



**Date: 10.02.2025**

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

**Subject: Transcript of the Conference Call held to discuss the results of Q3 FY 2024-25 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 Thursday, 06<sup>th</sup> February, 2025 to discuss the results of the third quarter and nine months ended for the financial year 2024-25 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/2025/02/Q3-Earnings-Call-Transcript-2024-25.pdf>

iii) The List of Management attendees is stated in the transcript.

iv) No Unpublished Price Sensitive Information was shared/discussed in the call.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 Q3FY25 Earnings Conference Call”

**February 06, 2025**



**MANAGEMENT:**     **MR. CHALLA SRISHANT – MANAGING DIRECTOR, CCL  
PRODUCTS (INDIA) LIMITED**  
**MR. PRAVEEN JAIPURIAR – CHIEF EXECUTIVE OFFICER, CCL  
PRODUCTS (INDIA) LIMITED**  
**MR. B. MOHAN KRISHNA – EXECUTIVE DIRECTOR, CCL  
PRODUCTS (INDIA) LIMITED**  
**MR. V. LAKSHMI NARAYANA – CHIEF FINANCIAL OFFICER,  
CCL PRODUCTS (INDIA) LIMITED**  
**MS. SRIDEVI DASARI – COMPANY SECRETARY, CCL  
PRODUCTS (INDIA) LIMITED**

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



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**Moderator:** Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Conference Call of CCL Products (India) hosted by Antique Stock Broking Limited.

As a reminder, all participants' 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 "\*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manish Mahawar from Antique Stock Broking Limited. Thank you, and over to you, sir.

**Manish Mahawar:** Thank you. On behalf of Antique Stock Broking, a warm welcome to all the participants on 3Q FY25 Earnings Call of CCL Products.

From the management, we have Mr. Challa Srishant – Managing Director; Mr. B. Mohan Krishna, Executive Director; Mr. Praveen Jaipurkar – CEO; Mr. V. Lakshmi Narayana – CFO; and Ms. Sridevi Dasari – Company Secretary on the call.

Without further ado, I would like to hand over the call to Mr. Jaipurkar for the Opening Remarks. Post which, we will open the floor for Q&A. Thank you, and over to you, Mr. Jaipurkar.

**Praveen Jaipurkar:** Yes, thank you, Manish. I welcome you all to the Earnings Call for the October-December Quarter.

The supply chain headwinds continue to pose challenge on the business front. You all know green coffee prices have remained volatile and have been rising. Despite the challenging environment, CCL Group has been able to perform well, achieving a turnover of Rs. 758.4 crores for the third quarter as compared to Rs. 664.48 crores for the corresponding quarter of the previous year, thereby registering a 14.13% growth.

The EBITDA stands at Rs. 127.22 crores, registering a 13.53% increase with respect to the corresponding quarter and the profit before tax is Rs. 71.87 crores, registering a 7.77% growth with respect to the corresponding quarter.

The net profit after tax remains flat at Rs. 63 crores, as against 63.2 crores for the corresponding quarter of the previous year, largely owing to our SEZ operations, 50% of the profit of which has now come under tax bracket and higher deferred tax.



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As far as the YTD figures are concerned, the Group has achieved a turnover of Rs. 2,269.9 crores as compared to Rs. 1926.98 crores for the corresponding nine months period for the previous year, registering a growth of 17.8%.

The EBITDA is at Rs. 396.46 crores, registering a 20.37% increase with respect to the corresponding nine-month period. And profit before tax is 246.37 crores, registering a 19.7% increase with respect to the corresponding nine-month period. And the net profit after tax stands at Rs. 208.47 crores as against Rs. 184.85 crores for the corresponding nine months period for the previous year, thereby registering a 12.77% growth over last year.

The domestic business performance continues to be robust and has achieved a gross turnover of Rs. 330 crores till now YTD and out of which the brand contribution is nearly 220 crores. For the quarter, the domestic business did a business of 130 crores, out of which brand was approximately 90 crores.

So, this was in brief, the performance review. I now open the floor for questions.

**Moderator:** Thank you, sir. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press "\*" and "1" on their touchstone telephone. If you wish to remove yourself from the question queue, you may press "\*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Charisha from Venture Growth Partner LLP. Please go ahead.

**Charisha:** Yes, hello. I wanted to ask one thing, like because we see that coffee growth is in single digits for the future, so where do we see, as a company 5-6 years down the line for both B2C and B2B segment?

**Praveen Jaipurkar:** Can you just repeat? There is a lot of background noise that is coming. You are not really very clear.

**Charisha:** Okay. I was telling like because the coffee growth is in single digits in India and across the globe, so how do we see as a company in 5 to 6 years down the line, where do we stand for both B2B and B2C segment?

**Praveen Jaipurkar:** Okay. So, let me just tell you while the coffee growth has been low single digit, but if you see our strategy, it has been both for B2B and B2C, our market shares are really low single digits. Yes, for B2B we probably globally are at 7-8% market share and in domestic market, the B2C is 3 to 4% market share all-India, which means that we have very good ample room for growth



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by taking market share. So, we as of now, are really not bothered about the segment growing or not.

Having said so, the next 4-5 years we will be aggressively driving market share growth, which will mean that we will attain a much larger growth than what the category is growing at. So, that's for the next four, five years. And, you know, even beyond that, we have a belief that economies like, you know, China and India, which have been largely tea drinking economies are now converting to coffee. And we know that these are the two economies, not just for coffee, but for many other segments will be driving growth for the next couple of decades. So, we are seeing that even the coffee growth will be driven by these two economies. And that's the time we will probably ride the, you know, category growth once we have attained sizable market shares in both the segments.

**Charisha:** Got it, sir. I also wanted to ask, like, because in B2B segment, we have a cost-plus pricing model, so we do not have so much pressure with the volatility of coffee prices. But in B2C segment, can we have fairly good margin, I mean, more than what we have usually? Because now the coffee price is growing.

**Praveen Jaipuria:** Yes, absolutely. Yes. So, absolutely, that's the whole idea in the long run that the B2C should help us earn more margins. Of course, these coffee prices, if you see, if you track for last two, three decades, there are cycles when the coffee prices go up, but definitely they also come down. In B2C also, there is a, you know, we do take price increases, although with a lag effect, not like B2B where you can do immediately. But we do have an option of taking price increases there as well. But having said so, we are confident that over a long period of time, definitely the B2C segment, the branded segment will help us gain more margins than the B2B setup.

