



**Date: 09.05.2025**

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 financial results of Q4 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 Tuesday, 06<sup>th</sup> May, 2025 to discuss the results of the fourth quarter of 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/2025/05/Q4.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iv) No Unpublished Price Sensitive Information was discussed in the call.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  
Q4 and FY25 Earning’s Conference Call”  
May 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 Q4 and FY '25 Earnings Conference Call of CCL Products (India) Limited, 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 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, warm welcome to all the participants on the 4Q FY25 Earning's 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. Chaithanya Agasthyaraju, CFO; Ms. Sridevi Dasari, Company Secretary on the call.

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

**Praveen Jaipurkar:**

Yes. Thank you, Manish. Good morning, everyone. Let me now give you a brief overview of our performance for the quarter and the year gone by. The group has achieved a turnover of INR 839.65 crores for the fourth quarter of '24, '25 as compared to INR 730.87 crores for the corresponding quarter of the previous year, and the net profit stands at INR 101.87 crores, as against INR 65.22 crores for the corresponding quarter. The EBITDA is INR 167.09 crores and the profit before tax is INR 105.88 crores.

Coming to the full year performance, the group has achieved a turnover of INR 3,114.2 crores, which is a milestone number of crossing INR 3,000 crores that the group has achieved as compared to INR 2,660.02 crores for the corresponding previous quarter. And the net profit stands at INR 310.34 crores, as against INR 250 crores for the corresponding previous year. The EBITDA stands at INR 563.55 crores and the profit before tax is INR 352.25 crores.

Coming on to the domestic business, the business achieved a gross turnover of INR 440 crores, out of which the brand sales were approximately INR 300 crores. And we are looking to drive similar and aggressive growth in the coming quarters and year. We also have completed the expansion at Ngon Coffee Company Limited, our subsidiary in Vietnam.

I now open the floor for questions.

**Moderator:**

Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Charisha Shyam Sukha from Venture Growth Partner.

**Charisha Shyam Sukha:**

I would like to know like our future growth, present and future growth, which will be coming from domestic and how much will be coming from international markets? And what would be the drivers, let's say, domestic markets, coffee penetration increasing year-on-year?

**Praveen Jaipurkar:**

I couldn't hear you properly, but what I understand is that you're trying to ask us that will our future growth come from domestic market or exports market? Is that true?

- Charisha Shyam Sukha:** Yes, that is the first question.
- Praveen Jaipuriar:** Yes. And what was the second one, if you could repeat because your line was very disturbed.
- Charisha Shyam Sukha:** Yes. So second question is like how do you see the coffee penetration increasing year-on-year in both domestic and international markets?
- Praveen Jaipuriar:** Okay. So coming to your first question, you see we are not, it's not that we are dependent on one vertical for growth. We are driving aggressive growth on both the verticals, which is the exports, B2B and private label and also domestic. Domestic also includes our own brand and B2B and private label. So we are treating each vertical, as growth driver for us, and we have strategies to make sure that the growth are you know, all around growth rather than depending on one vertical or the other vertical.
- The second question is about the profit penetration that you are asking about. You see, if you see the world into and if you were to divide the world into 2 parts, the more developed economies like the European economies and the American economies, we don't see much of category penetration being driven here because these economies are mature economies and coffee is very well penetrated here.
- Every single individual drinks coffee. But yes, in developing economies like India, China, Middle East, here and these economies have been largely, you know, non-coffee drinking economies. Here we see that the category will be getting penetrated over a period of time, and these are the economies we foresee that will be driving coffee consumptions in the coming decades.
- Charisha Shyam Sukha:** But could you please tell me like how or how much would be the CAGR growth year-on-year in these developing markets? And also, the bifurcation between our domestic and international market?
- Praveen Jaipuriar:** So I told you, if you see the numbers out of the total turnover that we achieved, which was close to INR 3,000 crores, approximately the domestic market is contributing to INR 440 crores, INR 430 crores. So that's the bifurcation between these two markets.
- As far as CAGR figures are concerned for the company, we have already and have been giving a guidance that our profitability, because that's a metric that we want all of us to kind of concentrate on that will kind of grow between 15% to 20% year-on-year basis. Yes, there will be fluctuations here or there, but at a long-term-ish levels. If you were to see, we have given a guidance to grow between these levels.
- Now, yes, there will be higher growths driven by certain segments, which are smaller as of now, like the domestic branded segments will continue or continue to drive growth at a higher levels. So these are certain colors to the various verticals that we are operating in. What are the growth expectations from these verticals?
- And I don't know if you were to also wanting to understand the category growth, as I told you earlier, the mature economy is like and these are category not our growths. The mature

economies like Europe and US, they are fairly flattened out as far as growth are concerned. But yes, economies like developing economies like India and China, will be driving as far as the category is concerned looks like, they'll be driving double-digit growth for the coming years.

**Charisha Shyam Sukha:** So you mean to say that our growth in international markets would be coming from China and Middle East particularly?

**Praveen Jaipurkar:** No, I think we're getting a little muddled up here. Our growth, yes it will come from China, Middle East, but we are also, see while the categories are stagnant in markets like Europe and America, we are also looking to make sure that, our growths continue to come from these places because here we would look forward to gain market share.

So there our growth will be driven by market share and in some of the economies our growth will be driven by the category growth itself. So yes, it will be a mix of strategies in various markets that we are looking to operate.

**Charisha Shyam Sukha:** One last thing. Last time we were much focused on the rising coffee prices. So, do you see that see that tension gone, or is it still continuing?

