



Date: 12.08.2025

To The Listing Department, National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra East, Mumbai – 400051. Scrip Code: CCL	To The Corporate Relations Department, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001. Scrip Code: 519600
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Dear Sir/Madam,

Subject: Transcript of the Conference Call held to discuss the results of Q1 FY 2025-26 as required under Regulation 30 of SEBI (LODR) Regulations, 2015

With reference to the above-mentioned subject, we wish to inform that,

- i) The copy of the Transcript of the Conference call held on Wednesday, 06th August, 2025 to discuss the results of the first quarter of the financial year 2025-26 is enclosed herewith.
- ii) The Transcript is also uploaded on the Company's Website and the web-link for the same is:
<https://www.cclproducts.com/wp-content/uploads/2025/08/Q1-Earnings-Call-transcript-2025-26.pdf>
- iii) The List of Management attendees is stated in the transcript.
- iv) No Unpublished Price Sensitive Information was discussed in the call.

This is for your information and necessary records.

Yours sincerely,
For CCL Products (India) Limited

Sridevi Dasari
Company Secretary & Compliance Officer

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CCL Products (India) Limited
Q1FY26 Earnings Conference Call
August 06, 2025



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) LIMITED
MS. SRIDEVI DASARI – COMPANY SECRETARY – CCL PRODUCTS (INDIA) LIMITED

MODERATOR: **MR. MANISH MAHAWAR – ANTIQUE STOCK BROKING LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to the CCL Products (India) Limited Q1 FY '26 Earnings Conference Call hosted by Antique Stock Broking Limited. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manish Mahawar. Thank you, and over to you, sir.

Manish Mahawar:

Thank you, Anushka. Good afternoon, everyone. I'm pleased to host today's earnings call of CCL Products. We have leadership team represented by Mr. Challa Srishant, Managing Director; Mr. Praveen Jaipuriar, CEO; 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. Jaipuriar for opening remarks, post which we will open the floor for Q&A. Thank you. Over to you, Praveen.

Praveen Jaipuriar:

Yes. Thank you, Manish, and thank you, team Antique for arranging the call. Good afternoon, everyone. I welcome you all to the first conference call of '25-'26. Let me just give a brief overview of company's performance for the first quarter. The group has achieved a turnover of INR1,058 crores for the first quarter as compared to INR774.6 crores for the corresponding quarter of the previous year, achieving a growth of 37%.

So this incidentally is the first time we achieved a turnover of INR1,000 crores in a quarter. The EBITDA stands at INR161.43 crores as against INR131.62 crores, which is a growth of 23%, while PBT is INR131.62 crores, growing at 8% and the net profit stands at INR72.45 crores with a growth of 1%.

The PBT and PAT got impacted due to higher interest and depreciation component. The domestic market where we sell our branded products continues with its growth momentum and we clocked approximately INR150 crores in the first quarter itself.

Out of this INR150 crores, almost INR100 crores was from brand and the retail business. So -- and because of this aggressive growth, there is a continuous market share gain across the channels and across geographies. As far as the green coffee prices are concerned, they have softened 20% or so or 20% to 30% in the last 2, 3 months. However, there is -- still there is a lot of volatility in the market.

Every day, we see a lot of ups and downs that is happening, which is making the buyers -- still the buyers are very tentative. The period between the Brazil crop, which is ending now the harvesting of Brazil crop and the harvesting of -- starting of the harvesting of Vietnam crop, which happens in December time, I think this is a period of wait and watch for all of us because if prices were to remain stable during this period. Then it augurs well in terms of the price softening and stabilizing post the Vietnam crop. So that's a little brief from our side. I open the house for questions now.

Moderator:

We take the first question from the line of Akash from CC Products.



Akash:

Congratulations on good volume numbers. I just had a few questions regarding the volatility in margins because I know the correct way to gauge your company's EBITDA number as you have previously mentioned. But the huge variations in quarterly margins, what do you think is a stable number to look at?

Because I can understand with coffee prices decreasing, your EBITDA will be the same and therefore, margins will increase if the coffee prices stay the same. But then what is the good way to see your margins, sir? Because there's a huge volatility quarter-on-quarter?

Praveen Jaipurkar:

Yes, absolutely, Akash, you're right. And this volatility is simply because our selling price is related - we operate on a cost-plus model. So our selling price is related to coffee prices. And if the coffee prices fluctuate, EBITDA as a percentage to top line becomes very confusing. So the right way and that is what we have guided that the right way is to look at your EBITDA growth numbers.

So in most - last 2, 3 years, we have always guided that our EBITDA will grow in line with our volumes. And we have given a guidance of 15% to 20% volume growth and EBITDA growth year-on-year and that is what we have been maintaining.

So if you see our EBITDA growth at a consolidated level, it is at 23%, which is what one should look at that is this growth momentum being continued or not. And that is how we internally also look at that - are we maintaining this momentum or not?