**Charisha:** Got it. And by which financial year...

**Moderator:** I am sorry to interrupt you, Charisha.

**Charisha:** Sure.

**Moderator:** I would request you to rejoin the queue if you have any further questions.

**Charisha:** Sure.

**Moderator:** So, we can get more participants, and thank you. A reminder to participants, please restrict yourselves to two questions, and if you have any further questions, you may rejoin the queue. The next question comes from the line of Abneesh Roy from Nuvama. Please go ahead.



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**Abneesh Roy:** Yes, thanks for the opportunity. My first question is on the B2C comment which you made. So, wanted to understand how much price hike has happened and how much more is needed? We do understand you are a marginal player there. So, ultimately, the top two national players have to take hike, but if you could comment on how much inflation is still left yet to be covered?

**Praveen Jaipuriar:** So, yes, Abneesh, you are right, we probably are not the leaders. And therefore, you know, as a pricing policy, we tend to follow the increases that the leaders are taking. And that too, you know, you know the category because the large part of the category also comes from LUPs, which means that, you know, the price increase is a little difficult there, especially in the sachet segment and all.

Having said so, in the larger packs, we already have taken almost 30 to 40% price increases in the last 1, 1.5 years, and I think another 10 to 15% lag is still left, but we will wait and watch for the leaders that how do they take this forward and accordingly we will formulate our price increases as strategy.

**Abneesh Roy:** Thanks. two follow-ups there. One is, till when the new crop we will have to wait and so then we can expect deflation? Second is, for you, how much is sachet? And have you taken any grammage cut there? I do understand grammage cut is very difficult because overall experience for the customer gets impacted, but if you could tell us any grammage cut you have taken and how much is the percentage of the total mix in the LUPs?

**Praveen Jaipuriar:** Okay. So, let me take the first question first which is like when is the crop expected? So, at least in India, the crop is started pouring in, but this year we don't see that the prices will drop because Indian coffee prices will also follow global trends. Globally, even after Vietnam crop has started to pour in and has started to come, we haven't seen any price reduction this time. So, probably we will have to wait for, you know, other crops to come in, which is Brazilian crop in May-June. That's the time we will see how the trend goes, but as of now the prices are not, you know, softening. Now that's the answer to the first question.

The second question is as far as LUPs are concerned, almost today our 30 to 35% of our sales come from LUPs which is still reasonable considering that, you know, some of the leaders, their sales are almost 50 to 60% of their sales are LUPs. There have been grammages cut over a period of time, not very much because, you know, there is a certain cup of coffee that you have to deliver with one LUP. So, we don't have a lot of leeway to cut grammages, but yes, there has been 10 to 15% grammage cut that has happened in LUPs in the last 1, 1.5 years.

**Abneesh Roy:** Understood. That's all from my side. Thank you.

**Praveen Jaipuriar:** Thank you.



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**Moderator:** The next question comes from the line of Parth Agrawal from Bastion Research. Please go ahead.

**Parth Agrawal:** Hi. Thank you for the opportunity. Can you help me with the volume growth for the quarter on a Y-o-Y basis?

**Praveen Jaipuriar:** So, volume growth, if you see this quarter has been marginal around 3 to 4% or so, and the YTD if you see the first quarter, we were around 13-14%, the second quarter was around 9-10%. So, we are on a YTD basis close to close to 10% of volume growth. Yes.

**Parth Agrawal:** Got it. And secondly, sir, if I look at your margin sequential basis compared to Q2 FY '25, gross margins have been pretty stable or rather have increased, but when it comes to EBITDA margin, they have slightly declined. So, any reason for that? Is it because you have ramped up the new facility or there is some other reason?

**Praveen Jaipuriar:** So, if you see the standalone figures, there has been a little bit of a decline from Quarter 2, but probably would increase from last year. Now that this decline from Quarter 2 is largely because, you know, is because of some of the variations that have happened. We also have started the new factory where in some products were made for inter-company transfers and all that. So, that led to a little bit of strain there, but these are not substantial in nature.

As far as, you know, the margins are concerned, in fact, if you were to look at a broader level, there has been improvement in margin in spite of, you know, the volume growths being closer to 10% at a YTD basis. You will see the EBITDA growth has been largely 20%. Yes.

Also, you know, margins are really weak. When we tell people, we tell the margin should be looked at from a volume perspective, not at a value perspective because value is because of our cost-plus model, whenever the green prices coffee is increasing, the margins optically will look that they are coming down, but actually they are not. On a per Kg basis, in fact, we have improved our margins.

**Parth Agrawal:** Got it. And sir, is there the new facility went live now? I think it was expected by December.

**Praveen Jaipuriar:** Which facility you are talking about?

**Parth Agrawal:** The 7,000 metric ton that was expected in December.

**Praveen Jaipuriar:** This quarter we will commission that capacity.

**Parth Agrawal:** Okay, got it.



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**Praveen Jaipuria:** So, we are still doing the trials. There are some, you know, adjustments, and balancing and stabilization that needs to be done. So, instead of December, probably this quarter, we will be stabilizing that and starting the operations.

**Parth Agrawal:** Got it. Just a last question from my side. So, the B2C...

**Moderator:** Parth, I would request you to rejoin the queue, please. Yes, those were your two questions. Thank you.

**Parth Agrawal:** Thank you. Thank you so much.

**Moderator:** The next question comes from the line of Chaitanya Sharma from TradeWalk Research LLP. Please go ahead.

**Chaitanya Sharma:** Yes, my question is how the rising prices impact the demand of robusta coffee and chicory blends in India, especially if you see in the HoReCa sector and among consumers, and if you could also shed some light on what's your sales percentage in North India as compared to South India and which are your dominating markets?

**Praveen Jaipuria:** Okay. So, you know, the price increase actually affects all of the segments because the coffee component is pretty large, even if there is a chicory mix there. In the institutional, in the HoReCa segment, they are a little more aggressive because none of the buyers would like to increase their end costing to the customer or the consumer. So, pressures are there on the pricing front. Nobody likes higher prices.

But having said so, it's been a challenge and this is a challenge for any category if you see when the commodity prices rise, taking up price increases do pose a challenge, but one has to live with it. We are also very carefully calibrating our price increases, making sure that we strike a right balance between generating enough volumes and not to lose volumes because of prices. But yes, pressures are always there when prices are higher.

