

CCL Products (India) Ltd.

7th May 2025

Branded business performs well; Volumes disappoint

In Q4 FY25, CCL Products (India) Ltd (CCL) delivered a revenue growth of 15% on a YoY basis, on the back of growth in B2B (~14% on a YoY basis) and strong growth in B2C (+23% on a YoY basis) segments. In FY25, the Company has delivered a revenue growth of 17% on YoY basis, driven by volume growth of ~10% on YoY basis. B2C achieved topline of Rs. 3 Bn, representing ~10% of overall revenue in FY25. In Q4 FY25, EBITDA margin increased by 328 bps on a YoY basis, driven by high margin contracts with customers and operating leverage.

Capacity expansion completed

The Company has completed last leg of expansion and current capacity stands at 77,000 TPA as of Mar'25. In last 3 years, the Company has doubled its capacity and current capacity is suffice for next 3 years of growth. There are no further expansion plans in pipeline. As per our calculation, blended capacity utilisation stands at ~63%.

B2C (Branded) business performing well

During the quarter, the B2C segment grew by ~23% on a YoY basis, much higher than industry growth, essentially gaining market share. For full year, it grew by 43% on YoY basis. The Company is focused on improving its distribution network by expanding its footprint in general trade outlets, modern trade stores, tea shops, and quick commerce.

Coffee prices remain elevated

Coffee prices continue to remain elevated even post Vietnam's coffee harvest. Any potential price softening is unlikely before Brazil's next harvest which is expected by May-June 2025. For now, coffee prices remain high across markets.

View & valuation

Considering CCL's dominant position in the instant coffee market and the Company's focus on branded business, we expect the business to grow its volumes by 15% over the next few years. Further, we anticipate improved EBITDA margins as the volume contribution of freeze-dried, branded business, and smaller packs increases in the volume mix. In light of these factors, we maintain our BUY rating on CCL. We ascribe EV/EBITDA of 21x on FY27E EBITDA, suggesting an upside of ~69% with a target price of Rs. 1,126.

BUY

CMP Rs. 669

TARGET Rs. 1,126 (+69%)

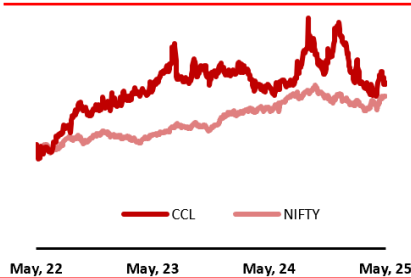
Company Data

Bloomberg Code	CCLP IN
MCAP (Rs. Mn)	89,646
O/S Shares (Mn)	134
52w High/Low	854 / 475
Face Value (in Rs.)	2
Liquidity (3M) (Rs. Mn)	110

Shareholding Pattern %

	Mar 25	Dec 24	Sep 24
Promoters	46.1	46.1	46.1
FIIIs	10.2	10.1	10.2
DIIIs	20.9	21.1	21.0
Non-Institutional	22.9	22.7	22.7

CCL vs Nifty



Key Financial Data

(Rs Mn)	FY24	FY25	FY26E
Revenue	26,537	31,057	34,163
EBITDA	4,453	5,551	6,218
Net Profit	2,501	3,103	3,545
Total Assets	35,387	42,410	44,185
ROCE (%)	11%	12%	12%
ROE (%)	16%	17%	17%

Source: Company, Keynote Capitals Ltd.

Karan Galaiya, Research Analyst
karan@keynotecapitals.net

Q4 FY25 Result Update

Result Highlights (Rs. Mn)

Particulars	Q4FY25	Q4FY24	Change % (Y-o-Y)	Q3FY25	Change % (Q-o-Q)	FY25	FY24	Change % (Y-o-Y)
Revenue	8,358	7,267	15%	7,584	10.2%	31,058	26,537	17%
COGS	4,651	4,141	12%	4,540	2.5%	18,426	15,520	19%
Gross Profit	3,707	3,126	19%	3,044	21.8%	12,632	11,017	15%
Gross Profit %	44.4%	43.0%	133 Bps	40%	421 Bps	41%	42%	-84 Bps
Employee Cost	491	463	6%	442	11%	1,720	1456	18%
Other Opex	1,583	1,482	7%	1,358	17%	5,361	5,108	5%
EBITDA	1,633	1,181	38%	1,245	31.2%	5,551	4,453	25%
EBITDA %	20%	16%	328 Bps	16%	313 Bps	18%	17%	109 Bps
Depreciation	270	305	-12%	248	9%	985	977	1%
EBIT	1,363	876	56%	997	37%	4,566	3,476	31%
EBIT %	16%	12%	426 Bps	13%	317 Bps	15%	13%	160 Bps
Finance Cost	343	213	61%	305	12%	1,128	777	45%
Other Income	38	41	-7%	28	37%	85	63	34%
PBT	1,059	704	50%	719	47%	3,523	2,762	28%
Tax	40	52	-23%	88	-55%	419	262	60%
PAT	1,019	652	56%	630	62%	3,103	2,554	22%
EPS	7.64	4.89		4.73		23.3	18.8	7.64