Because there are a lot of other factors apart from the coffee prices also that determine this percentage to - EBITDA percentage to top line, things like what is your product mix, what kind of clients you are serving, what kind of pack sizes you are serving. So these are all determined and there could be quarterly fluctuations in terms of what kind of product mix was there, what kind of client mix was there, what kind of pack size mix was there.

So therefore, keeping all of this in mind, we have always guided that you should look at the growth figures when it comes to EBITDA. And our guidance has always been 15% to 20% and that is what we have been maintaining for the last 3, 4 years. And that's our aim to kind of at least for the next 3 to 4 years that will be our aim to maintain that kind of a growth momentum.

Akash:

Okay, sir. Just a follow-up, sir. With Brazil having 50% tariff, okay, and most probably the coffee prices will be - the coffee prices will be passed on with 50% tariff. Is there any chances of those coffees getting rerouted to countries like Vietnam and India for processing and therefore, we stand at advantage for that? Is this a possibility?

Praveen Jaipurkar:

So there is definitely a possibility because of 50% tariff, they would want to sell the coffee to other regions as well. The good thing about us is that both at India and Vietnam, we are placed in such a manner that we can buy coffee from across the world.

So that gives us a lot of flexibility, which is not necessarily there with a lot of producers across the globe. So whether Brazil coffee gets sold in Vietnam at a good price or Vietnam coffee comes down because of our flexibility, we are always in an advantageous position.

So either way, we are not speculating or wanting to kind of double guess the market that what will happen. We are taking as things come along because anyways, we are in a good advantageous position.

Moderator:

The next question is from the line of Abneesh Roy from Nuvama.

Abneesh Roy:

My first question is on the India coffee costing. Based on the current tariff structure, and these can change, we all know that? But if we assume that this is the current India tariff structure and this is the current Brazil tariff structure and then taking the international price of coffee, my sense is international coffee has corrected 30% from the peak, if you could confirm that.

And based on the 2 crops which we have, Robusta and Arabica, what will be your sense if we ignore the tariff-related noise and based on the supply/demand, what will be your expectation? You expect more coffee correction in India on the - in terms of the India prices?

Praveen Jaipuria:

So Abneesh, you're right, there's a lot of flux in the market and that is actually - has kept all of us guessing. First and foremost is tariff. Tariff also, we all know while the statement come at a very broad level that there are 20% tariff or 25% tariff or, let's say, 50% for Brazil.

The final prints have to be read because there are a lot of segments which they are also choosing to kind of let go. So that is keeping all of us guessing that what is going to happen. But leave alone that fact because at both India and at Vietnam levels, the tariff structures as of now comparatively are at an advantageous position because Vietnam is at 20% and India at 25%. So we don't see any disadvantage on that front as of now.

Now coming to your second part of the question that with 30% lowering of coffee prices, see, anyways, we work on a cost-plus model. So any lowering of prices or any table lowering is -- while it is good news on the front that our holding costs become lower and therefore, our requirement for working capital becomes lower, it does not affect our margin profile.

In terms of growth prospects, one has to see because we have discussed this in many number of times that any growing price hikes and declining prices actually are not good news. The good news is when the prices are stable. That's when the clients get committed towards longer contracts towards more volumes. So that is the situation.

Today, what has happened is that while the prices have corrected 30%, if you see every day, there is almost \$100 fluctuation up and down, up and down that is happening. So everybody is in a little guess mode and people are trying to double guess what's going to happen in terms of prices going forward.

So people are a little noncommittal at this point of time. And that's the reason we said that this interim period between Brazil crop ending and Vietnam crop starting will be a key period for all of us to watch because if the prices hold on to these levels till the next - for the next 3, 4 months and then the Vietnam crop arrives, then I think it will be good news for all the buyers as well as manufacturers because price would have stabilized. And that in turn kind of augurs well for all of us.



Abneesh Roy:

I understood the cost-plus model. Wanted one follow-up here. In terms of the supply side, say, the crop quantity, et cetera, in Brazil, is it a good increase versus last year and versus the demand side, is it good? Vietnam crop, you said 3, 4 months. So I think it will be a bit early to really guess there how the supply side is. If you could comment on this.

Praveen Jaipuria:

So actually, yes, Brazil crop, there was a good flow of Brazil crop this year. And that is actually - that was a trigger point for the prices to start softening. And the good part was that the prices softened not only by 30%, but for good now 2, 3 months, the trend has been on the softening side. So that's a good indicator as of now.

So yes, Brazil crop, we had a good flow this year. But more than that, Abneesh, a lot of - if you were to match the supply and the demand trend for last 25, 30 years, you will see that the difference sometimes is not more than 4% to 5%, but the speculation and the market spiral kind of make the coffee prices go up by 40%, 50%.

So actually, what happens is that coffee because of the fact that it's the second most traded commodity after oil, there's a lot of interest and therefore, leads to a lot of speculation as well. So yes, but to answer your first question that has the supply been good? Yes, the supply from Brazil was good this year.

Abneesh Roy:

Sir, my second and last question is on the 2 line items. Depreciation, 45% Y-o-Y increase, 24% quarter-on-quarter increase. Does the number stabilize at this INR34 crores number? And the lower coffee costing, you did say the working capital needs will reduce. So interest cost at INR34 crores, that should hopefully reduce if we assume this 30% lower costing will continue?