Coming to your next question, which is about how is our B2C divided in terms of zones and all that. So, you know, as of now, almost 65 to 70% of our sales still come from South, but that's how the category is also constructed. Probably we are a little ahead of the category by 5 to 10% when it comes to contributions. But that is because in the initial 4-5 years, we were very focused in the southern markets. We were very keen to make sure that we are able to have a strong foothold here and then, you know, spread our wings as we play.

So, our contribution from the other markets, which is beyond South, has been now constantly increasing. Just to give you a picture, two years ago, our contribution used to be 80-85% from





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the South, which is now at 70%, which means that the other zones are also growing. We are also expanding distribution. Selectively, we don't want to be all over the place, but yes, selectively in other zones also. And we are very fast picking on, you know, spaces like quick commerce and e-commerce, which we feel is a very efficient delivery and distribution model in non-South markets, where we may not have a very expansive distribution.

**Chaitanya Sharma:** Thank you very much, sir. Just one more follow-up question, if I can ask.

**Praveen Jaipurkar:** Yes, please.

**Chaitanya Sharma:** Yes. So, what's the kind of trend you are seeing in the experimental coffee that you have, be that flavored coffee or decaf coffee, what kind of trends are you seeing there?

**Praveen Jaipurkar:** So, we are seeing quite exciting trends. You know, generally, if you see in any food category, a lot of these trends get built up out of form. And what is happening is that you can see the amount of cafes that are coming up around all of us. And these are serving a lot of experiential and experimental coffees. And that's how when people, you know, get used to these kinds of coffees, then they start consuming at home also.

We have seen a fair bit of pickup in segments like flavored coffee and some of the higher end coffees even in home. And that's the trend we are observing. And these are good trends because for any food category to expand, you need a lot of experimental trends to emerge so that a lot more usage of the category can be driven. So, Yes, that's our view. I think it will grow further from here.

**Chaitanya Sharma:** And does it in some way also act as an entry product for people to get into the coffee consuming category?

**Praveen Jaipurkar:** Absolutely. Because, you know, people who are, let's say, if you talk about people who are largely tea drinkers, for them to enter a regular coffee category may be a little difficult because they are not used to the palate. But if you were to serve them flavored coffee or some more, you know, different coffee, probably those become a lot more affable and more palatable for them to drink. So, I think, yes, these do help in, you know, expanding the category and getting more people inside the category.

**Chaitanya Sharma:** Right. Thank you very much. I will join the queue for follow up questions.

**Praveen Jaipurkar:** Thank you.



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**Moderator:** Thank you. The next question comes from the line of Prolin Nandu from Edelweiss Public Alternatives. Please go ahead.

**Prolin Nandu:** Yes. Hi, sir. Thank you for taking my question. A couple of questions from my side. First is, you know, while you talked about you have a very low market share in global as well as in domestic market, and you want to increase your focus on gaining market share, but what has been your historical experience as to when do you gain market share? Do you gain market share in a rising coffee environment market where, you know, there is a temptation to always down trade, right? Or do you gain more market share in a stable to a declining coffee price trend kind of a market?

So, can you give some color as to whether is this the right time where, you know, what we have seen is that new crop coming in is also not leading to coffee price decline. So, is this the right time to probably, you know, gain market share? And also, what are the efforts that you are going to do differently versus what you have done in the past to, you know, gain this market share?

**Praveen Jaipuriar:** So, Yes, I think pretty, you know, relevant question. Let me tell you that, you know, we haven't experienced market share gains, you know, either in a rising price scenario or in a falling price scenario.

If you see our efforts for the last 30 years, most of our market share gains have come because of the innovation that we probably bring to the table. If you remember 2006, we put up our freeze dried plant, which was first in India. That time, we had envisaged that as a category, freeze dried will do well. And we kind of entered that category, helping our customers to launch those products in their relevant market.

Similarly, many other products like, you know, fresh coffee, infused soluble coffee, or whether it is a specialty coffee or a different blend. So, I would say a lot of our, you know, market share gains have been because of the innovation because mostly we look forward to partner with our clients and help them grow in their respective markets, and it's just not a transactional relationship. So, that has been our strategy to gain market share.

Now coming to the question that what are we going to do more to gain more market share from here, it's like this that we are trying to do a matrix of growth wherein we are also looking at some of the geographies where we have not been very strong in geographies like South America or let's say, Far East Asia. These are some of the geographies we are now wanting to enter with a different strategy altogether. So, that's something that we will focus on.

We are also focusing on a lot of product innovations in the current setup. We are looking to heighten our game in specialty coffee segments. We are seeing these trends coming up in the



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market. So, as I told you earlier that we are very focused on making sure that how do we come up with new innovations helping us to grow our market share.

So, that will be the strategy going forward. We will continue with our strategy because rising prices and falling prices are something which are not in our hand. And therefore, we don't see much of an advantage because sometimes you may probably play a rate game, but that doesn't serve you well in the long run. So, that's how we will keep growing.

**Prolin Nandu:**

Sure, that's clear. Thank you for that. A second question would be on your domestic B2C, right, branded business where, correct me if I am wrong, you had a target of, let's say, 300 crores in B2C and then 100 in institution, so total 400 crores. So, can you help us understand where are we on our targets? And again, what are the kind of market share gains that we are witnessing, some qualitative color on how you are doing in offline and online? So, just wanted to understand your branded B2C and B2B India piece.

**Praveen Jaipuria:**

Yes. So, in India piece, you know, it continues to grow at a very healthy space of around 40%, out of which B2C is growing at 50%. You are right, we had guided that this year we will end the total domestic business above 400 crores. We are likely to be there 430-440 crores, out of which the B2C will be 300 crores. So, we are well on track to achieve that. Nine months we already have done the B2C at 220 crores, so that is pretty much there. So, we are growing well, and we are going all across.

We are gaining market shares in every quarter. And, you know, like I was telling earlier that in South now going forward, our strategy will be to penetrate market. Our share among handlers are almost twice as much or thrice as much as my market share, so which tells us that distribution expansion will be the key to growth in the southern markets.

In the North, East, and West, we are looking to do selective distribution. Coffee anyway, as of now, is a very urban phenomenon and concentrated in large towns. So, we have already set up our distribution network there, and we are fast expanding there. And we are looking forward to drive a lot of quick commerce and e-commerce sales in these regions.

Today, we are doing very well on most of the quick commerce. Very strong, meaning much stronger number three players than what we are in general trade. So, that's a very, very encouraging sign. In all the modern trade, we are very, very good on our shares and much, much above than our national average. So, again, these things have been, we have been doing really well.