**Praveen Jaipurkar:** No. So the tension is still there. So, in fact, when we say focus, focus was not there. What we always maintain. See, we are a cost-plus company and being a cost-plus company, there is literally no tension on coffee prices. What we want is that the coffee prices to be stable at whatever levels they are.

So our tension was more from choppy, fluctuations that were there in coffee, weak coffee prices. They still continue we hope and even then, while the coffee prices were choppy, the only concern that we kind of have is that, is it leading to any consumption drops.

As long as the consumptions are holding up, we are good to go. Because as long as people are drinking coffee, we are fine with it at whatever level they are, the coffee prices are. The only thing is that, when the coffee prices are choppy, the clients become a little more short sighted.

They say that they would not want to go for long-term contracts. Because if they were to go for long-term contracts, if the coffee prices were to fall, they would feel pressures on their margins. So the contracts become smaller. So that pressure still remains. The coffee prices are still high and they're still choppy as of now.

But we are seeing some signs of stability in the last 2 - 3 months. The coffee prices have kind of been stable as of now and now the Brazil crop is around the corner, we will get to know more about how things fare when the crop comes in, the flow of crop comes in, we'll get to see that how things are shaping up. So we probably will be better off after a month or so to understand, how the coffee prices have been shaping up.

**Charisha Shyam Sukha:** In B2B, we have cost-plus model, but in B2C, will we be able to penetrate because of the coffee price increasing?



- Praveen Jaipuria:** Yes. So we also, in B2C also, if you see, we take price increases, especially on the larger packs. Yes, the smaller packs become a little challenging. But again, we do a lot of internal exercise of making sure that we drive optimization at different level, redoing the blends, etc., to make sure that our profitability is maintained. So, and B2C also, we are very small right now. So we are continuing to drive aggressive growth there as well. And we are maintaining margins on that vertical as well.
- Moderator:** Ma'am, we request you to rejoin the queue for follow-up questions. The next question is from the line of Digant Haria from GreenEdge Wealth.
- Digant Haria:** Sir, I was invested in tracking your company in the last decade. At that point of time, we used to have working capital as a percentage of sales would be around 30% - 35%. We were more or less a debt-free company, maybe INR 200 crores, INR 300 crores of debt. I did not track it for the last 3 - 4 years, but I have recently restarted it.
- So sir, just wanted to know that what has led to this situation, where working capital has gone up to 45% of our revenue consistently for the last 4 years, plus we have reached a borrowing figure of close to INR 1,800 crores, INR 1,900 crores. Is it just the coffee price cycle? Or is it that in the B2B coffee segment, we have become 7% - 8 % of the entire world market, and now we are finding it difficult to maintain those economics. Sir, any highlight on this would be great.
- Praveen Jaipuria:** So yes, a couple of things here. Yes. So I'm sure I don't exactly, you said last decade, but last decade also, there would have been fluctuations. So I really don't know which exact period you would have seen us as debt-free. But the fact of the matter is that '15 to '20, right. Yes. So if you say '15 to '20, the coffee prices at that time was \$1,000, yes. So let's say, even if I even plug in 10% - 15% of volume growth also, my debt should not have gone to the levels that it has gone now.
- The single most contributing reason has been the prices. So from that \$1,000 that used to be there in between '15 to '20, it is now \$5,000, yes. For the same amount of coffee itself, I will have to, I'll have to kind of spend 5 times more money. So if you compare with that, then you will see that the debt levels haven't increased 5 times. So that's the single more contributing factors.
- I don't think so it is because we have reached 7% - 8% that we are finding it difficult for more, to get more customers. That's not the reason why our debts have increased. So that is there. And suddenly, with coffee prices at the levels that they are today and with the shortages that are being cited all across, it suddenly becomes a seller's market, as far as the commodity trader.
- So when it is a seller market, then what happens is that your payment cycles also get a little bit squeezed because you have to procure coffee then and there and make sure that you secure that coffee.
- So for that purpose also, your, so suppose the situation was opposite today, what happens is that if I'm buying coffee from an aggregator or a farmer, I would and in a rising coffee prices, I would like to secure it then and there versus a situation, where, which is opposite when the coffee prices slide, what will happen is that I'll be in a different scenario, where I could say that, yes, I'll buy

your coffee now, but pay you in future, he'll be very happy about it, yes, because he's getting a rate, which is higher, which he knows in the future is going to go down.

So all of these factors have added to the stress on working capital. And the working capital out of INR 1,800 crores would be around INR 1,150 crores or something like that. The rest is long-term loans. And these long-term loans is for capacity expansion, which is necessary, and you said that you have tracked it. So every 6 - 7 years, we would see that our investment in capacity expansion goes up, which leads to higher debt levels at that point of time.

But in that cycle, let's say, from next 3 - 4 years from now, you'll see the debt levels again coming back and sliding back to the low levels because not only our repayment of long-term debts would have happened, but also if, say, we get aided by lower coffee prices, it will have a double impact on our loan profile with a lower holding cost for the green coffee that we are holding. So yes, these are the reasons for increased debt.

But overtly, as I've been telling a lot many times that the working capital debt for us mostly is for confirmed contract. So again, that's not a cause of worry because it's not that we are speculatively buying coffee or increasing inventory, and because of that, my working capital is going up.

**Digant Haria:**

My second question then would be that if the coffee prices remain stable for 1 or 2 years, maybe our working capital naturally comes down because the markets will be more accepting of these slightly shorter payment cycles. Is that a correct assumption?