Praveen Jaipuria:

So both the answers are yes, Abneesh. First one is about that these are peak levels of depreciation, yes, because after first quarter of last year, we commissioned both our India unit and Vietnam unit in the last quarter.

So now the full depreciation is coming to the books and therefore, these are the peak levels. And secondly, interest cost, yes, again, these are peak levels. Considering 2, 3 things that, one, because of the cash flows, we will be able to, over a period of time, start retiring the debt.

Our working capital requirement if the coffee prices remain at the levels that they are, will also come down. So, all of these - so improved cash flow, working capital coming down would mean that the interest outflow will be lower. But yes, there is a lag effect that happens because we do hold 2 months of - because of our order book, 2 months of inventories, which will be at higher prices.

With that lag, I think from next quarter end onwards, we can start seeing some relief on that front as well.

Abneesh Roy:

And could you confirm gross debt, net debt and cash levels?

Praveen Jaipuria:

I'll just ask Chaithanya to kind of give you this number.



- Chaithanya A.:** So, the debt as of 30th June stands at INR1,671 crores. It was INR1,812 crores as at 31st March and INR1,974-odd crores as on December '24. So from INR1,974 crores in December '21, we have brought it down to INR1,812 crores and now it is INR1,671 crores.
- Abneesh Roy:** This is gross, right, or net?
- Chaithanya A.:** Yes. Net debt.
- Moderator:** The next question is from the line of Abhishek Navalgund from Centrum Broking.
- Abhishek Navalgund:** Congrats on a good operating performance, sir. So first question is on basically India and Vietnam SDC capacities, which we have started like 1, 1.5 years back. So possible to share broadly the utilization levels at both these capacities?
- Praveen Jaipurkar:** So Abhishek, because of the fact that a lot of new capacities have come in a staggered manner, very difficult to break everything down. But largely, let's say, if I were to kind of -- we have doubled the capacity. So one way to look at it is that our existing capacity, which was there is running at full capacity level.
- And the new capacity, we have started utilizing around 10% to 15% of that capacity. So at an aggregate level, you could say 60% of the utilization is there. So that is where we are on the capacity utilization.
- Abhishek Navalgund:** Sure. Sure. And you spoke about the B2C part also. Is it possible to also give some color on the Percol outlook in U.K., maybe from this year or next year's perspective?
- Praveen Jaipurkar:** So Percol, Abhishek, as we've kind of at least turned the downward spiral that Percol was in. This year, we are looking to double the value from last year. So last year, because we were kind of ending the takeover formalities, we were doing around -- just to give you a brief idea on the top line, around INR15 crores, INR16 crores, we are looking to double that this year.
- So that's what's happening in U.K. We are going for a lot of relisting. The challenge in U.K. is that you only get -- there are designated times for listing in U.K. stores. So we have to wait for that full cycle to get over for new listings and all that. We are getting very aggressive on Amazon.
- And the good part is we have started to build the brand by spending on social media and outdoor to make sure that we build the brand on a sustainable basis. So that's the brief on the U.K. Percol plan. U.K., India, we just launched a couple of months back. You would have seen a lot of activity, especially in the print media and all.
- So we are again looking to build this brand as a premium offering in the Indian market, trying to capture the niche premium segment in the Indian market. So too early to give any numbers or any listing directions.
- But yes, things are moving good. We are now selling on almost all the platforms. We are very particular about putting it in very, very niche modern retail outlets. So all that work is, as we speak, is going along. We'll wait for a couple of quarters for us to kind of get a firm hold on the kind of feedback that we are getting from this launch in India.



