

CCL PRODUCTS (INDIA) LIMITED

Improving Product Mix and Utilization to Drive Growth



April 07, 2026

CCL Products (India) Limited

April 07, 2026 | CMP: INR 1117 | Target Price: INR 1,350

Expected Share Price Return: 20% | Dividend Yield: 0.0% | Expected Total Return: 21%

BUY



Company Description

CCL Products (India) Limited is India's leading manufacturer and exporter of instant coffee and a global leader in private label instant coffee. Founded in the mid-1990s and headquartered in Hyderabad, the company transforms green coffee beans into a wide range of premium instant coffee products. Its manufacturing footprint spans in India, Vietnam, and Switzerland, supporting a strong global B2B business. In addition, CCLP is rapidly scaling up its branded B2C segment through Continental Coffee in India and Perco and Rocket Fuel I in the UK.

Company Information

BB Code	CCLP: IN EQUITY
ISIN	INE421D01022
Face Value (INR)	10.0
52 Week High (INR)	1117
52 Week Low (INR)	475
Mkt Cap (INR Bn)	147
Mkt Cap (USD Bn)	1.5
Shares Out. (Mn)	133
Free Float (%)	52.35
FY28E EPS (INR)	49.2

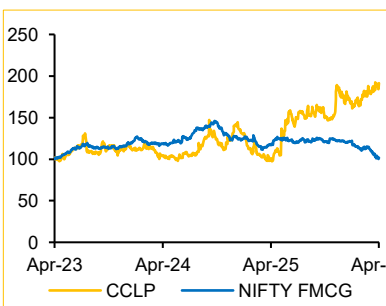
Shareholding Pattern (%)

	Dec-25	Sep-25	Jun-25
Promoters	46.11	46.11	46.09
FIIs	11.01	10.52	10.64
DIIs	21.53	21.83	21.19
Public	21.36	21.54	22.06

Relative Performance (%)

YTD	1Y	6M	3M
NIFTY FMCG	(13.3)	(16.0)	(12.8)
CCLP	91.2	28.1	19.51

Rebased Price Performance (%)



Bull / Bear Case

Investors Concerns Answered

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Improved Product Mix and Stable Coffee Price to Drive Profitability

CCLP has shifted its product mix towards premium offering through Freeze Dried Coffee (FDC) and increase salience of small packs (LUPs). FDC delivers 30–40% EBITDA/kg higher than Spray Dried Coffee (SDC), while small packs (LUPs) add further premiumisation. Though premium products form only 5–10% of volumes, they contribute 10–15% of value. As a result, EBITDA/kg has improved, from INR 90–100 (FY20) to INR 135–140 (Q3 FY26), which is further expected to increase, going forward, driven by higher FDC utilization and growth in small packs.

Post elevated coffee prices in FY25, recent stabilization in coffee prices (down ~13%/33% YTD and YoY) is positive enabling longer contracts, lower working capital needs and better demand visibility. This underpins 17–18% EBITDA margin and 16% EBITDA CAGR over FY26–29E.

Branded Coffee – Emerging as a Value Driver

Driven by rapid distribution expansion to 1.4 lakh outlets and strong presence across quick-commerce and e-commerce. Continental Coffee has emerged as the No. 3 instant coffee brand in South India, with revenue growing to INR 3.0 Bn in FY25 and expected to reach INR 4.3–4.4 Bn in FY26E (40–50% growth). Over the medium term, the management targets INR 5 Bn revenue, 30–35% growth, and double-digit EBITDA margin (vs. 5–8% at present), supported by operating leverage and premiumisation. The relaunch of Percol and Rocket Fuel in the UK is gaining traction, with FY26 revenue expected to increase to INR 300–320 Mn (2x) from INR 150–160 Mn in FY25.

Post-capex Phase: Utilization led Growth with Improving Financial Metrics

Driven by capacity expansion in Vietnam (FDC) and India (SDC), CCLP has nearly doubled its capacity, from ~38,500 MTA (FY22) to ~77,000 MTA (FY26E). With the capex cycle largely complete, the company has strong headroom for near-term growth. Vietnam adds structural advantages – zero income tax, lower interest costs, and proximity to Robusta sourcing—with its 16,500 MTA SDC capacity ramped up, while the new FDC facility supports product mix improvement.

Further, stable coffee prices (easing working capital) and post-capex cash flow recovery are expected to restore FCF, enabling debt reduction of INR 1.5–2 Bn per quarter after four years of negative FCF.