Recently, Reliance came up to award us and reward us with one of the best growing categories in their whole FMCG portfolio. So, you know, these are signs and signals that we are achieving.



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The brand is seeing these days, which is a very remarkable journey for us as well as the branded business is concerned. So, we keep growing at the same momentum, and try and push as much as possible and as much as we can.

**Prolin Nandu:**

Great. Thank you so much. I will come back in the queue. Thank you for this.

**Moderator:**

Thank you. Next question comes from the line of Shirish Pardeshi from Motilal Oswal. Please go ahead.

**Shirish Pardeshi:**

Hey, hi, Praveen, Srishant. Good morning. Thanks for the opportunity. Just two quick question. In the international B2B and domestic B2B, what kind of conversation is happening at this point of time? And I am asking this question primarily because the coffee prices will remain elevated for some time. So, in terms of demand, in terms of offtake, in terms of their visibility on the ordering, maybe if you can add some color on this.

**Praveen Jaipuriar:**

So, hi, Shirish. The conversation still remains very anxious. Nobody is wanting to commit long-term, but we had told this last time as well, that we are also keeping a very close eye on the ground that what is happening. And we did predict last time that things are not looking to soften up much. And that's the narrative we are discussing with our clients. We are telling them that it is better for each one of them to commit to a long-term contract because things are not looking to kind of, you know, erratically or suddenly come down. And that's the reason if you see some of our client portfolios and our mix have been towards long-term.

So, that's the kind of conversations we are trying to drive with the clients, but still the market still remains short-sighted as of now. People are still a little wary to commit long-term, especially the transactional clients, because these are probably traders and all that who are doing business very opportunistically. So, these people are always on a wait-and-watch mode.

And therefore, our narrative has been with the long-term players, the brand owners, the private label, guys with whom we are also giving them a guidance that looks like in the short run it's not going to kind of soften. So, therefore, trying to get into more long-term contracts. So, that's been a narrative from our side. But having said so, the overall environment still remains short-sighted and full of anxiety.

**Shirish Pardeshi:**

Okay, that's helpful. And my second question is, in terms of domestic 330 crore or 220 crore, what you have done, specifically, if you can share what is the channel mix in terms of quick commerce, retail, general trade, modern trade, and what are the growth rates you would have achieved probably in nine months?



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**Praveen Jaipuriar:** So, in 9 months, Shirish, we are almost 40 plus growth at the overall level, out of which the brand piece is growing at 50%. Yes. So, if you remember last year, we had done 200 crores. And this year we have given the guidance and which we are well on track to achieve 300 crores on just the branded side. So, that means that we would have achieved a 50% growth.

As far as the mix is concerned, almost 50 to 60% of our sales still coming from the general and the regular trade. We are getting a very good listing from quick commerce and e-commerce, which is now almost 20%. 25% is from modern trade. So, that's been the mix for us, right. And as we expand more and more in the North, East, and West, I have a feeling that our contribution of modern trade and quick commerce and e-commerce will probably increase from here.

**Shirish Pardeshi:** And growth rates and maybe follow up here, what is the distribution as of December you are holding?

**Praveen Jaipuriar:** So, growth, I told you, we are growing at 50%. As far as the distribution is concerned, we probably...

**Shirish Pardeshi:** Channel wise. Channel wise.

**Praveen Jaipuriar:** So, Channel wise, I think, I will not, meaning I don't have the ready numbers right now. I will share it separately on the channel wise growth. But just to give you a flavor, my growth rates in quick commerce will be the best followed by modern trade and followed by general trade. Yes. That is because general trade bases are high. We are already a little more entrenched in the South markets. And in the North, East and West, we are probably driving modern trade and e-commerce and quick commerce much aggressively than the general trade so that the growth rates in general trade would be lower than e-commerce and quick commerce and modern trade. So, that's on the growth front.

The next one you asked was about...

**Shirish Pardeshi:** Distribution.

**Praveen Jaipuriar:** Distribution, yes. So, we are probably now at around 1,20,000 direct distributed outlets and around, which is general trade, and we are around 3,500 outlets we are covered in modern trade. So, that's our total distribution. And of course, in quick commerce, we are at almost 90%, we are present in the 90% of their dark stores. So, that's pretty good in terms of our distribution, because obviously that's an easier distribution metrics to achieve. But that's the figure on the distribution front.

**Shirish Pardeshi:** Thank you, Praveen, and all the best.



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**Praveen Jaipuriar:** Thank you.

**Moderator:** The next question comes from the line of Natraj Shankar from DSP Mutual Funds. Please go ahead.

**Natraj Shankar:** Hi, morning. Just a couple of questions. One is on the earlier...

**Moderator:** Sorry to interrupt, Natraj. Could you please be a little louder? Thank you.

**Natraj Shankar:** Is it better?

**Praveen Jaipuriar:** Yes.

**Natraj Shankar:** Yes. I just wanted to ask with respect to working capital and the conversations around working capital with your B2B business, has it improved given the fact that the working capital remains very high on behalf of clients? Are they willing to change their terms a little bit given the circumstances of coffee prices? And that's one. And two, can I have a debt number at the end of December?

**Praveen Jaipuriar:** So, you know, working capital, yes, it remains high because of, it's almost 1,200 crores as we speak. It remains high because of the high coffee prices. Now, as far as terms and condition is concerned, I don't think so probably anyone is in the position to pass on these, because at high prices, you know, there is pressure on each point in the value chain.

So, there is pressure on consumer who is the end consumer of coffee to the brands, to the suppliers, to the packers, to the manufacturers. So, there is pressure all around. It's not easy to pass on everything because then, you become really non-competitive in the market. And that's one of the reasons we have not been so aggressive on the volumes is because while we are able to pass on something, the market is probably not ready to take on everything that we want to pass on.

So, the things haven't changed because the pricing pressures are there all across. It is just not us who is facing the pricing pressures. We just spoke in the B2C segment, how difficult it is to increase prices because consumers then start dropping off the category. So, I think there is a balance that has to be maintained, which is what we are trying to do.

And I told you the debt numbers, 1,200 crores of working capital. Long-term debt is around 790 to 800 crores as of now. Total is around 2,000 crores of debt.

**Natraj Shankar:** And what are the guard rails here, as we, let's say, if this remains elevated for the next year, what kind of guard rails that you would have to ensure that the balance sheet doesn't go beyond a



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certain point or cash flows doesn't impact while you continue to grow, not taking the eye on that?