- Abhishek Navalgund:** Sure. Again, coming back to the B2B, sorry. So is it possible to share what percentage of our orders are, let's say, on spot basis? The question I'm asking - the reason I'm asking this is basically just wanted to understand in a gradually declining pricing scenario, is it possible to quantify any inventory loss during the quarter, if any, or there is no such thing for the spot order segment?
- Praveen Jaipurkar:** There's not much of change, Abhishek, because while the prices are falling, I mentioned that in both rising and falling markets, there is a sense of tentativeness. We'll look to see how stabilization happened. But as I told earlier also that we have full visibility of the quarter, almost near to 50%, 60% of the visibility for the subsequent quarters. So that stays - see, our long-term clients, they stay with us.
- Only thing is that instead of giving me a 12-month contract, they will give me a 3-month contract or a 4-month contract. So that is how it is still panning out. There's not much of a difference. But we have a feeling that going forward and as we close into the Vietnam crop cycle, we will start seeing a lot more long-term contracts coming in.
- Moderator:** The next question is from the line of Shirish Pardeshi from Motilal Oswal.
- Shirish Pardeshi:** Just 2 quick questions, Praveen. The prices have come down very severely. So just more curious, what is the high-cost inventory we are holding at this point of time in terms of number of days or in terms of sales?
- Praveen Jaipurkar:** So Shirish, whatever inventory what we hold is what we have sold already. So there is no inventory which is loose inventory with us. We don't buy inventory at all, yes. But generally, yes, we - because our - you know that 3 to 4 months of - we have definitive contracts which are there, the volumes are sold. So at any point of time, we would hold 2 to 3 months of stocks with us.
- But all of this is sold stocks. So we don't - we're not holding any inventory. So prices going up and coming down doesn't bother us. What bothers us that there shouldn't be much of a fluctuation around in the market?
- Shirish Pardeshi:** So you mean to say that the price drop for the inventory is immediately can be passed on because we have a cost-plus model?
- Praveen Jaipurkar:** Yes, we have a cost-plus model and we buy after we have sold. So price drop can be passed on to the customers. So today, we will do a contract at today's price.
- Shirish Pardeshi:** Okay. My second question is on the outlook. You mentioned that Brazil is already dropping and Vietnam is also looking good. But in that context, if I go back exactly 90 days before the customers were having the order, but they were not giving you the visibility. But is there any behavioural change which has happened, sentiment change happened, people are now giving you maybe 90 days inventory visibility?
- Praveen Jaipurkar:** So as I was telling, Shirish, that our long-term clients, they give us a visibility. Only thing is that we only advise them not to go for very long-term contracts in terms of volatile market situation.

So we know we have a visibility. But there are 2 things. One is having a visibility and that is the reason we have expanded our capacity. We have given aggressive guidance.

Otherwise, we wouldn't have given this aggressive guidance if we didn't have visibility. The only thing is that if you ask me that do I have a confirmed contract in my hands for next 12 months, probably not. That is when we say that, okay, for the next 3 to 6 months, I know that the contracts are there in the hand.

But in terms of visibility, yes, there is a behavioural shift now people are breathing a sigh of relief because a lot of these price -- there has been an incessant price increase for the consumers also in the market across the globe. And last 2 years, there has always almost -- there is a price increase of 40% or so, which is very steep in any consumer goods category.

So what it does is that it probably puts a stress on the consumption pattern. So now brand owners and suppliers and retailers, they are obviously breathing a sigh of relief because at least they'll be able to kind of either reduce prices or hold on to the prices. And this will mean that there will be a consumption drive that would again come back to this category. So I think on that front, it is there. Yes, it will translate to orders as we go along because obviously, everybody wants to make sure that things are settled now going forward.

Shirish Pardeshi:

That's exactly my point, which I was trying to understand. With this visibility, the volume what we have reported this quarter, does that give the confidence that we will be able to maintain or surpass the volume in second quarter?

Praveen Jaipurkar:

So absolutely, it gives the confidence. And that's the reason, Shirish, even when the prices were going at a buzzer pace, our confidence on volume growth was always intact because ultimately, there are 2 things that - not - in fact, not 2 things. There is only one thing that we are concerned about. The consumption should stay intact.

As long as people are drinking coffee, we are in the business. And because of the competitive edge that we bring to the market and that's the reason we - so even when the prices were at INR5,000 levels, we were confident and we had given a guidance that we will grow at. Yes, we had kind of broadened the guidance from a very sharp 15% to 20% to 10% to 20%, but that was about it. We were always committed to that kind of a growth and that's what we have delivered in the worst of times when the coffee prices are at such high level.

Moderator:

We take the next question from the line of Bhavya Sonawala from Samaasa Capital.

Bhavya Sonawala:

No. Yes. So just want to know has volume growth been in line with the EBITDA growth that we usually always -- yes.

Praveen Jaipurkar:

Yes. Yes. So it's not exactly in line, probably a little lower than the EBITDA growth. But yes, almost the same pattern continues for us.

Bhavya Sonawala:

Okay. And just wanted to also understand our investment going ahead in the branded business that - which we are already in coffee and plus now we have started snacks, which I understand

is going to be a pilot. But in the next 2, 3 years in terms of advertising and any other further investments, can you just throw some light how that is going to pan out?

Praveen Jaipuria:

So Bhavya, I think what investments we are doing is largely to build the brand. We are not doing any investment in terms of capex as far as B2C is concerned. Even if we are getting into new category like snacks, we are going for third-party manufacturing.

So all the investment is on the brand. And what we have now since the brand business itself is profitable, so what we are doing is instead of making the brand, we are trying to kind of plough in the profits going forward.

And that's the reason we have been experiencing such aggressive growth and we are looking to maintain this momentum by maintaining the spends that we have been doing. And in fact, as the brand is growing, we are, in fact, increasing the spend as well.

So that is something that we'll continue to do because not only we have coffee itself, we are very small right now. There is a large scope to grow. But also now we are kind of spending to build on some of the other categories right now at very test market levels. But I'm sure soon we'll start investing there also in terms of brand building. Nothing on the capex side.

Bhavya Sonawala:

Understood. Just a last question. By the year-end, do you see the branded business around INR400 crores, INR500 crores? Is that something that is on the paper?