**Praveen Jaipuria:**

Yes, yes, absolutely. So not only stability, you're right. Even that is why in my previous answer, I was mentioning that stability is very important for us because then what happens is that your cycles become longer, your selling cycle becomes longer, you get longer term contracts. The moment you get longer-term contracts, you also plan your value and the supply chain management much more efficiently. So all of this will add up to this thing.

And it is but natural that maybe now or 6 months later, see one crop comes now, which is the Indonesian and the Brazilian crop and one the other set of crop comes in December time. So one of these times you know and while we have been saying this for last, we had said this for last year as well, this did not happen. But I'm sure there will be times when the supply will get regularized and we'll see softening of prices as well.

**Digant Haria:**

Okay. Okay. And last question, if I can squeeze, like in the last decade, we always used to say that we gain market share via putting better blends and delivering coffee on time. The same has been the story for the last 4 - 5 years as well, like how much have we innovated on the number of blends and number of new markets? Any such color if you can give, that will be the last thing from my side.

**Praveen Jaipuria:**

Yes. No, absolutely. I think there is multiple approaches to our growth trajectory. Yes, we gained share, market share through innovations and through more better blends and things like that. That continues to be our forte. And that is why we keep getting newer clients as well. And it's kind of probably since you said that you have restarted following, maybe you haven't heard us for last 2 - 3 years.

But then you would have realized that there are a lot of new markets, new products that we have launched, things like instant cold brew or microground coffee or a new blend. All of these have been our ability to keep gaining market share and drive penetrations in markets, where we are not so strong. So this will continue from our side. We'll keep doing this all the time.

New blends, I don't have the numbers right now, but probably in between '15, '20, when you were tracking, we would have had maybe 500 - 600 blends in our library. Today, we have 1,000. So that probably speaks of the fact that every day is a day when we kind of develop something new for some client or the other.

**Moderator:** The next question is from the line of Lokesh Maru from Nippon India Mutual Fund.

**Lokesh Maru:** Congratulations on excellent set of numbers this quarter. A few questions from my side. One is, as you know, if and all, if coffee prices go down from here, do you think our end clients will maybe wait out a few quarters or a few months to let the coffee prices bottom out and that could be a quarter or 2 maybe for us of some volatility in volumes?

**Praveen Jaipurkar:** So thanks, Lokesh. And it will all depend on how much because ultimately, our end clients are also serving consumers and customers. So they will have to maintain certain stock levels to make sure that they don't run out of stock. So I don't think so people will wait to bottom out because bottom out is something that nobody knows where it will bottom out. So that's a thing. Yes, they may continue to work on a razor thin inventory levels, which they are anyways currently working on. So that trend may be there. But yes, I don't think so beyond the point, they can delay their orders.

**Lokesh Maru:** So the same trend that we are seeing 10% - 15% growth during this time, you think given the category is sticky, this will continue, maybe it won't fall off basically.

**Praveen Jaipurkar:** Yes. This won't fall off. Yes.

**Lokesh Maru:** Another question on tariff differential. If at all, there is a 10% tariff, let's say, so is it, does it give way to Brazil or does it give way to local manufacturers in U.S. to gain some bit market share?

**Praveen Jaipurkar:** So U.S. doesn't have a lot of local manufacturers. They either depend on Mexico, Brazil or Asian countries like India and Vietnam. So I don't think so they have any internal edge over the other countries. Now coming to other countries, I think as of now, tariffs are a level playing field. If nobody knows what's going to happen in future because it's, the U.S. administration has been very, very unpredictable.

But if you were to pick up signs, you would have seen that probably India and Vietnam, both the countries are one of the best place countries to kind of finalize trade deals. In fact, U.S. themselves have told that India is one of the first countries, where they're going to finalize the trade deals.

These are positive signs. Vietnam, we all know that the delegation is already or was in U.S., and they have kind of slashed all the import duties from U.S. to 0, which is an indication of the fact that they are also wanting the status quo to be restored. So, and both these places, we are pretty



much well placed to kind of cater to the demand. So I don't see, as of now, any sort of disadvantages for us. But yes, we'll hold our breath till we get to hear finally from them.

**Lokesh Maru:**

Perfect. Sir, one question on this side, your gross profit growth has been 19%, but EBITDA growth has been higher at 38%. So fundamentally, when you negotiate a contract, does it basis gross spreads, I mean, because when you come to EBITDA, fixed over is in, is in company's hand, right, how to manage. So is it gross spread that you negotiate on? And is that something we monitor to monitor the volume growth apart from these production mix changes obviously...

**Praveen Jaipuria:**

Both the levels, but fundamentally, we would like to protect the EBITDA growth. So therefore, a large portion of the expenses are built into the margin calculation that we do. So we do make sure that all the expenses are also built into the costs that when we are doing the final negotiations and the price negotiations.

**Moderator:**

The next question is from the line of Swayam Ranabhat from Pinpoint Capital.

**Swayam Ranabhat:**

So my question is like, sir, can you please tell me about the demand scenario that we are seeing from B2C segment? And are we like seeing any sort of challenges over there?

**Praveen Jaipuria:**

So considering we are a very new player here, there are numerous challenges. The biggest challenge is to fight you know, 2 big players in the market. So, but yes, off late, what we have also seen is that because India is a very price-sensitive market. And with the kind of price increases that the category has taken in the last few quarters, we are looking, and we are experiencing certain stresses in the demand.

