have been seeing, there is also a very heightened level of competitive activity. So we have to keep maintaining pace so that we don't lose ground that we have gained till now.

So having said so, on a thumb rule basis as the markets mature, as the brands get stronger in terms of its equity, your margin profiles keep improving because then you are able to command a better pricing, right? So your discounts would be lesser and things like that. So that pattern will continue and more and more strength that we get, the more and more pricing power also we will get.

Dipak Saha: Got it, sir. And sir, what's the feedback on the Malgudi brand that we launched for snacks in our vision to create multiple pillars in the consumer business? So what's the response there?

Praveen Jaipuria: So the response is quite good there. We have done as I told very small 100, 150 stores kind of a pilot. There is a lot of response on various aspects. People have liked the product. There are certain variants where we are doing some product tweaking as well because there was certain feedback. And hopefully, in a couple of months' time, you should be seeing a more broader launch at least with some of the product categories. So yes, we are going to scale that up pretty soon.

Dipak Saha: Got it, sir. Sir, last 2 questions very quickly. We have 65% capacity and utilization and probably we are at 50,000 kind of a number. I know you guided for 15% kind of volume growth, but let's assume if at all we get an opportunity 20% then next year -- next 2 years, 20% kind of an opportunity, that will be still under 72,000 tons kind of volume aggregate. So overall level, even if this kind of opportunity arises that would not be constrained to our capacity utilization, right? We'll be able to deliver that kind of growth?

Praveen Jaipuria: Absolutely. Absolutely, Dipak, we'll be able to deliver that kind of growth we have that capacity and as I told earlier also we are also -- we are always on our toes-- we are making sure that any growth opportunity is not lost because of any capacity, even if it means that we have to do some strategic tie-ups, buy capacity from outside. And we have seen 4-5 years, 4 years ago when we were at 100% utilization, we did take that step to buy capacity from outside and not let the growth rates come down. So that goes without saying, we'll not let the growth suffer at all.

Dipak Saha: Got it. Last question, sir, on the interest cost side to CFO, sir, we have INR130 crores interest against FY '26. Now given our debt is gross level INR1,280 crores, INR1,290 crores right? So at least on interest cost side against INR130 crores, probably INR110 crores, around that number would be easily we can pull up and can save INR18 crores, INR20 crores around for the year?

Chaithanya Agasthyaraju: So we have a gross rate of probably around INR1,000 crores to INR1,200 crores levels next year as well, as indicated by CEO in one of the question. So if you take INR1,200 crores at an average rate of 7.5%, it translates to close to INR90 crores, INR95 crores. So somewhere around INR100 crores would be an appropriate number is what I can give you.

Moderator: The next question is from the line of Sanjaya Satapathy from Ampersand Capital.

Sanjaya Satapathy: Congratulations on doing so well. So my question is that there is a huge difference and volatility in your subsidiary performance that you report. And this quarter, for instance, the subsidiaries made hardly any profit, which is why the consolidated and standalone, there is not much of a difference in profit. And then this keeps fluctuating a lot. Can you explain that? That is one.



And the second thing is that it looks like there was a decisive shift in your revenue mix towards freeze-dried coffee. And that also you said that as a lower margin contract. Was it some kind of an entry strategy, which is why it is normally better profit should be expected out of the frozen -- freeze-dried, but it didn't materialize and it will reverse going forward?

Praveen Jaipurjar:

First and foremost is I think looking at subsidiary and trying to add that consolidated level is not the right way because the business is sort of centralized, wherein the production planning will have this thing to say that where -- what gets produced, which customer gets serviced from which this thing.

The business development teams at subsidiary levels could be doing a higher margin business in some quarter, lower margin business in some other. So all of these play a role and therefore, the consolidated level is a better picture to see. And I won't read much into subsidiary performance. And therefore, you see sometimes the volatility in subsidiary performance.

And the second part is freeze-dried. Yes, there was a higher proportion of freeze-dried, and this also depends on how the markets are shaping up. There are times when the demand for freeze-dried goes up, there are times when demand. And actually 2-3 years ago, if you look at long-term patterns, when the coffee prices are high, you will see that there is a little bit of a down trading and the coffee prices starts to soften up trading happens.