Praveen Jaipuria:

So I think you have given as broad guidance that we have been giving, INR400 crores to INR500 crores. Definitely, first quarter itself, we have done INR400 crores. So definitely, we are going to touch INR400 crores.

Now how far we go beyond INR400 crores is the question that we all have. We are putting all the measures and all that, all our might to make sure that we go as far as possible.

Moderator:

We take the next question from the line of Richa from Equitymaster.

Richa:

Sir, I just wanted some more insights on with this different tariffs that are being imposed. Okay. I'll just try again. I just wanted to understand that with this tariff, what is the sourcing pattern in the U.S.? How much of -- what is the Brazil share versus India share? And are you witnessing increased inquiries from the U.S. customers with this tariff talk?

Praveen Jaipuria:

So it's a yes. Actually, there has been increased inquiries. But with this tariff also, there is a lot of layers into these tariffs. And every day, everybody is discovering newer things. So while Brazil has had 50% of tariffs, we still are trying to figure out that what is the -- because when Trump announced the tariff, he just gives a statement -- broad statement that 50%, 25%, 20%. But in between the lines, there are categories which are getting exempted.

For example, U.S. said that all the agri products which they don't grow, will be 0 tariff. So there are news like these also. So we'll have to see -- we have to let the dust settle down. Yes, there has been an increased inquiry, but has it quickly translated into sale? As of now, I can't say for sure.

But yes, we are dealing with those inquiries as far as possible because while Brazil has got 50%, Mexico has got a leeway for another 90 days. So there are these kind of lots of, let's say, what should I say, fluidity in terms of this tariff thing.

The whole world is under confusion and it will take a little bit of a time for us to understand where things are going. But yes, we are getting more inquiries and we are addressing them as far as.

Richa: Okay. And sir, my second question is on the tax rate. I see some sharp variation. So if you could just guide us where the tax rate could land over the next 3 years?

Praveen Jaipurkar: I don't think so there is a variation. We are at full tax rate in India. So whatever the profit that flowed in, in the stand-alone, that profit, whatever tax was applicable, that is there. Otherwise, it remains pretty much similar if you were to see. And this tax is under MAT credit. So a portion of it kind of just gets into the book. But otherwise, in terms of cash flow, it improves the cash flow. So it is actually good in terms of cash flow. Yes, on the books in the P&L, it does show as that.

Richa: Okay. Okay. And sir, I just wanted to understand, if I may ask one more question. What would be the margin difference between FDC and SDC?

Praveen Jaipurkar: Again lot of - here, Richa. The margin difference on a base to base thumb rule level could be anywhere between 30% to 40% between an SDC and FDC, but really depends on what kind of -- sometimes even SDC, very high-quality SDC is also equally margin -- you get high margins there also. So it depends on blend, the type of pack, the type of customers, lots of layers into it. But yes, as a thumb rule, one could say that FDC would be 30% more margin than SDC.

Moderator: The next question is from the line of Deepak from Sundaram Mutual Fund.

Deepak: Sir, could you please highlight what was our Y-o-Y volume growth for Q1 quarter?

Praveen Jaipurkar: So it was almost double digit, yes. So -- and that's a little lower than the EBITDA growth because we got better margins this time as well, like it happened in the last quarter as well. So that is how we should look at it. So a double digit volume growth leading to around 23% EBITDA growth.

Deepak: Okay, sir. Double digit, meaning, let's say, between 11% to 12% or 12% to 14% means?

Praveen Jaipurkar: It was very difficult for me. I'll tell you what. This is something that we don't -- we give a little broader guidance on this because this is also sensitive information, which kind of leads to a lot of poaching and sort of understanding about us by the competitors.

So we stay a little this thing, broad on this in terms of our explanation. But you could -- as I told you, volume growth and EBITDA growth generally go in line. But for last quarter also and this quarter, we have seen much higher EBITDA growth than the volume.



So if the EBITDA growth is at 23%, we're saying that we have got double digit volume growth, yes. So double digit means somewhere lying in between. I don't want to push it towards the higher mark. So you could kind of take the mean medium mode of 10% to 20%.

Deepak: Okay. And sir, in this domestic business, which we clocked around INR150 crores, are we EBITDA-positive in that business or we are still to breakeven at EBITDA level as well?

Praveen Jaipurkar: No, last to last year itself, we broke even. Last year, we were positive. And this year also, we will be, in fact, more positive. But yes, we are not kind of keeping -- we are clawing back as much as possible, whatever the brand requirement is, whatever it requires to build the brand, whatever it requires to be aggressive as we have been because there's a lot of aggression in terms of the branded business, we are growing very handsomely. So we are ploughing back a lot of money. But it is -- yes, even after clawing back, we are year-by-year increasing our EBITDA margins on the branded business.

Deepak: Okay. Is it in, sir, higher single digit? Or is it, let's say, below 5%?

Praveen Jaipurkar: No, no, no. So it's -- this year, last year was around 4% to 5%. Before that, I told you we broke even. And this year, we'll be again between 5% to 10%. But the good thing is that whatever now since last year, what we -- the interesting thing is that the additional volume that is coming is coming at a very -- because all the breakevens and negatives are already built in the base.