But I believe these are short-term stresses because the amount of consumption that is, the amount of consumption that is being driven, especially the out-of-home player in the cafes. I think fundamentally, in the long run, we see a huge demand that is going to kind of creep into economies like India, which is looking like, looking, as of now that the nation is fastly converting from a tea drinking nation to a coffee drinking nation.

So long-term demand, this thing, we are not very bothered about. Yes, in the short term, there are some category stresses, but we are very small, as of now. We will continue to aggressively drive it because our main efforts will be towards gaining as much of market share as we can.

**Swayam Ranabhat:**

Got it, sir. And sir, my last question is, what are the key strategy that we are following to grow our overall business going further?

**Praveen Jaipuria:**

So it's a multipronged strategy. We are looking to make sure that we increase our proportion of private label consumers, who generally are end consumers because these are not consumers, customers, sorry. These are customers, who stay for you, with you for very long periods of time. So that's one strategy that we are working on.

The next strategy that we are working on is to penetrate newer markets. We have been talking about this. B2B. We all know it takes a bit of time to convert customers because a lot goes behind converting customers. It's not just price. It's the type of coffee, the blend. They must be

convinced about not only the price, the blend, but also our value chain system that we are geared for delivering the demands of their demand in turn. So all of this play a role.

So new geography expansion is also something that we are working on. We have been starting to get results from markets like China, Taiwan. So these are new geographies that we'll build on. Add to it, we are also looking to increase our footprint in the Middle East and the African markets going forward.

So yes, it's, and in the domestic market, in the branded segment, we are continuing to drive share gain through distribution expansion and through new geographies and more penetration, driving more and more sales in the quick for and the e-com space. So it's a multipronged strategy, differently played for different geographies, different segment of ours, different customer of ours. So yes, these are a few of the nuggets that I've given you that is what we are adopting to grow our sales.

**Moderator:**

The next question is from the line of Rajesh from AlfAccurate Advisors.

**Rajesh:**

Just wanted to understand 2 important things. One is, do you see that in terms of the coffee prices, let's assume the prices stabilize, whether any of the, from our side, the shipment, whether is there any preponement in this quarter? That is the first question.

And second question, if I look at the freight cost, which has gone up significantly due to these tensions and geopolitical issues, how is it behaving now? And do you expect a stabilization in the same?

**Praveen Jaipuria:**

So there wasn't any preponement per se, yes. So we didn't see any of those trends coming in. And as far as freight costs are concerned, we still, it's very difficult to comment. There was a quarter when we thought that now things are very stabilized in the Red Sea zone. And I come to hear that yesterday, there was a bombing at Yemen imports and all that. So really, it's very difficult to comment right now where things will go forward with.

Then again, when Trump had decided tariffs and all that, suddenly, there was a slump for a few days. Then again, it went back. So it remains to be a little uncertain at this point of time. We would hope that over a period of time, these things settle down. And also sometimes directly, if you compare freight charges, sometimes it also doesn't give you the right picture because a lot of times, we have a mixture of FOB and CIF contracts.

So sometimes it gets this thing in the above column of revenue and COGS. So it's a little difficult to kind of actually also compare like-to-like and a direct comparison may not always give you the right scenario.

**Rajesh:**

I see. And from your EBITDA per kg perspective, the debt remains quite constant, right, like FY '25. And when you look at going forward, as you focus a little bit more on the mix, do you see any scope for improvement in EBITDA per kg?

**Praveen Jaipuria:**

So no, EBITDA per kg, this is a little tricky question. We have seen EBITDA per kg improvement this year because we concentrated a lot on end customers, the mix changed, we

concentrated a lot. See, what has happened also is that because of these high coffee prices, there is a lot of churn that is happening internally as well in terms of newer coffee blends getting developed, even customers are because nobody is wanting to increase prices so much.

So there is what we call it all at, all times when the prices go at such high levels, not just coffee, any commodity or any sector that you see, there are a lot of internal churn in terms of more efficiency building happens. So all of that we see has taken, has been a part to increase the EBITDA per kilo. Now some of it will probably continue. Now the rest of it, how the volume mix is going to change, we never know.

Tomorrow, let's say, the coffee prices go down and we kind of get low-margin business as well into our portfolio to be added, maybe the mix could change and the EBITDA per kilo may be kind of come down. So there are a lot of ifs and buts are at play. There are a lot of parameters are at play. And therefore, we give a guidance that at an overall level, we have given a guidance that our EBITDA growth at an absolute level will be at 15% to 20%.

There will be times, where we will drive this through more of volume growth. There will be times when we will drive it through better EBITDA per kilos. But yes, that's been our overall guidance, therefore. So if you look at this quarter that, okay, EBITDA per kilo has gone up significantly. Will it continue? It's a question that is very difficult to answer. But yes, what is certain is that we will continue to drive our EBITDA, absolute EBITDA growth between 15% to 20% year-on-year.

**Rajesh:** Sorry for, I joined a little late, if I can mislead this call. I don't know if this question is already asked. So the...

**Moderator:** We probably request you to rejoin the queue for follow-up questions. The next question is from the line of Kashyap Javeri from Emkay Investment Managers.

**Kashyap Javeri:** Congratulations for amazing set of numbers. Just wanted to check, one, what was the broad range of volume growth in quarter 4 and consequently for the full year? Second, if I look at the difference between consolidated and stand-alone numbers this quarter, there is a fairly sharp rise in subsidiary profitability. So whether it was Vietnam, the granulation unit in Europe or whether this was the retail or branded sales that drove that profitability?