Valuation and View: The company offers a compelling medium-term growth story, driven by premiumisation (FDC, small packs, B2C) and capacity ramp-up post 2x expansion. This supports EBITDA/PAT CAGR of 16%/24% (FY26–29E), aided by stable coffee prices and improving product mix. With the capex cycle largely complete, FCF recovery and deleveraging are expected to drive ROE expansion to ~20–21% by FY29. We initiate CCLP with a BUY rating and a one-year DCF-based target price of INR 1,315 per share implying an upside of 20% upside from the existing level, supported by a reasonable ~27x FY28E P/E (Implied).

Upside Trigger: Faster utilization and decline in coffee prices.

Key Risks: Possible increase in coffee prices, Geo-politics & tariff risk negatively impacting overall supply chain and slower capacity utilization.

Key Financials

INR Mn	FY25	FY26E	FY27E	FY28E	FY29E
Net Sales	31,057	43,345	49,205	57,198	64,149
YoY Growth (%)	17.0	39.6	13.5	16.2	12.2
EBIDTA	5,551	7,526	8,889	10,416	11,784
EBITDA Margin (%)	17.9	17.4	18.1	18.2	18.4
YoY Growth (%)	24.7	35.6	18.1	17.2	13.1
Net Profit	3,103	3,975	5,242	6,551	7,622
EPS, Rs	23.3	29.9	39.4	49.2	57.3
PER, x	47.9	37.4	28.3	22.7	19.5
EV/EBIDTA, x	29.9	21.4	17.9	14.9	12.8
ROE, %	17.0	18.6	20.7	21.5	20.6
Debt/Equity	0.9	0.6	0.5	0.4	0.3

Source: CCLP, Choice Institutional Equities

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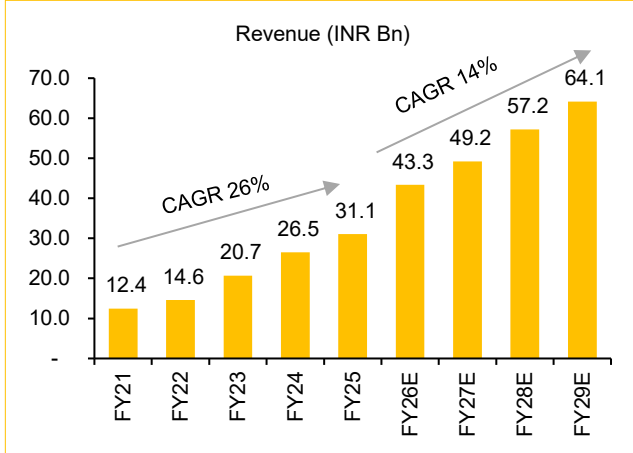


Prisoner's Dilemma at
Play in West Asia
Conflict, Caution Advised
until the Trap is Broken

1. Investment Thesis in Charts

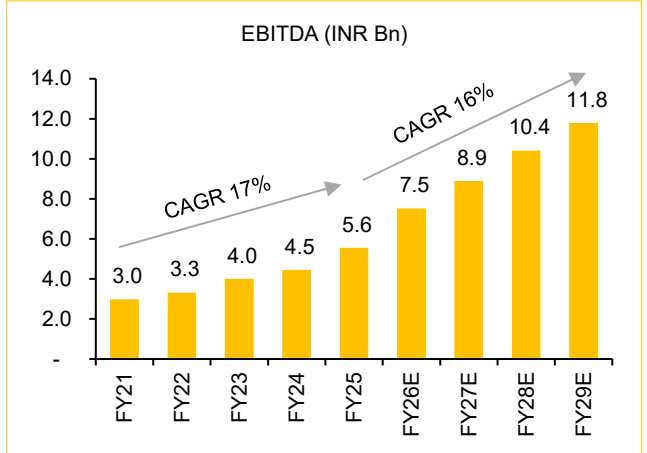
Investment Thesis in Charts

Revenue is Expected to Grow at CAGR 14% over FY26–29E, Driven by Improving Capacity Utilization



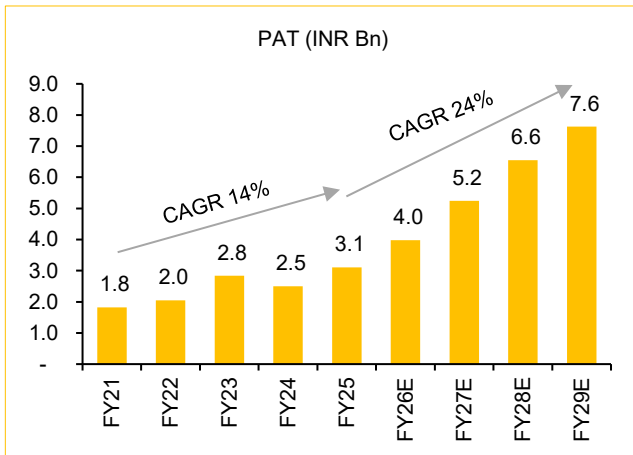
Source: CCLP, Choice Institutional Equities