So which means that if we are adding, let's say, INR100 crores to the branded business, that INR100 crores is coming at a much higher EBITDA margin, yes. So in fact, almost as much as equal to the company EBITDA margin. So now the incremental business is now no more margin-diluting. It is kind of adding to the margin.

Deepak: Okay. So even that should be helping our this 22% EBITDA growth as well?

Praveen Jaipurkar: Absolutely. Absolutely. All of it. So there are a lot of things that has helped us and that being one of them.

Deepak: Okay. Okay. And sir, last question in the past con call, you have highlighted that you wanted to expand in some U.S. market for premium coffee and then again, Southeast Asia market. So can you just elaborate what is the broad strategy around it means has something changed in the last 6 months given the volatility of coffee prices? Or our strategy remains the same more or less and we are focused on premium at the Western world and, let's say, more economic coffee at the Southeast Asian countries?

Praveen Jaipurkar: So yes, more or less, our strategy remains same. It's very simple. There are 2 sets of consumers we are wanting to target. One is the Indian diaspora because now our brand has become very -- brand awareness in India has become pretty high, which means that the Indian diaspora is now -- they know our brand.

So with the current brand itself, our own brands, Continental, we are wanting to serve the Indian diaspora. So wherever we have got a reasonable amount of Indian diaspora, we would be wanting to launch our brands there.

And for the Western diaspora or the local diaspora, we are using brands like Percol and Rocket Fuel, which we acquired last to last year to serve the premium or the more coffee or a blend, which is more tuned towards the local diaspora. So that is our strategy. We are working on that.

And as and when -- because even in U.K., now that the brand is gaining momentum, there is a brand work happening, brand building happening. So a lot of European markets, we will look to kind of seed the brand because once it is known in U.K., awareness is there, then other countries also, they start showing signs of demand.

So that is the strategy for Western diaspora for Percol and Rocket Fuel and for Indian diaspora, our current brand. So that strategy remains the same. And the Southeast Asian market is actually not a low coffee market, low-cost coffee market. It is actually more of a premix market.

So that is the strategy we will -- we are looking to kind of enter the market, that product strategy of how can we enter through premix. So all that work is happening at the back end. And as and when we are ready for launch or some news is there, we'll share it with you.

Moderator:

The next question is from the line of Anand S. from Avendus Spark.

Sundar:

This is Sundar from Avendus. Sir, couple of questions. If you were to look about a couple of years ago, we had this phenomena when Robusta prices did decline. We had a huge variation between Arabica and our volumes had a significant uptrend.

Now is that something that we can expect with keeping in mind that there has been higher production numbers factored in, especially for Vietnam Robusta going over in the near to medium term and volumes resuming back to about a 20% number?

Praveen Jaipuria:

So basically, what happens is that for a short period of time, even 2 years ago when the Robusta did not kind of come down and come very close to Arabica, these are short-term phenomena because over a period of time, the table corrects itself because Arabica is used a lot for fresh coffee and a lot of fresh coffee is being used in the more developed economies.

So what happens is that if the price kind of if Arabica and Robusta, they come close to each other or go very far from each other over a period of time, the table corrects and they have that kind of a difference, which is a 30% difference that autocorrects and comes to that level.

So that is there. Currently also that difference continues to be there. And while Vietnam is a lot more about Robusta. So when the Vietnam crops comes, that's a correction time for Robusta this thing.

Now Brazil is also growing Robusta. So they also have a good flow of both Arabica and Robusta. So we don't see much of a closure -- closing of the gaps or the gaps widening beyond the justifiable limit. So they are in -- the gaps are there, the rightful gaps are there in the market.

Sundar:

Just a follow-up in terms of Robusta prices with Robusta prices already down about 30% in the last month and anticipated to further go down with great number Robusta production expected

to be as it was there in FY '22. What kind of debt levels can get reduced from our books on price corrections?

Praveen Jaipuria:

So the debt levels will reduce on 2, 3 fronts. One is, of course, the cash flow. Now we are done with our capex. There's no new capex there. See, all the cash flow that we will generate will be used to retire the debt.

That is one. Second is that with 30% -- if the 30% price reduction stays on track, so the working capital requirement over a period of time will come down by 30% like-to-like when we speak about it. So that should be there.

So we will see this happening towards the end of next quarter. And that is, again, with the quote that the prices stay where they are. So we'll start seeing these kind of reductions. And hopefully, by the end of the year, I cannot pinpoint a percentage, but there will be a reasonable drop in our debt level.

Moderator:

We take the next question from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer:

My first question is due to the tariff that has been imposed on Brazil of 50%, I mean, there's a lot of reports coming up saying that the additional beans might make possible to -- might make way towards China and EU. So considering I remember from our earlier calls where we have said that we targeted China and Middle East as a market where we see potential growth. So how does this new set of competition that we foresee due to this tariff situation?