**Praveen Jaipuriar:**

So, we are working on a lot of things. We are working to see that how can we kind of keep the interest rates as low as possible. If you see our interest rates for the global, for the group is almost 5.25%, which is much lower than what the environment is offering you. We are making sure that we finance it.

We have operations in India, Switzerland and Vietnam, which means that we are also trying to juggle in a way so that our financing rates remain as low as possible. So, these are the things we are doing, and it's like an everyday exercise for us to see that how can we keep this in control.

As far as managing it, as I told you, we are also trying to do two things. One is that on the procurement front, I told you that we have been kind of making sure that we have our presence at the ground so that we could procure at the most efficient rates and so that the working capital requirements are in check.

And secondly also, you know, as I told you, we are making sure that we are juggling the requirement in such a way that our outflow or the percentage financing cost remains as low as possible.

So, these are the things we are doing to keep a check on the balance sheet, and we should hopefully be on track because even this year, we had guided a higher interest outflow, but we probably will end up maybe 5 to 10 crores lower than what we had guided.

**Natraj Shankar:**

How does a rupee depreciation impact positively?

**Moderator:**

Sorry to interrupt, Natraj. I would request you to rejoin the queue.

**Natraj Shankar:**

Sorry, yes.

**Praveen Jaipuriar:**

See, we import and export in dollars. So, for 60 to 70% of our value, it doesn't impact much. For 30%, yes, there are certain advantages we get at certain times. But yes, those are not substantial in nature and therefore we don't kind of bet on that to give us any advantage or disadvantage.

**Natraj Shankar:**

Thanks. All the best.

**Moderator:**

Thank you. The next question comes from the line of Kashyap Javeri from Emkay Investment Managers. Please go ahead.



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**Kashyap Javeri:** Just one clarification. You mentioned that working capital at the end of this quarter was about 1,200 crores, and you said the gross debt was about 2,000 crores.

**Praveen Jaipurkar:** Right.

**Kashyap Javeri:** Does that mean that versus September and March last year, we have seen at least a decent about 10-20 days improvement in working capital number?

**Praveen Jaipurkar:** From last year?

**Kashyap Javeri:** Even from September, if I look at, let's say, September 24 number, your working capital at the end of September 24 was roughly about 1,300 and something crores, which now is about 1,200 crores. If I look at March, even in fact, March was almost about 1,200 crores, so which is like a flattish number.

**Praveen Jaipurkar:** Yes, so it was mostly flat, I think 40 to 50 crores of variation was there, not much. I don't think so these are substantially strategic. Strategically, there is anything that has changed more because of a little bit of a variation from quarter to quarter. Sometimes what happens is that when you are procuring coffee from far off source, logistic time and all that could tilt the numbers a little bit here and there, but there is no strategic shifts in the numbers between the quarter. That is what I see.

**Kashyap Javeri:** Okay. Yes. Yes, thank you so much. Rest of the questions have been answered actually.

**Moderator:** Thank you so much. The next question comes from the line of Sumit Sardar from Compound Everyday Capital. Please go ahead.

**Sumit Sardar:** Yes, hi, sir. Hope I am audible. I have just one question around the domestic branded business. The leader has indicated that they had taken price increases and plan to take more price hike. And you also guided that you also taken me 30, 40% price hikes in past one year. But this is also a period when domestic incomes and demands are under pressure.

So, maybe customers of maybe leader brands might be open, most open to try reasonably priced alternatives like us. So, how are we planning to play this? Get aggressive, you know, maintain or maybe increase the discount versus leaders and get aggressive on distribution to garner market share aggressively or stay focused on maintaining that spread versus leaders?

**Praveen Jaipurkar:** Yes, so, I think again, as I told in my previous comments is that we also will try and strike a balance. Now again, if you see the category construct, it's pretty complicated. So, there is a category of single serves that are there. There price increases are meaning you can't take price





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increases for a Rs. 2 or a Rs. 5 sachet. And maybe you can take a little bit of a grammage reduction, but not beyond the point. So, those are places where we will, and we are also growing.

Our distribution is growing. If you see the first leg of our distribution was probably the A class outlets were more of large pack sales. Now once we are trying to increase the penetration to B and C, we probably will have to be aggressive on some of these small packs where price for some of these will be there.

Now coming to the rest of the category, which is the large bottles and the large pouches and the large pack and the rest of India market, there we will also take price increases because we also have to balance the margins.

One thing is good about the category as of now, let's say good and bad. So, the good part is that it's still in the rest of the country beyond the South. It is still concentrated to the upper strata of the income class which means that you have a better price elasticity there wherein, you know, some of the other categories where commodity prices when they go up, you fairly have a lot of price inelasticity. So, that's the thing which will help us balance it out.

We are also looking to enter some of the premium segments. Probably this quarter we will be entering into couple of other, you know, higher end segments, which will also help us maintain that balance between penetration and being aggressive and also at the same time maintain the margins.

**Sumit Sardar:**

Understood. Just if I can squeeze in one more. Can you share a bit on your kiosks? I think you started a few kiosks. Any new additions? How has been the response?

**Praveen Jaipurkar:**

No, not really. We have guided last time also that we have started three kiosks in, not kiosks, these are three, you know, quick service outlets by the name "Contico" in Hyderabad. We are still building it up. These are very initial days. Retail is a little, you know, it's not so easy to kind of scale it up very quickly because first we want to be very sure of the proof of concept.

So, we are working on that. We are seeing how this thing grows. As of now, we are not looking to add anything. As and when we have established the proof of concept, and that's the time we will see that how do we want to expand it and what is the model that we will want to follow on this.

**Sumit Sardar:**

Thank you, and all the best.

**Praveen Jaipurkar:**

Thank you.



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**Moderator:** The next question comes from the line of Deepak from Sundaram Mutual Funds. Please go ahead.

**Deepak:** Yes, sir. So, sir, I heard that this quarter our Y-o-Y growth rate in volumes was 3%, right?

**Praveen Jaipuria:** 3% to 4%, yes.

**Deepak:** Just want to understand the past, you know, several times we have guided that 15% on an average is what we want to do around 3%. So, you know, where is the negative surprise coming from? Is it from the Indian operations or is it from the Vietnam operation? If you could please provide a split between volume growth between India and Vietnam's operation?