And the third question is on Vietnam, there is likely probably tariff of a very high number, though it's been postponed now. But with 100 % customs duty on coffee imports in India and likelihood of tariff on Vietnam, how can we juggle the production for various geographies? These are the 3 questions that I have?

**Praveen Jaipuria:** Yes. So Kashyap, as far as volume, let me give you a broad idea, the volume growth was closer to 10-ish kind of for the full year.

Now coming to the second part, the subsidiary profits were higher. Yes, it wasn't that CCSA because that's a very small in terms of revenue, it's a much smaller subsidiary. So yes, profitabilities were much higher at NCL and not really with the granulation unit at CCSA. So NCL, the profitabilities were higher.

Now that profitability is on 2 accounts, as I already mentioned, that the customer profile, the efficiencies, all of this had an improvement. Also at a net level, Vietnam is a tax-free this thing, so you get to see more profits there. So that's the reason there. And the third thing you asked was about...

**Kashyap Javeri:** Sir, likely impact on Vietnam.

**Praveen Jaipurkar:** Tariff. Yes. So...

**Kashyap Javeri:** Is still better than India. So...

**Praveen Jaipurkar:** Yes. So tariffs, again, I was just mentioning as an answer to one previous question that we believe, again, tariff once 90 days are over, we really don't know because things have been very unpredictable. But the signals are much more positive for both the places, Vietnam and India. Vietnam has already kind of made all imports as 0 tax from U.S., urging them to go back to status quo. So I'm sure there will be some settlement there.

And India also, we are seeing certain positive signals when U.S. declared that India would be one of the first countries, where they would confirm the tariff deals. Just because India is 100% tariff on coffee, I don't think so it affects India U.S. coffee trade because U.S. neither grows coffee nor produces coffee, yes.

So I don't think so, it's unlike cars, wherein the U.S. has been very adamant that you put 100% tax on cars of mine, but I put 0% tax for your cars. So that's not fair. But in coffee, there is no reason for any kind of conflict because they are neither growing coffee nor they are making coffee. And India doesn't import coffee at all from U.S. So I don't think so that will be a point of contention. We feel that both the places will be positive.

The other thing is that considering that the way our plants are configured, the way our blends are configured, we have the option of -even if, let's say, out of these 2 countries, one becomes a little unfavorable, we have the option to supply from the other country. So we have that flexibility. Now it's quite unlikely that both these countries will become unfavorable for U.S. yes. So that's something that we are not too worried at this point of time. But having said so, that unpredictability about U.S. government stays, we really will have to see when the time comes.

**Kashyap Javeri:** Okay. And just utilization levels, that's the last question, both places.

**Praveen Jaipurkar:** So utilization generally see at, so I generally break it down between 2 sets of things because the expansion has been at a staggered level. The earlier capacity, the existing capacity, we are almost running 100%. The newer capacities last year because they came at different points of time. But on a yearly basis, if you see, there was 10% to 15% utilization of the newer capacities. And the extended capacity of Vietnam, we just announced. So we will see in the next quarter how the utilization happens.

**Moderator:** The next question is from the line of Prateek Poddar from Bandhan AMC.

**Prateek Poddar:**

Congratulations on a great set of numbers. Sir, I have just one question. I know this question has been asked, but just on inventories, as a proportion of sales or let's say, when we look at other companies, which use input and convert it into final products, whenever they see a price increase, we don't see them increasing their inventory levels or the inventory in terms of number of days as a percentage of sales increasing. Can you help me understand why is it particular, or why is it only in our case that when coffee prices rises that you, that the inventory levels go up far higher than input to sales?

**Praveen Jaipuria:**

So 2 things here. Yes, I think that's a very valid question. Two things here. One is that our buying happens from multiple sources, yes. So the multiple sources are sources like Vietnam, Indonesia, Brazil. Now Vietnam, Indonesians are much closer to our manufacturing units. So suppose you were to buy from Vietnam or Indonesia, probably you build 15 to 20 days of transit time.

But you're buying from Brazil, then you probably have to build in 60 days of transit times. So last year, if you see, a lot of our buying was also from Brazil because there, the prices were much more favorable. So that adds to your holding cost of inventory.

Second is that a lot of our buying happens at the ground level from the local aggregators, from the local farmers. Now in the rising price scenario, it so happens that the chances of default becomes much higher. So today, let's say, if the price is 100 and I contract it at 100 and I don't secure it right away, the chances are that tomorrow when the prices have gone to 150 the guy could come back and say, there were some mismatches in inventory, he didn't calculate it properly, blah, blah, blah and he would tend to default.

Now you can't go to court cases with these small, small time sellers. So what you end up doing is kind of you say that stick to the coffee. So therefore, these 2 tendencies increases the holding cost of inventory for us. The opposite will happen when the prices are sliding down.

So if the prices are sliding down, I would have paid him at higher price, but he would be very happy to hold it for me because, let's say, 2 months down the line, the prices would have slid another 15%, 20%. So he would be very happy saying that you don't worry, I'll hold it for you. I'm holding it. So these are the challenges that come into picture, and that's the reason you will see a higher inventory holding.

**Prateek Poddar:**

Could you just split the inventory into finished? How much would be finished goods? Is it possible for you to call out?

**Praveen Jaipuria:**

Finished goods won't be much because generally, the finished goods have everything is against order. So as and when the order comes, so maybe finished goods will be, let's say, 15 days of stocks, not more than that, 15 or 20 days of stocks, yes. But inventory could be 3 months, around 3 months of stocks. Green coffee inventory, sorry.