Praveen Jaipuria:

So fundamentally speaking, yes, these news are there, but Brazil green coffee coming to China and other places, see, we also have our setup at Vietnam. So in fact, last time, if you remember, we had also told that last year, because the Brazil coffee prices went below Vietnam prices, we also bought a lot of Brazil coffee.

So when these news comes, these are largely about green coffee itself. In terms of instant coffee, I don't see Brazil had advantage over us if they want to sell in China, right? Because from Vietnam also, there is no duty to China.

And our logistics will be much faster there than the Brazilian products. So I don't see Brazil having an advantage in Asia because they want to supply more to Asia because of the U.S. tariffs. And if this tariff was to continue for Brazil, I think it will give us an advantage in U.S.

So it's a good news for us because we will not lose any advantage in the non-strong Brazil market, but we will get an advantage in the Brazil strong market like U.S. So let us see. But as I told you in one of my answers to the previous questions that we'll need to see how the dust settles because while these are -- again, we are quoting broad numbers of tariff 50%, 25%, 20%.

We also know even if India is at 25%, some of the iPhone components and iPhones and pharmaceuticals, they have either been kind of given leeway for that or they are thinking to reduce tariff to 0% on those product categories.

So let's see how things settle down, maybe for coffee because they don't grow coffee U.S., they may also want to kind of give leeway on coffee imports as well. So we will wait and watch on this front. But as of now, things are pretty fluid and double guessing is not going to help any one of us.

Vignesh Iyer: Right, sir. On my second question, on our interest part of this quarter -- the last 2 quarters now, we've seen around INR34 crores of outflow when it comes to interest. With prices coming down, can we more or less say that this could be the peak interest cost and some type of short-term debt will be reduced due to lower working capital requirement?

Praveen Jaipurkar: Yes, yes, 100%. These are peak levels, won't go beyond this. Going forward, this will only come down. But as I was telling you, because of the lag effect, it may take a little time, but definitely, the interest cost will be on a downward trend itself. You want to add something, Chaithanya?

Chaithanya A.: In addition to what Praveen has highlighted, we have a debt reduction plan in place now. So the gross debt will come down over a period of time. But as pointed out by Praveen, there will be a lag in terms of reflection in interest cost. Interest cost will obviously come down but with a lag.

Moderator: The next question is from the line of Gopinadha Reddy from PNR.

Gopinadha Reddy: Sir, coming to Continental brand that we are selling in India as retail, when it comes to instant coffee small packets, last time -- last conference you said that to maintain the prices...

Moderator: Sorry to interrupt, Mr. Gopinadha. We are actually not able to hear you. Your voice is breaking. Could you please fix that?

Gopinadha Reddy: Okay. I'll repeat it. When it comes to Continental brands in India in retail, sir, when it comes to small packets, due to the coffee price increase, we said that we are changing the mixing of roast mixing of chicory and roasting and that has changed the taste, obviously.

Is it not going to impact our brand image when it comes to a particular brand, the customer expects that particular brand to have particular taste, right? How are we looking into it?

Praveen Jaipurkar: So there are 2 things that we do. Internally, we make sure that the taste doesn't change, right? So we do very strong consumer test and only then we release any blend or any blend change. So this is done with utmost care so that the final taste doesn't change. So that is something that we take care because with the brand, we don't want to -- as you rightly said, the taste change should not be there.

So we don't take any blend change without doing any consumer test. So very strong consumer test happens, very detailed consumer test, only then when we get a final pick on that, only then we proceed.

Gopinadha Reddy: Okay, sir. I got the feedback from customers, so I just said whatever I got to know that that will be...

Praveen Jaipurkar: I'll be happy to kind of -- if you could share the feedback with -- on our website or on other mail, I'll be happy to engage and then kind of take it up with our R&D. But that is something that we

make sure that we don't kind of tamper with the taste at all. But would be happy to kind of take this feedback.

Moderator: The next question is from the line of Vaishnavi Gurung from Craving Alpha Wealth Fund.

Vaishnavi Gurung: I just had 2 quick questions. The one was on the revenue split, if you can provide by geography for the company. And the second one was which plans to reduce debt, what debt level we can expect in next -- for 1 year?

Praveen Jaipuriar: Okay. So first thing, let's say, if I were to give you a sense of a feel of the geographical split, out of our exports business, around 10% or so comes from the American market, around 35% to 40% comes from European markets, including Russia and the CIS countries. And the balance 35%, 40% comes from Asian markets with very little business in, let's say, Australian market. So that's the split in terms of our export market.

Add to this, again, our brand only right now is selling in Indian market. Yes, a little bit of it of Percol has now started to sell in the U.K. market. So that's broadly the split between the markets. And the debt levels, I think, Chaithanya, you could give a color by year-end, it should be...

Chaithanya A.: So I think it was said in one of the previous question. We were at INR2,000 crores as of December '24, we brought it down to INR1,805 crores, plus the reduction of close to INR150-plus crores this quarter.

Then again, in this quarter from March to June, we brought it down by additional INR170-odd crores. So our target is to take it to INR1,500 crores probably by September and additional INR150 crores by end of December.