Segment Highlights (Rs. Mn)

Particulars	Q4FY25	Q4FY24	Change % (Y-o-Y)	Q3FY25	Change % (Q-o-Q)	FY25	FY24	Change % (Y-o-Y)
Revenue								
B2B	7,558	6,617	14%	6,734	12%	28,058	24,437	15%
B2C	800	650	23%	850	-6%	3,000	2,100	43%
Revenue Mix %								
B2B	90%	91%	-63 Bps	89%	164 Bps	90%	92%	-175 Bps
B2C	10%	9%	63 Bps	11%	-164 Bps	10%	8%	175 Bps

Q4 FY25 Conference Call Takeaways

B2B Business

- CCL is actively working to broaden its reach in B2B segment, with a strong focus on both developed and emerging markets. In mature market such as Europe and the US, the growth is expected to come through gaining of market share. Whereas, for emerging coffee markets such as Middle East and China, the growth is expected to come from overall category penetration and increased coffee consumptions.
- Despite elevated coffee prices, profitability hasn't been heavily affected due to the Company's cost-plus business model.
- Around 60–70% of CCL's customers are long-standing partners; however, due to current volatility in coffee prices, they are opting for shorter-term contracts. Once prices stabilize, a shift back to long-term contracts is expected.
- The volume growth is expected to be muted at ~10% as CCL will avoid entering low EBITDA margin contracts to maintain profitability.

B2C Business

- In Q4FY25, B2C revenue stood at ~Rs. 800 Mn, with full-year FY25 revenue at Rs. 3 Bn, in line with the guidance provided by the management.
- To offset rising input costs, the Company implemented price hikes of 32–35% on large coffee packs, while small packs have maintained consumer-facing prices, with adjustments made through grammage reduction and re-blending.
- Regional preferences continue to influence packaging strategy; smaller packs are preferred in southern India, contributing 65% of the sales, while larger packs see stronger traction in northern India.

Working Capital

- Since 2020, coffee prices have increased ~5x by 2025. However, working capital as a percentage of sales has moved only from ~35% to ~45%, indicating the rise is price-led and not due to inventory build-up or hoarding.
- Working capital intensity is influenced by the origin of raw material. Shipments from Vietnam or Indonesia typically take 15–20 days, resulting in lower working capital needs. In contrast, Brazilian shipments take ~60 days, tying up more working capital. For FY25, a larger share of coffee was sourced from Brazil, leading to higher working capital requirement.
- Inventory levels are maintained at ~3 months, with finished goods accounting for ~15–20 days of this total.
- Payable days have reduced, as the current low-supply environment has shifted bargaining power to suppliers, who now prefer earlier payments amid elevated coffee prices.

Other Updates

- Brazil's coffee harvest should begin in 4-5 days, but prices remain at all time high.
- The 6,000 TPA Freeze-Dried Coffee (FDC) capacity in Vietnam has been commissioned and has commenced production, its revenue to be reflected in Q1FY26.
- Existing plant capacities are currently operating at 100% utilization. Newly commissioned plants in FY25 are operating at 15–20% utilization and are expected to ramp up gradually.
- The Ngon Coffee subsidiary in Vietnam continues to deliver strong performance, supported by operational efficiencies and favorable tax structures.
- Q4FY25 EBITDA margins improved, driven by high-margin contract agreements, favorable customer mix, and internal operational efficiencies. Management has guided for 15–20% EBITDA growth, supported by volume expansion or margin enhancement.
- Freight costs are expected to remain volatile due to ongoing geopolitical tensions.
- The Company remains confident in mitigating uncertainties around potential US tariffs, leveraging production flexibility to adapt based on policy changes.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Net Sales	20,712	26,537	31,057	34,163	40,996
Growth %		28%	17%	10%	20%
Raw Material Expenses	11,296	15,520	18,426	20,156	23,983
Employee Expenses	1,135	1,456	1,720	1,708	2,050
Other Expenses	4,283	5,108	5,361	6,081	7,174
EBITDA	3,999	4,453	5,551	6,218	7,789
Growth %		11%	25%	12%	25%
Margin%	19%	17%	18%	18%	19%
Depreciation	637	977	985	1,340	1,536
EBIT	3,361	3,476	4,566	4,877	6,253
Growth %		3%	31%	7%	28%
Margin%	16%	13%	15%	14%	15%
Interest Paid	344	777	1,128	938	857
Other Income & exceptional	33	63	85	85	85
PBT	3,050	2,762	3,523	4,024	5,480
Tax	210	262	419	479	652
Net Profit	2,840	2,501	3,103	3,545	4,828
Growth %		-12%	24%	14%	36%
Shares (Mn)	133.0	133.0	133.0	133.0	133.0
EPS	21.35	18.80	23.33	26.65	36.29