**Prateek Poddar:**

And sir, just last question in terms of getting the supply guide because this has obviously been the case. You've been here in this industry for 20 years. You would have your own supply chain, right? You would know who's trusted me and who's not. I mean in the past 20 years, that kind of knowledge or on-ground insights would be there, right, in terms of ultimately, it's a relationship business.

So I find it a bit difficult that, I agree that there is this tendency for someone to make profits on the, I mean, have opportunistic profit, but then he uses the relationship forever, right? Is that still something which is widely practiced in the industry...

**Praveen Jaipuriar:**

So it doesn't happen 100% of the time. You're right, we are now 30 years in the industry. We practically know every supplier, every aggregator. But having said so, let's say, for 60% to 70% of our purchase, which is generally from large houses like the OLMs and the e-coms of the world, we don't face those kind of challenges because these are pretty professional organizations.

But what we balance is at a very local level. Now while we know these people, that, in fact, adds to this thing because this guy comes with a silken face and says that he has a miscalculation of inventory, I really can't go after him putting up cases and all that. So yes, it's not that 100% of my stock are there. But this little 30% probably adds to certain days of your inventory, yes. So we don't want to take chances. And because we have done the contract, so we cannot, in fact, we would, our model is very simple. The day we finalize the contract, the same day we go and buy coffee.

So it's an added pressure for us also because if I even leave for 10 days and the coffee prices would have fluctuated, then I am in a tight spot. So it's my desperation to make sure that I've secured the coffee in the same day adds to that level of this thing that I need to secure. So even if he may not default or do things bad to me, I need to make my security to improve.

**Prateek Poddar:**

So why do we need to keep 6, sorry, last question and maybe we can take it offline. You need to keep 6 months of inventory, your, let's say, cycle is less than 3 months, right, from processing perspective.

**Praveen Jaipuriar:**

But there's no 6 months of inventory. Where did you calculate 6 months of inventory?

**Prateek Poddar:**

Anyways, I think we'll take this offline. This will be...

**Praveen Jaipuriar:**

Yes, there's no 6 months of inventory at all.

**Moderator:**

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

**Abneesh Roy:**

Two quick questions. One is in terms of price hike in the B2C Coffee India, how much has the industry taken and how much you would have taken last 1 year?

**Praveen Jaipuriar:**

So Abneesh, probably on the larger packs, 30% to 35% industry has taken, and we have also taken similar price increases. But yes, the smaller packs like the single-serve sachets and the INR5, INR10 pack, that remains same. There has been certain grammage reduction and some reblending that would have happened. But yes, that's about it. So 30%, 35% industry has taken the price increase. We have also done that.

**Abneesh Roy:**

Sure. Second and follow-up question essentially. In tea, we have seen down-trading and downgrading. So from larger packs, smaller packs are being bought in the B2C and customers are also shifting to newer brands, weaker, cheaper brands. In coffee, would you have seen similar phenomenon in India recently.



**Praveen Jaipuria:**

So in coffee, that sensitivity is a little lower because while tea is very hugely penetrated and goes to all kinds of consumers, coffee is a little more concentrated towards more A class and B class. And also, it's a very urban phenomena. So the price elasticity is actually better there than the commodity like tea, which is very price elastic and very sensitive to price increases.

But yes, and the other thing is that coffee in North India and coffee in South India, they are consumed very differently. In South India, anyway, the small pack used to contribute approximately 65% of the business, yes. So that remains to be true even today. In North, the phenomena of small packs is much lesser. It is largely a large pack market up and upwards of 50 grams.

So there, as I was telling in my earlier answer as well, in the last quarter, Nielsen has reported certain volume stresses, but it's not very significant. So we'll wait and watch because a lot of price increases have happened in the last 3 months or 4 months or so. So I think this quarter, next quarter, we will see how the category numbers are. But it isn't so much drastic, as it would have happened in some of the other more penetrated category.

**Moderator:**

We'll take our next question from Vivek Tulshyan from New Mark Capital.

**Vivek Tulshyan:**

If I look at the coffee prices, whatever data we get on the global side, it seems like coffee prices have gone up almost 60%, 70% in the last 1 year, whereas if I look at our contribution growth from realization is only 6%, 7% because the rest of it is volume growth. So would it be fair to say that even if coffee prices start to correct because these contracts are coming with a lag, we will continue to see growth in terms of realizations for the next few years before it starts kind of tapering off?

**Praveen Jaipuria:**

Yes. So of course, it will all depend how quickly or how slowly the prices go down. But first and foremost, let me just come to the first observation that you had. I don't think so the price increases have been 70% in 1 year, 60% to 70%. Last 1 year has been largely, I think, 20% or 30% or so, but with a lot of ups and downs, yes. Lot of ups and downs, yes.

So there are times when it used to kind of, for example, when Trump announced tariff, that day itself, the coffee prices fell by 10%, yes. So these kind of fluctuations have happened in the last year. It will depend. A lot will depend on our revenue trajectory on how much or at what times we have done our contracts.

A lot of times, a lot of our contract gets closed on the days of drops, because everybody is in a wait and watch these days. So the moment there is a drop, we would see a lot of confirmation. So very difficult to predict the price advantages that we may get to see once the prices either stabilize or to cool off. It will depend on various factors.

And that's the reason I think that, because that is something that is not fundamental to our performance. And that's the reason we always say that EBITDA growth is something that should be tracked for our metrics because whatever the price fluctuations are, whatever long-term, short-term contracts we get, all said and done in a longish period of time, we are committed to delivering that 15 %, 20% EBITDA CAGR. So that's where we stand.