Vaishnavi Gurung: Sir, can you please repeat the number?

Chaithanya A.: So that would be around INR1,350 crores as at December '25.

Vaishnavi Gurung: Okay. Sir, just one more question on the U.K.-India FTA. Do we anticipate any benefit? Or are we seeing any increase in query?

Praveen Jaipuriar: Sorry, what did you say?

Vaishnavi Gurung: Sir, my question is regarding the U.K.-India FTA since you mentioned that 30% to 40% comes from U.K. So any...

Praveen Jaipuriar: Not U.K. I said Europe, Europe. Sorry, I said Europe. Yes.

Moderator: We take the next question from the line of Abhishek Mathur from Systematix.

Abhishek Mathur: Just wanted to check our volume growth guidance, is it maintained at 10% to 20% that you had mentioned some time back? Also, what was the EBITDA per kg for the quarter, if you can sort of guide on that?

And what is our guidance for this metric going forward? And finally, on the inventory that we keep a few months of inventory, is there some mark-to-market revaluation that we do which hits the EBITDA? Those are my questions.

Praveen Jaipuria: Okay. So yes, the volume projection remains same, 10% to 20%, but EBITDA guidance is like between 15% to 20% for the full year. So that also remains the same. The EBITDA per kilo is approximately, if I'm not wrong, around between INR125 to INR135, somewhere in that range.

And no, there won't be any hit on the EBITDA because of the inventory that we carry because once we have sold the coffee, that rate remains. So there is no change in the rate when the green coffee prices either go up or go down. So that won't change our EBITDA. It won't hit our EBITDA at all.

Abhishek Mathur: Great, sir. Just wanted to clarify one more thing. Do we also do some bulk sales at a lower EBITDA? Is that part of our volume also?

Praveen Jaipuria: Yes. So we do lots of types of sales, right, from low EBITDA sales to high EBITDA per kilo sales. So that is part of our strategy. It's not that we don't kind of thing. But yes, there are certain things which we don't like to do.

We don't like to do pillar coffee or an adulterated coffee and things like that. So that quality we maintain. So beyond a point, we also don't kind of do the race to the bottom kind of a strategy. But yes, there are low-margin contracts also which we do.

Moderator: We take the next question from the line of Manish Mahawar from Antique Stock Broking Limited.

Manish Mahawar: Yes, Praveen, most of the questions have been answered. A few data points I wanted to understand. During 1Q, what was the growth in SDC and FDC if possible to share?

Praveen Jaipuria: Manish, we will kind of give a color separately, but we don't kind of share the product-wise and the market-wise or customer-wise growth and all that.

Manish Mahawar: Okay. But FDC will be better growth than SDC, that be right to understand this quarter?

Praveen Jaipuria: Yes. Directionally, it will be higher than FDC.

Manish Mahawar: Understood. And in terms of -- just wanted to reconfirm the debt number, what Mr. Chaithanya said? The number was INR1,671 crores. is this the gross debt or net debt, INR1,671 crores for the quarter?

Chaithanya A.: So it's the net debt.

Manish Mahawar: Net debt. Okay. And you said by December '25, it will be INR1,350 crores, right?

Chaithanya A.: Right. It will be INR1,350 crores. So the plan is to bring down the debt by around INR150 crores every quarter.



Manish Mahawar: Okay. Okay. Understood. And by March '26, what's the number you are looking out?

Chaithanya A.: An additional INR150 crores, so it should be around INR1,200 crores. March '26 would be INR1,200 crores.

Manish Mahawar: Okay. Understood. And capacity utilization you said at the opening, right, around 50% utilization at a blended basis for all the capacity? Can you break it up in terms of India and the Vietnam utilization level?

Praveen Jaipurkar: So at a broad level, both the places and we are taking it as a group only, it's at around 60%, Manish, because the last capacity or, let's say, the existing capacity is now fully utilized, 10% to 15% is the new capacity utilization. And both the places, the figures are similar.

Manish Mahawar: Okay. So 60% at a company level, right, in 1Q?

Praveen Jaipurkar: Yes.

Manish Mahawar: And definitely, Vietnam will be a bit lower because the new capacity came into 4Q only?

Praveen Jaipurkar: Very, very -- so that build-up is happening. So I think, yes, there is a little catch-up here. But even in India, there is a catch-up to happen with the full 16,000 tons of FDC that is there. So it's like a quarterly basis, there could be a little up and down. But at the year-end, we are looking at a similar kind of utilization at both the places.

Manish Mahawar: Understood. And last one, in B2C, what is the number you said in the call -- branded business revenue for the quarter?

Praveen Jaipurkar: So B2C basically almost INR100 crores we did this quarter. INR150 crores was the domestic number, out of which INR100 crores was B2C.

Moderator: Ladies and gentlemen, due to time constraints, we take that as the last question. And would now like to hand the conference over to the management for closing comments.

Praveen Jaipurkar: So thank you very much. Thank you, Antique and team for organizing the call. We will look forward to interacting with you in the next quarter. All the best to everyone.

Moderator: Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.