Balance Sheet

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Cash, Cash equivalents & Bank	834	1,698	977	1,239	1,339
Current Investments	0	0	0	0	0
Debtors	4,414	4,968	6,903	7,593	9,019
Inventory	5,783	7,884	10,523	11,511	13,696
Short Term Loans & Advances	1,302	1,269	1,300	1,300	1,300
Other Current Assets	147	1,620	1,173	1,173	1,173
Total Current Assets	12,480	17,439	20,876	22,816	26,527
Net Block & CWIP	13,110	17,526	20,721	20,576	20,475
Long Term Investments	0	0	0	0	0
Other Non-current Assets	388	423	813	792	771
Total Assets	25,978	35,387	42,410	44,185	47,773
Creditors	738	997	2,211	2,220	2,747
Provision	50	82	0	0	0
Short Term Borrowings	6,367	10,110	12,563	12,563	12,563
Other Current Liabilities	1,203	1,611	1,592	1,592	1,592
Total Current Liabilities	8,358	12,800	16,367	16,375	16,903
Long Term Debt	2,008	5,186	5,563	4,063	2,563
Deferred Tax Liabilities	588	620	742	742	742
Other Long Term Liabilities	50	43	65	65	65
Total Non Current Liabilities	2,647	5,849	6,371	4,871	3,371
Paid-up Capital	266	266	267	267	267
Reserves & Surplus	14,707	16,472	19,405	22,672	27,233
Shareholders' Equity	14,973	16,738	19,672	22,939	27,500
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	25,978	35,387	42,410	44,185	47,773

Cash Flow

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Pre-tax profit	3,050	2,762	3,523	4,024	5,480
Adjustments	907	1,677	1,909	2,194	2,309
Change in Working Capital	-1,874	-3,596	-2,283	-1,670	-3,084
Total Tax Paid	-350	-290	-253	-479	-652
Cash flow from operating Activities	1,733	554	2,897	4,069	4,053
Net Capital Expenditure	-3,323	-5,133	-4,180	-1,196	-1,435
Change in investments	0	-9	0	0	0
Other investing activities	1	5	21	106	106
Cash flow from investing activities	-3,321	-5,136	-4,159	-1,090	-1,329
Equity raised / (repaid)	0	0	1	0	0
Debt raised / (repaid)	2,653	7,047	1,924	-1,500	-1,500
Dividend (incl. tax)	-665	-665	-267	-267	-267
Other financing activities	-352	-797	-1,128	-938	-857
Cash flow from financing activities	1,636	5,585	530	-2,705	-2,624
Net Change in cash	48	1,003	-732	273	100