- Vivek Tulshyan:** Got it. And the second question was if the coffee prices remain at the current level, then given our investment has increased because the coffee prices have gone up and our inventory holding is at a higher price, do we also renegotiate on our whatever EBITDA per kg that you would be charging the clients? And does that also start showing up in higher EBITDA per kg going forward?
- Praveen Jaipuriar:** No, no, no. So we are a cost-plus and a back-to-back this thing company. We do cost-plus pricing, and we do back-to-back buying. Therefore, what it means is that both at the back end or at the front end, we don't renegotiate. So we don't renegotiate for any contract that would have done at certain price that the coffee prices have fallen, so give me at a lower price. That's not what we do or that's not even the industry practice as well.
- And secondly, once the contract is over, I don't think so even the clients renegotiate with us for lower cost because we would have bought the coffee at the time of the contract at the price that we had mentioned at that point of time. So that is not there. Again, now once the coffee prices fall, yes, the new contract is liable for new negotiations.
- So there will be negotiations with the new prices or at the time of finalizing the contracts, there will be new negotiations. So that we will see how it takes place. But yes, at a blended level, at an overall level, bottom line level, we try and see that how well or how can we protect our EBITDA per kg. So that's our endeavor when we kind of give our prices or work our cost prices and things like that.
- Vivek Tulshyan:** Just the last question.
- Moderator:** Sir, we request you to rejoin the queue for follow-up question. The next question is from the line of Prakash Goel from Kedaara Capital.
- Prakash Goel:** Praveen, I wanted to understand like we were working back the numbers that you have close to 7% price realization growth. Hello? Am I audible?
- Praveen Jaipuriar:** Yes, yes. Please go on.
- Prakash Goel:** Yes. So if you are doing the same thing with the inventory as well, there's a good amount of jump in the volume of the inventory that you had at the end of the year?
- Praveen Jaipuriar:** Yes.
- Prakash Goel:** Is that correct? Like how to think about it? Like how much volume you extra you are owning at the end of the year?
- Praveen Jaipuriar:** Yes. So it again depends on and we'll kind of work it out separately probably to give a little more granular answer. But at broad level, the inventory this year probably has gone up because of the fact that a lot of are buying products from Brazil, which takes a lot more logistics time to reach us. But you own the inventory at the moment you buy these stocks, yes. So therefore, there will be some this thing inventory increases during the year. Just not because of volume increase. It's also because of these logistics issues and all.





- Prakash Goel:** And it would be also helpful to understand like your EBITDA margin jump is very significant in Q4 what has led to this? Like any specific reason? Because, say, when there will be a fall, people would like to understand what went right in Q4 and what went wrong in Q1. It might be appropriate for you to share the details so that we can plot that trajectory for the company.
- Praveen Jaipurkar:** Yes, yes. So I'll share certain details beyond which it becomes detrimental for us. But the details are, again, is as follows. In Q4, we had a very high proportion of high-margin contracts. And a lot of end customers, which we had talked about in the last 4 quarterly updates that we are working on a lot of them. So a lot of these contracts happen to be high-margin contracts.
- If you also see the volume trajectory for last 3 years has been a lot closer to 20%, 22%. This year, it's closer to 10%, which means that, that 10% trajectory drop is also because of the fact that we were not, we did not do low margin, a lot of low-margin contracts. So suddenly, the per kg EBITDA profile kind of increased a lot. So these are the reasons in quarter 4.
- Now going forward, again, one could, that's the reason I kind of have been harping on this and telling us that while we should understand the per kilo EBITDA, but this should not be a measure to keep tracking because, let's say, if the per kilo EBITDA has jumped, do we think that this will constantly stay here?
- Probably not, but it will depend on a lot many things how the profiles are, what new customer acquisitions are, we are doing at what price, what margins and all that things will come into play. Therefore, at an absolute level, we say that, okay, how are we growing our EBITDA at the absolute level?
- And that's the guidance we are giving that 15% to 20% because we also know that there will be times, where we will drive low-margin business as well. So higher volumes with lower margin business, what would mean is that it will lower down my EBITDA per kilo, but it will still keep me in that bracket of 15%, 20% EBITDA growth. So that's the metrics we try and track and see over a period of time that is it moving in that direction or not.
- Prakash Goel:** So basically, you are saying that if you are growing 20% volume, you can have a very much flattish Y-o-Y EBITDA margin per kg. Unfortunately, or unfortunately, we try to track everything possible. And obviously, some of these numbers may not match quarter-on-quarter or year-on-year.
- Praveen Jaipurkar:** Correct.
- Prakash Goel:** And there's no benefit of currency or price by virtue of price movement. It is more just because of the particular contracts.
- Praveen Jaipurkar:** Yes, yes. Because there is a price movement as we were doing back-to-back, we don't kind of get any benefit of the price movement.
- Prakash Goel:** And the benefit of currency also as well?