So all these factors play a role in deciding what would be the proportion. And we keep tracking some of these trends that are evolving and accordingly, not only do our business, but also build our capacities. So that's how we kind of play on this. A lot of it is not driven by us, but it is dependent on the market forces.

Sanjaya Satapathy:

Understood. And but typically to assume that the profit of freeze-dried is generally going to be higher?

Praveen Jaipurjar:

Yes. Profit of freeze-dried is always higher than spray-dried.

Sanjaya Satapathy:

Okay, okay.

Praveen Jaipurjar:

It's a more premium product, yes.

Sanjaya Satapathy:

There were some contract issue in this particular quarter?

Praveen Jaipurjar:

Not contract issue. It's more of a phasing issue. So there are quarters when we will do because it is all dependent on which customer at what point of time wants their goods and all that. So quarterly, there could be variations in the proportion. Some quarter you'll see higher proportion of spray-dried, some quarter lower proportion. So yes, quarter-wise this variation come. And therefore, we always maintain that it is best to see us on a slightly long-term perspective because quarters could give you a little varied picture.

Sanjaya Satapathy:

Last question...



- Moderator:** Mr. Satapathy, I'm sorry to interrupt you, sir. I request you to kindly rejoin the queue for follow-up, please. There are others who are waiting. We'll take the next question from Deepak from Sundaram Mutual Fund.
- Deepak:** Sir, my first question is with respect to our exports. So could you please highlight like out of our total exports, how much would be FOB based?
- Praveen Jaipurkar:** Most of it, almost if I take exports, 70% of our sales would be FOB based, right?
- Deepak:** Okay. And in the CIF-based contracts, are we facing any backlash from our customer to pass on the increase let say insurance or freight cost and since the Middle East started and we do export to U.S. and Europe as well. So any contract negotiation in terms of trade? Or are we able to fully pass on the logistics cost increase to them?
- Praveen Jaipurkar:** No. So if you have done the contract on terms and conditions, you will have to take on that, right? So any increase or any this thing in cost in CIF contract is not a backlash it is a actually a stress on us. So if we go back to them ask for increases, but it not happen all the time. So not all the costs can get passed through especially in CIF contracts.
- Deepak:** Okay. And sir, any disruption are we seeing, let's say, either in terms of any fuel availability or, let's say, shipping routes towards the Western exports? Or how are we managing it? Or is it like as of now, there is no such disruption that we have observed?
- Praveen Jaipurkar:** A little bit about supply disruption to the clients that we were servicing in the Middle East for some time, but we haven't seen any route disruption because it was only the Strait of Hormuz which was closed, which is only for -- mostly for oil, not for goods and all. And yes, there has been certain increases in the logistics cost. There has been certain increases in the energy cost. So that is there. Availability wise, we haven't seen any challenge, but there are challenges in terms of cost pressures on certain accounts.
- Moderator:** The next question is from the line of Samay Sabnis from Helios Capital.
- Samay Sabnis:** So when you're guiding for the volume growth of 15% next year, so then what is the blended utilization that we target to achieve in FY '27?
- Praveen Jaipurkar:** So when you say blended utilization, you are saying utilization of the capacity?
- Samay Sabnis:** Yes.
- Praveen Jaipurkar:** So probably from 15% on the basis that you can do a back calculation. We are looking at 7,000 to 10,000 additional tons of sales that could happen.
- Samay Sabnis:** So like you said 65%, right, for FY '26...
- Praveen Jaipurkar:** Yes. 65% will go to around 72%, 73%, If I were to be very specific.
- Samay Sabnis:** Okay. And then that becomes to what level in FY '28, which is when you look for...