Valuation Ratios

	FY23	FY24	FY25	FY26E	FY27E
Per Share Data					
EPS	21	19	23	27	36
Growth %		-12%	24%	14%	36%
Book Value Per Share	113	126	148	172	207
Return Ratios					
Return on Assets (%)	12%	8%	8%	8%	11%
Return on Equity (%)	21%	16%	17%	17%	19%
Return on Capital Employed (%)	14%	11%	12%	12%	14%
Turnover Ratios					
Asset Turnover (x)	0.9	0.9	0.8	0.8	0.9
Sales / Gross Block (x)	1.5	1.6	1.6	1.4	1.5
Working Capital / Sales (%)	19%	17%	15%	16%	20%
Receivable Days	67	65	70	77	74
Inventory Days	177	161	182	199	192
Payable Days	18	18	28	38	35
Working Capital Days	226	207	224	239	231
Liquidity Ratios					
Current Ratio (x)	1.5	1.4	1.3	1.4	1.6
Interest Coverage Ratio (x)	9.9	4.6	4.1	5.3	7.4
Total Debt to Equity	0.6	1.0	0.9	0.7	0.6
Net Debt to Equity	0.6	0.9	0.9	0.7	0.5
Valuation					
PE (x)	26.6	31.3	29.8	26.1	19.2
Earnings Yield (%)	4%	3%	3%	4%	5%
Price to Sales (x)	3.6	3.0	3.0	2.7	2.3
Price to Book (x)	5.0	4.7	4.7	4.0	3.4
EV/EBITDA (x)	21.0	20.9	19.8	17.7	14.1
EV/Sales (x)	4.0	3.5	3.5	3.2	2.7

Source: Company, Keynote Capitals Ltd. estimates

KEYNOTE Rating History

Date	Rating	Market Price at Recommendation	Upside/Downside
9 th September 2024	BUY	760	+61%
11 th November 2024	BUY	692	+76%
7 th February 2025	BUY	650	+76%
7 th May 2025	BUY	669	+69%

Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

Disclosures and Disclaimers

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Keynote Capitals Ltd. (KCL) is a SEBI Registered Research Analyst having registration no. INH000007997. KCL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. Details of associate entities of Keynote Capitals Limited are available on the website at <https://www.keynotecapitals.com/associate-entities/>

KCL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of KCL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

KCL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that KCL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Details of pending Enquiry Proceedings of KCL are available on the website at <https://www.keynotecapitals.com/pending-enquiry-proceedings/>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of KCL or its associates maintains arm's length distance with Research Team as all the activities are segregated from KCL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject KCL & its group companies to registration or licensing requirements within such jurisdictions. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Specific Disclosure of Interest statement for subjected Scrip in this document:

Financial Interest of Research Entity [KCL] and its associates; Research Analyst and its Relatives	YES
Any other material conflict of interest at the time of publishing the research report by Research Entity [KCL] and its associates; Research Analyst and its Relatives	NO
Receipt of compensation by KCL or its Associate Companies from the subject company covered for in the last twelve months; Managing/co-managing public offering of securities in the last twelve months; Receipt of compensation towards Investment banking/merchant banking/brokerage services in the last twelve months; Products or services other than those above in connection with research report in the last twelve months; Compensation or other benefits from the subject company or third party in connection with the research report in the last twelve months.	NO
Whether covering analyst has served as an officer, director or employee of the subject company covered	NO
Whether the KCL and its associates has been engaged in market making activity of the Subject Company	NO
Whether the Research Entity [KCL] and its associates; Research Analyst and its Relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.	NO

The associates of KCL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however, the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of KCL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of KCL has not received any compensation or other benefits from third party in connection with the research report.

Above disclosures includes beneficial holdings lying in demat account of KCL which are opened for proprietary investments only. While calculating beneficial holdings, it does not consider demat accounts which are opened in name of KCL for other purposes (i.e. holding client securities, collaterals, error trades etc.). KCL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by KCL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KCL. The report is based on the facts, figures and information that are believed to be true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KCL will not treat recipients as customers by virtue of their receiving this report

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. KCL, its associates, their directors and the employees may from time to time, effect or have affected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. KCL, its associates, their directors and the employees may from time to time invest in any discretionary PMS/AIF Fund and those respective PMS/AIF Funds may affect or have effected any transaction in for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the baDFPCL of information that is already available in publicly accessible media or developed through analyDFPCL of KCL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject KCL to any registration or licensing requirement within such jurisdiction.

The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt KCL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold KCL or any of its affiliates or employees responsible for any such misuse and further agrees to hold KCL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Keynote Capitals Limited (CIN: U67120MH1995PLC088172)

Compliance Officer: Mr. Jairaj Nair; Tel: 022-68266000; email id: jairaj@keynoteindia.net

Registered Office: 9th Floor, The Ruby, Senapati Bapat Marg, Dadar West, Mumbai – 400028, Maharashtra. Tel: 022 – 68266000.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD): INZ000241530; DP: CDSL- IN-DP-238-2016; Research Analyst: INH000007997

For any complaints email at kcl@keynoteindia.net

General Disclaimer: Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.keynotecapitals.com; Investment in securities market are subject to market risks, read all the related documents carefully before investing.