- Praveen Jaipuriar:** Currency, see we buy in dollars, get in dollars. So most of it is negated over a period of time. So there isn't any significant gain here or there. And these are all built-in basis. There will be certain things here, and I cannot say it is 0 because it's not that 0. There is a margin difference that we get. So on that, there will be certain differences that may crop up. But these are not significant to drive our or to change our performance that we are seeing.
- Moderator:** The next question is from the line of Bhargav from Ambit Asset Management.
- Bhargav:** Congratulations on the good set of numbers. Sir, my first question is that assuming that the volume growth is flattish, say, for next year and if the raw material prices fall by about 10%, then what can be the reduction in your working capital loan, which is obviously correlated to our inventory just on a broader basis?
- Praveen Jaipuriar:** Yes. So yes, we'll have to do a calculation here. But on a broader basis, very simple, if I don't grow volumes, and the prices will come down by 10%, my need for working capital will come down by 10%, considering if we are holding the same inventory. But let's say, for example.
- Bhargav:** So in a falling price environment, obviously, your inventory days will also reduce, right? I mean, that's the assumption.
- Praveen Jaipuriar:** Absolutely. Because the cost of holding the inventory and the total inventory will also come down. Also, like I just told in the last answer to the last question that, let's say, it also depends where the prices are following, which origin is better suited. Let's say, for example, in a scenario, where the Vietnamese coffee prices become much more favorable and they fall, then my inventory days will become even lower because my, I have more ability to do just-in-time buying.
- So let's say, in Vietnam, we used to buy coffee from Vietnam, yes, which changed last year because we started buying coffee from Brazil, from Vietnam. So all the way from Brazil, the coffee was coming to Vietnam. So there are a couple of more factors, which lead to our inventory holding stocks and the valuation both put together.
- Bhargav:** And would it be, would it probably possible to share what would be the share of Brazilian raw material in your overall inventory mix? And is it fair to say it's been the highest this year?
- Praveen Jaipuriar:** Yes, it has been the highest this year. Exact number probably offline, we'll be able to share with you.
- Bhargav:** Sure. And lastly, sir, in terms of trends in the event the coffee prices fall, obviously, it's difficult to highlight, but do you see fall more in Brazil relative to Vietnam? Or how should we think about.
- Praveen Jaipuriar:** No, sorry. I was, I couldn't hear your last part.
- Bhargav:** No, I'm saying the fall in the coffee prices could be more in Vietnam or in Brazil, sir, in your opinion?

- Praveen Jaipuria:** No, we really don't know because as I told you, the Brazil crop comes now. Really, we'll have to see that how the flow is. So let's say, if the flow is very good because Vietnam crop comes in November, December. So that's the time we get to know about Vietnam crop. Now we will get to know about Brazil crop in another 20 days, 25 days' time. It will just start flowing in the next 4, 5 days. It will start happening.
- And then next 15, 20 days, 30 days, you get to see that how the flow is and how the demands are and how the picks are. So that will determine the price range for the Brazilian crop. But difficult to predict which one will be lower or both will be higher. God knows.
- Bhargav:** And in the event, sir, if the reciprocal tariff on Vietnam is higher than in Brazil, do you think that the Vietnam coffee prices could fall more because the sourcing will reduce from Vietnam or nothing to do with that?
- Praveen Jaipuria:** No. So yes, it will, it should because if the Vietnam tariffs in other countries and especially U.S. become higher, then there should be a thing in Vietnam. But this is, this looks farfetched, as of now because the fact of the matter is that Vietnamese have been most proactive to go there and sit there and tell that, okay. And in fact, they were the first ones to announce that we are announcing 0 tariffs on all American imports. So we don't see that situation arising. But yes, if it does arise, the Vietnamese coffee crop will come down, the prices, sorry.
- Moderator:** So the next question is from the line of Nirav Savai from Abakkus.
- Nirav Savai:** My question is on the long-term contract side. So we had been facing a lot of challenges there I would understand when the coffee prices were rising. So have we seen any normalization there?
- Praveen Jaipuria:** Not much there because they still are at high levels and at choppy levels. So we haven't seen normalization there. So still people are, because as and when, while the prices have been a little more stable in the last 2, 3 months, the thing is that people would wait for these crop cycles. So they will wait for another 20 days, 30 days to see how crops have come in Brazil and then probably would want to confirm contracts. And then what happens is that next 2, 3 months, they would, so everybody is in a little wait and watch. So I haven't seen much of a change in that scenario.
- Nirav Savai:** But would it be able to, would it be possible to quantify the revenue, which has come from long-term contracts in this quarter?
- Praveen Jaipuria:** So generally, see, again, that's not, that's very difficult to say. Now we must divide 2 things here. Now when I say long-term contracts versus long-term customers, so these are, it's not that you're not getting long-term contracts and therefore, my long-term customers have gone away. The long-term customers are always there with me. But they are the ones who are giving me short-term contracts.
- So my, as we have spoken about this before as well, my long-term customer profile will be approximately 60% to 60%, 70%, yes. So these are my long-term customers who buy from me always. But the only thing is that instead of saying that, okay, the next 1-year quantity is this much, they would say that, no, let me buy only for 3 months.



So that's the percentage and the profile of my long-term, short-term customers. Now out of that long-term customers, how much was long-term contract is something that I'll have to see and calculate and come back to you. But this is a better way to look at it, that are the long-term buyers intact with me or not.

**Nirav Savai:** Right. And in terms of small pack contribution, how has it been for the quarter and the entire year?

**Praveen Jaipuriar:** So entire year, now we have crossed around 20%. So that's an increase. We were at around 18% or so, 18%, 17% to 18% last year. So this is constantly inching up. Hopefully, we are kind of planning to inch it up another by 2%, 3%. Let's see how things go this year.

**Moderator:** Ladies and gentlemen, this was our last question for today. I would now like to hand the conference over to the management for closing comments.

**Praveen Jaipuriar:** Yes. Thank you all for joining us for this conference call and sorry, and thank you, Manish and your team for organizing this. We look forward to meet you again next quarter.

**Moderator:** Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us.