- Praveen Jaipuria:** We are in the range of 78%, so that will around 80%, 82%, 85% maybe.
- Moderator:** The next question is from the line of Yogansh from Mittal Analytics.
- Yogansh:** Congratulations on a good set of numbers. Sir, most of the questions have been answered. Just one follow-up on your branded B2C business. So like it has been scaling really well. Last quarter, you mentioned about an EBITDA positive. So going forward, what is your expectation? Can we expect the EBITDA to increase? Or would you like to still maintain it and pull back the money to grow the business further?
- Praveen Jaipuria:** Yes. So we'll keep maintaining the same percentage level, which means that a large portion of it will be pulled back. As I was mentioning that we are looking at new regions, new categories. So we'll try to kind of develop that also. So it will be in an investment mode in the next 3-4 years.
- Yogansh:** Got it. And sir, broadly, can you also quantify what was the proportion of small packs in our overall business?
- Praveen Jaipuria:** So largely, it is around 20% or so. It used to be -- and I'm talking about broad this thing because on a very small quarterly basis becomes difficult to assess. But largely, it is in that zone. If you remember, 2-3 quarters or, let's say, last year, we were talking about a number around 15% or so. So it has increased and that has also helped us improve our profitability.
- And going forward, we are also -- and we have -- last time we had spoken that we are trying to see if we could go up the value chain as much as possible for a lot of more of our clients. So that endeavor will continue. And we'll try and see if we can improve upon this going forward.
- Yogansh:** Fair enough, sir. And just last one, if I can squeeze in. The new markets that you want to enter for your branded business, by when can we expect that? And what kind of scale should we think about those businesses?
- Praveen Jaipuria:** So this one is a little tough to answer, but just to give you a little color that where -- what are we trying. So of course, there is one market, which is the U.S. market, which we are actively evaluating that whatever the ways and means to enter that market. Vietnam is one more market which we are evaluating that because we have our setup there. So it makes a lot of sense to see if we can build something there.
- Now what is the scale that we want to build, that's a little tough to answer. But if I were to say U.K., let's say, it's already a INR30 crores, INR25 crores, INR30 crores kind of revenue, we probably are looking to kind of get to INR100 crores within 2 years or 3 years or so. So that's the kind of scaling up we will try and do there. As far as the other markets like U.S. and Vietnam, it's a little premature to comment on this kind of scaling because let us seed them first and see what is the kind of traction we are getting.
- I'm sure there are certain markets where we will go wrong as well. So it's not everywhere or everything that we do will be bang on. So a lot will evolve and closer to our evolution and our understanding that what is going right, what is not going right, we probably will be able to give



you a sense of scale. But whatever I can, I've given you a scale that how we are looking to build up some of these markets.

Moderator: The next question is from the line of Kenneth Mendonca from TCG AMC.

Kenneth Mendonca: I just wanted some color about for our B2C business about how the non-South growth has been? And secondly, while you have mentioned briefly about reinvesting profit generally, what is the medium-term profitability trend for the business?

Praveen Jaipurkar: The B2C business?

Kenneth Mendonca: Yes.

Praveen Jaipurkar: So of course, the non-South business is growing at a faster pace now. Yes, the bases are still very, very small, but we are putting a lot more effort into these markets to make sure that we build a sizable base here as well. As we speak, our market shares are also seeing positive movements in some of the key cities like Delhi, Bombay. So probably our efforts are also bearing fruits in these markets. So we are actively seeking to grow at a much higher clip in these markets than the South markets. So that is there.

As far as the profitability, I already mentioned that we probably are at around 4%, 5% EBITDA level. We'll keep the EBITDA levels there so that all the additional profits are plowed back into building the brand and growing the business. So that will be our model. So next 2-3 years, I don't think so we will look to. So we'll keep the EBITDA levels at the same percentage level.

Kenneth Mendonca: Sure, sir. And my last question is just given that you mentioned that we are seeing heightened costs due to freight insurance and given that largely we are an export business. Do we expect any sort of impact on margins despite the guidance you've given?

Praveen Jaipurkar: So of course, last quarter, there was a bit of an impact, a little impact that we saw. But what I see as we speak, I'm seeing much more stability and hopefully, we'll keep our fingers crossed that things only improve from here.

So we don't see much of -- because since 100% of our business is on cost plus and 70% is on FOB, a lot of our -- these kind of fluctuations we are insulated against. So therefore, there won't be much of an impact. But I'm hoping and we all are that the situation improves from here. So we don't see much of an impact on the guidance that we have given.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Praveen Jaipurkar for closing comments. Thank you, and over to you.

Praveen Jaipurkar: So thank you, everyone, for joining the call. I appreciate Ashika Institutional Securities for holding this call, and we'll all meet in the next quarter. Thank you, everyone.

Moderator: Thank you, members of the management. On behalf of Ashika Institutional Equities, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.