**Praveen Jaipuria:** Okay, so, I think, you know, I will not be able to provide you the exact split in terms of volumes because that's not we share openly. However, I will give you a color that, you know, you asked about that we had given a guidance of 15% or so. Is this quarter 3% or 4%? Is it an aberration or are we seeing a long-term trend here?

So, you know, if you see while for the last three, four years, we have been guiding a 15% or so plus volume growth, at the start of the year, considering the volatility in the market, the high prices, we had indicated that this time our guidance will be between 10 to 20%. If you see the first two quarters, we were, you know, pretty much in line with our guidance.

This quarter has been a little aberration, and the aberration comes from the fact that, at both places, India and Vietnam, there has been some volume, you know, growth reduction, not volume reduction, growth reduction. And that has come largely because as I was telling you, we have not been so aggressive in the 20% or 25% of our volume comes from transactional business, the opportunistic business, the low margin volume builder business.

That's something that we probably could not be as aggressive at this point of time. Considering the market scenario, you all know that the world has a lot of excess capacity and there in these trying times, there will be people who will be probably racing to the bottom as far as rate is concerned.

That's not what we want to do as philosophically, you know, the company, we have always concentrated on long-term contracts, building partnership long-term, going to the end customers, building more value-based contracts, and which are, you know, margin plus for us. And that's the reason, even with 3-4% volume growth, you will see that EBITDA growths are pretty much in line 13-14%. So, that's the guidance we will maintain.



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In the long run, we are looking for 15% kind of a growth. Yes, there will be a quarter here or there where there could be some aberrations, but as of now, we are only seeing these as aberrations rather than a long-term trend.

**Deepak:** Okay. Thank you for an elaborate answer. I was not asking for the volume number. I was asking for the growth number Y-o-Y between Indian and Vietnam operations.

**Praveen Jaipuriar:** Yes. So, India growth was a little flattish because the new capacity has just come in line. So, India growth was around 5-6%. The Vietnam growths were quite flat. And Vietnam, we do a lot of these, you know, low margin customers and opportunistic sales and all that. So, that was a little flattish this quarter.

**Deepak:** Okay. And sir, one final question. So, as we have discussed that in several past calls also, that 15% volume growth that we aim for, let's assume that we don't deliver those volumes in FY '26 and FY '27 next two to three years. So, at current beans prices, what could be our peak debt level?

**Praveen Jaipuriar:** Suppose we don't increase the prices, see, at these levels, we had indicated that this year end the peak debt could be around 2,200. But going forward, I think now all the capacities are in place. All our capexes are in place. There won't be any, you know, addition as far as long-term debts are concerned. And every year, probably 150 to 200 crores, we will start repaying as well. So, I don't see the peak debt levels going beyond 2,200 crores in the next year or the year after that also. In fact, it should start reducing because we will be repaying it.

**Deepak:** And this is despite you are saying, let's say, 10 to 15% volume growth and coffee beans prices.

**Praveen Jaipuriar:** No, no, this I said, you said that, you know, if there is no volume growth, there will be reduction. Even if there is a 15% volume growth, probably it may remain at the same level.

**Deepak:** Okay, thank you.

**Praveen Jaipuriar:** But we will have to take it up, you know, every quarter, we probably will have to re-guide you on this depending on how prices are panning out. But I don't see in the long term more stresses coming or addition in the peak debt levels.

**Deepak:** Okay. Thank you so much, sir.

**Moderator:** Thank you. The next question comes from the line of Senthil Manikandan from ithought PMS. Please go ahead.



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**Senthil Manikandan:** Good morning, sir. Thanks for the opportunity. Sir, first question is on the sales side. So, I understand that we follow the cost-plus model, but this time we have sort of 14% revenue growth with 3 to 4% volume growth, but year-on-year coffee price has gone up like upwards of 50 to 60%. So, how to look at this number, sir?

**Praveen Jaipurkar:** So, you know, if you see, a large portion of our contracts are also long term. So, while the coffee prices would have gone up we probably are buying coffee. Buy could have been done 6 months, 12 months prior also. Yes. So, therefore, it gets averaged out. So, there are quarters you would have seen there is 20-30% growth. There are quarters you will see lesser growth in terms of price.

So, that really is a combination of how far away did we do the contract and what contract we now do. That also explains because, you know, much of the opportunistic buying are very short term. Yes. And if you see, that's the volume we are not kind of got which has also explains that these are a lot of these volumes are coming from long-term contracts. So, we may not see such price spikes in the portfolio.

**Senthil Manikandan:** Got it, sir. So, in that sense it makes us more competitive in the market in terms of pricing.

**Praveen Jaipurkar:** Yes, it has to be competitive, you know, at these prices. Whenever the prices are high, you will see that there will be more desperation in market. People will be out to fill volumes. There were people who will sell it even in negative margins because they need to run the plant. So, I think it's been a very, very tough scenario for the whole industry globally. And that's the reason when I started my commentary, I did say that despite these challenging environment, the performance has been pretty good.

**Senthil Manikandan:** Got it, sir. Thanks, sir. Thank you.

**Moderator:** Thank you. The next question comes from the line of Richa from Equitymaster. Please go ahead.

**Richa:** Thank you for the opportunity, sir. Sir, my question is, let's assume the coffee prices do not come down. And my understanding is that for FDC, the demand is a bit elastic, and maybe the customers will also get used to a high coffee price environment. For FY '26, considering the new capacity also coming in, what would be a conservative growth or volume growth estimate that you could share? Because 10 to 20 is quite broad, but with the new capacity coming in, do you think we could do 15% at least?

**Praveen Jaipurkar:** So, we could actually, but really will depend on the couple of next quarters. We are trying our best to kind of, but you know, while we are being aggressive in the market, what we are focusing more is on the long-term contracts, building better clients. And that is why if you see, even if



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the guidance of 10 to 20%, you could see it as a broad. The other way to see it is that I would say that it's pretty specific because considering the kind of volatility that is present in the market, this is quite a specific guidance that we have given.

The second thing is that, you know, the guidance, if you see ultimately what we have always maintained that our volume growth and our EBITDA, the operational profit growth, will be in line. So, in spite of getting a 10% or so volume growth YTD, our EBITDA growth is 20%, which means that we have concentrated more on, you know, better margin contracts, which has helped us to deliver these kinds of good operational profit numbers.

Going forward, I think we will have to wait and see that how do we drive the business forward. Having said so, I am not wanting to say that there is any let up in our aggressiveness in the market to get a volume growth of 15%. You are right. We have got new capacities added. We would also like to fill it as quickly as possible.

So, depending on how things are coming out, see what is happening. The Vietnam Coffee is now coming. Every day we are seeing fluctuations. We have to wait and watch where does it settle down to, what is the concerning point is that does it put pressure on consumption. As long as the consumption is intact, I think things should settle down and probably should not impact our long-term growth guidance of 15%. So, that we are committed.

Again, as the market has become short-sighted, so has we. So, therefore, giving a very long-term predictions that we used to, let's say, two years ago, has become a little challenging for all of us as well.

**Richa:** Okay. And sir, as a new client comes in, do you expect your employee and other expenses to shoot up as well or is this with the trial production, is this already factored in the cost of higher staff quarter expense?

**Praveen Jaipuria:** In the consol for this quarter that is already factored in India. There could be a little increase in Vietnam, but Vietnam was, as we had told you, it wasn't a Greenfield project. It was a Brownfield project, which meant that a lot of utility manpower and other common space manpower will be same. It's only the variable manpower in our country. And these are pretty much automated factories, automated lines. These don't require very heavy manpower. So, I don't see significant variations from the current numbers.

**Richa:** And sir, what would be the effective tax rate for the...

**Moderator:** Sorry to interrupt, Richa.



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**Richa:** Okay. Fine.

**Moderator:** Couple you please rejoin the queue for more questions? Thank you.

**Richa:** Okay.

**Moderator:** The next question comes from the line of Aashish Upganlawar from InvesQ PMS. Please go ahead.

**Aashish Upganlawar:** Yes, thank you for this. Sir, so, from the commentary so far in the call, what I could understand is that supply maybe which was constrained with the crop coming in, it could be a bit better. At the same time, the customer demand is not at all ample despite the prices. And the industry is willing to take whatever it takes to fill up the capacities despite the stress on the balance sheet and profitability.

So, for this now to break, do you not think that the demand has to drop for the prices to react, and then things get sorted, or some players have to take a call that profitability can't be sacrificed on the bottom line? Because in our case also, the volume and EBITDA growth has been fine, but the problem has been the interest cost because of the working capital and the CAPEX that we have done. So, how do you read the situation? Will it be sorted by supply or the demand crashing?

**Praveen Jaipuria:** So, I have a feeling that it will be sorted by supply, not the demand crash. Because a lot of economies are, you know, the upcoming economies were consuming more coffee. So, I have a feeling that and let's say good part or bad part, a lot of coffee consumption is happening in the affluent economies like America and the Europe. So, I don't see them dropping a lot of consumption. So, I don't think so this price drop will happen because of demand drop. It will happen due to supply increases.

Now let me give you a color. For last year also, the Brazil supply was good. This year also the crop has been good. That is the report we are getting from the ground. And we are also seeing that, during last time also when the Brazil crop came, there was a little bit of a swing at that point of time. So, back-to-back, good crops will lead to more softening. That's the common knowledge.

Also, if you see the coffee crop, unlike most of the commodities, most of the commodities, what happens is that the supply and demand, they get corrected because either the demand will come down or the supply because the crop cycles are low. If you see most of the commodities, the crop cycles are six to nine months. But unfortunately for coffee, the crop cycle is 3.5 years. So,



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after the crop has been sown, after 3.5 years, it starts flowering and giving the cherries. So, the prices have started to increase 1.5, 2 years ago.

And we have a feeling, and not only feeling, but a lot of ground reports says that there has been an increase in acreage. So, it looks like that all this acreage will come into flowering and harvesting 1.5 years from now. So, a good crop of Brazil coming in June, July, and the next year oversupply happening due to the new crop giving new flowering and new this thing, I think that's the time when we will start coming down. So, yes, frankly speaking, it has to be the supply flow that will soften the prices, not really the demand crash.

**Aashish Uppanlawar:** Okay. And lastly, given the scenario then till now our growth on the EBITDA has been driven by largely volume growth because margins have been under stress. So, now you are saying that volumes also you are taking tactical calls because of the pressures, industry-wide pressures. So, what is the rate of growth that one should expect because then that was the only driver of EBITDA growth probably for us?

**Praveen Jaipuria:** Yes, so while it was the driver for EBITDA, if you have seen the last three, four years, trajectory, you are absolutely right. The EBITDA did grow exactly as much as volume grew.

Now this year, while there are challenges on the price front and therefore the volumes have been a little tighter to drive, what we have made sure is that the EBITDA still grows in that 15 to 20% range. And that is because we have been focusing a lot more on the long-term contracts, the private label contracts, the higher margin contracts. So, even while we have to take a tactical call or we have taken a tactical call to not be so aggressive on the volume because of the price, we have successfully maintained the EBITDA growth at 15 to 20%.

So, we are very confident of maintaining this EBITDA growth of 15 to 20% till we are back into the volume growth of 15 to 20%, which then will again drive EBITDA at the same level. So, I don't see any drop in our performance as far as our EBITDA are concerned.

**Aashish Uppanlawar:** So, just to confirm this, EBITDA growth will be around 15 odd percent.

**Moderator:** Sorry to interrupt, Aashish.

**Aashish Uppanlawar:** And Yes, just I am taking confirmation. 15 odd percent EBITDA growth and since volumes are not increasing and we don't want to inflate our balance sheet further on working capital, our bottom line can grow at a better rate probably if your interest parts would remain the same.

**Praveen Jaipuria:** Absolutely. Absolutely.



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**Aashish Uppanlawar:** Thank you so much.

**Moderator:** The next question comes from the line of Vignesh Iyer from Sequent Investments. Please go ahead. Vignesh, please go ahead, and please unmute your line in case if muted.

**Vignesh Iyer:** Yes. Thank you for the opportunity. So, my first question is on, you know, understanding our mix of modern trade and general trade. The idea being, since the coffee prices have been increasing and there is pressure as in we cannot increase the prices very much, how are we seeing this mix of modern trade versus general trade considering on modern trade side, you know, you experience a comparatively lesser margin versus general trade? Or is it a different scenario for us when it comes to quick-commerce, e-commerce for that?

**Praveen Jaipuria:** So, you know, it's a little different than industry standard. You are absolutely right, the industry, for industry the modern trade and the e-commerce, the margin is quite lower than the general trade. But for us it has been quite a, not quite but at least a significantly different story than what the industry practices are. And I will tell you why.

It is basically because even if you see, modern trade and the quick commerce and the e-commerce that we have developed, we have created actually, you know, our demand creation has not been only focused on the quick commerce and the modern trade and the e-commerce, yes. So, a lot of our demand generation happened offline, which is the traditional methods of demand generation, which has helped us a lot in e-commerce, quick-commerce and modern trade.

Now what has happened is that most of the growths in modern trade, quick commerce and e-commerce are led by this and therefore, you know, things like my, let's say, spends-to-sales ratio is almost one-third of the industry standards, yes. And therefore, we earn equally good margins in modern trade and quick commerce.

In fact, to give you this thing, when we began our journey six years ago, the modern trade teams were not ready to keep us because they were not sure of our optics and all that, but what we didn't do, which most of the other people do, is that, push listing through higher payouts and higher amounts being spent on displays and things like that.

What we started doing is, we started building the brand offline and through general trade, and we took it step by step. So, for example, in 2019, we had to, you know, when we started with Reliance, it was just 10 stores in Hyderabad. Yes, that is what they said that they said they are not very confident, and they will only do 10 stores. But we didn't want to kind of overspread ourselves and overspread by paying money.





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So, we took it from 10 to 20 to 30, and 1.5 years ago is the same Reliance who came back to us and said that, you know, we want to expand to all stores of our network across the country. Yes. And therefore, what happened is that the buying power, the purchasing this thing or the driving thing was not with Reliance but was with us, and that was pretty much possible because of the traditional ways of marketing and sales that we started with in general trade.

So, therefore, our general trade model actually has helped us to earn equally good margins. So, even going forward, as we expand more in modern trade and the e-com and the quick-com, I don't see our margins coming down.

**Vignesh Iyer:**

Okay. So, if I just could understand it, did I understand it right? I mean, on a deep discounting model, are the e-com or the quick-commerce taking it on their side for our product?

**Praveen Jaipuria:**

Yes. So, a lot of it, they do it for themselves as well. There is a certain partnership model that we enter into. We also have been pretty this thing that beyond the point, we don't deep discount. There are days and times when they kind of push it harder by putting in money from their side. But we have made a model wherein we kind of, you know, beyond the point, don't deep discount.

And a lot of our demand is being generated because of the work that we are doing outside. So, they also have no option, but to keep us, you know, even like a platform like Blinkit, which is very strong in North actually has, or is wanting to take our products so much so that they told us that since we want to grow our network in South, we would want to use and considering Continental Coffee is doing well in South, we would want to use Continental Coffee to drive our network.

So, actually it's been a very fair play between us and the quick commerce and the modern trade platforms. Yes, it is difficult. I won't say that it's been easy. Still the pricing talks and all that are pretty, pretty aggressive from both sides, but at least we have been not, you know, being made to kind of succumb to all their demands. We have been able to hold our foot ourselves also making sure that our margins don't get affected.

**Vignesh Iyer:**

Okay. So, sir, one question on my side is on the gross total, total gross block size of 800 crores at a consolidated level, has the entire block been capitalized now?

**Praveen Jaipuria:**

No, partly it has been capitalized. We have two projects. One is in India and the other one is in Vietnam. The Indian part is capitalized and around 400 crores, and the Vietnam part is likely to be commercialized during this quarter, and maybe the end of the quarter, it is going to be capitalized.

**Vignesh Iyer:**

Oh, okay, sir. Got it. Got it, sir. Thank you for the detailed explanation, and all the best, sir.



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**Praveen Jaipuriar:** Thank you.

**Moderator:** The next question comes from the line of Rakesh from Nine Rivers Capital. Please go ahead.

**Rakesh:** Hello. Thank you for opportunity. Am I audible?

**Praveen Jaipuriar:** Yes, you are audible. Just be a little louder. Little disturbance is there.

**Rakesh:** Okay. Sure, sir. Thank you very much. Sir, one question with respect to the coffee prices. We have seen this industry like coffee manufacturing industry is very fragmented industry. There are few players like CCL which is the top player, top manufacturing players. But I want to understand because the coffee prices are higher from the last 15 months, have you witnessed the customer which are buying from the small players, have they come to you, they come to you that they want to do business with you rather than going with the smaller players which are struggling with high coffee prices?

**Praveen Jaipuriar:** Yes, we have actually, I may not directly correlate with some of these new players which are coming. They were buying from small players and they have come to us because, you know, as I told you, we also have been concentrating with the larger buyers, more brand owners and long-term buyers. And generally, people who buy from small time players are the transactional ones. So, I cannot really for sure say that I bought from smaller players.

But there has been another trend that we have been noticing that we generally, you know, over a quarter, we will get a couple of two, three, you know, proposals for taking over manufacturing units of smaller players, which probably has an indication that the smaller players would be finding it even more difficult to manage the working capital and the operations of their plant. So, that is a sense that we are getting. But if you ask me, have you got more people or buyers from smaller players? I don't think so I can definitely say an yes to that.

**Rakesh:** Okay. Sir, second question with respect to CAPEX, CAPEX for the F26 and F27, if you can talk.

**Praveen Jaipuriar:** About the CAPEX?

**Rakesh:** Yes.

**Praveen Jaipuriar:** I don't think so we will have any CAPEX in next year. We are done with our CAPEX for the next three years or so because most of our capacity building is over now. We are good to grow for the next three years. So, I don't think so we will have any more capexes.



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- Rakesh:** So, continuing on that part, if there is low CAPEX or very maintenance CAPEX, only maintenance CAPEX and the coffee prices remain same, we can do a larger chunk of payment towards debt. Is that understanding correct?
- Praveen Jaipuriar:** Yes, absolutely. So, I think that's the sweetest spot that we can get into because going forward every year, as I told you, 150 to 200 crores of debt retirement will happen. And if the coffee prices will come down, this is a double benefit that we will get. So, then things will probably get vastly rosy for all of us.
- Rakesh:** Sir, just one last clarification on the next part.
- Moderator:** Sorry to interrupt Rakesh. Those were your two questions.
- Rakesh:** Sure. Thank you.
- Moderator:** Ladies and gentlemen, I would now like to hand the conference over to the management for the final comments.
- Praveen Jaipuriar:** Yes. Thank you. Thank you team for arranging the call. Thank you, Manish. And I thank all the participants. Wishing you all a very Happy New Year, and we look forward to meet you in the next quarter.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking Limited, that concludes this conference. You may now disconnect your lines.