Improved Product Mix and Higher Capacity Utilization to Drive EBITDA Growth



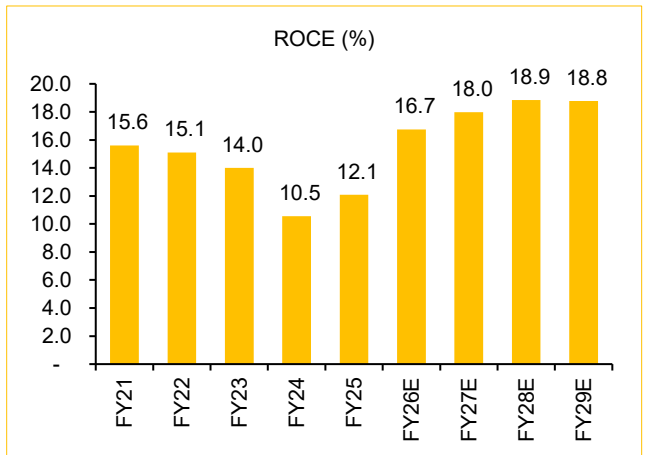
Source: CCLP, Choice Institutional Equities

Driven by Strong Operating leverage and Declining debt, PAT to expand at CAGR 24% over FY26–29E



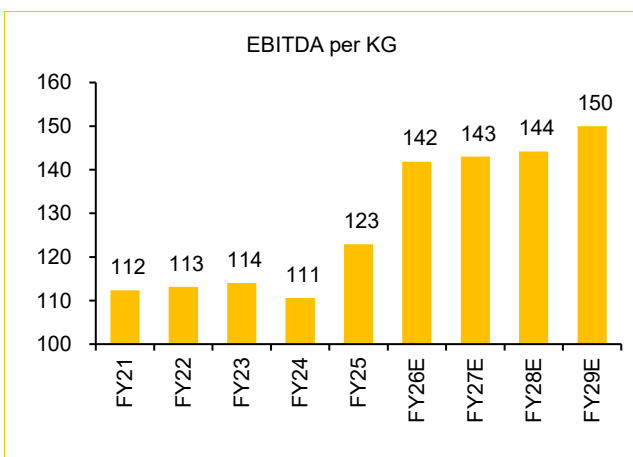
Source: CCLP, Choice Institutional Equities

Driven by Lower Capex, Stable Coffee Prices and Better Utilization, ROCE Expected to See Gradual Improvement



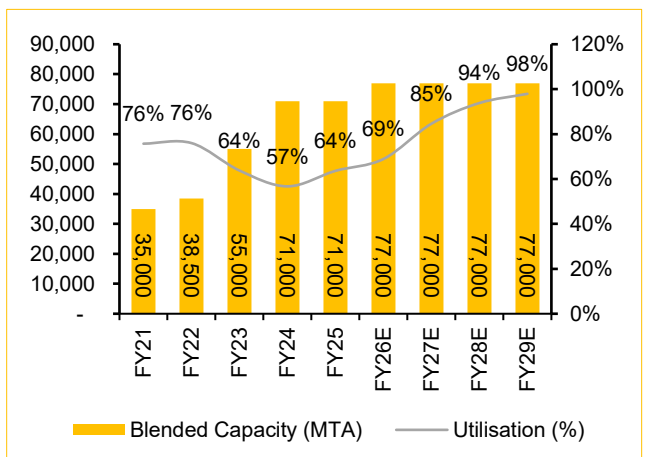
Source: CCLP, Choice Institutional Equities

EBITDA per kg Expected to Improve Driven by a Richer Product Mix



Source: CCLP, Choice Institutional Equities

Capacity Utilization to See Gradual Ramp-Up

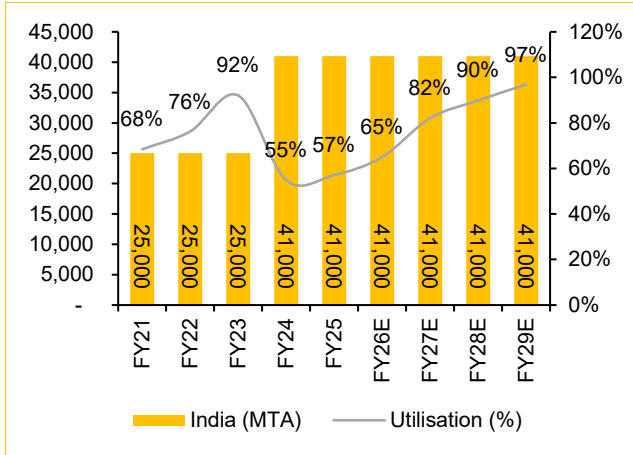


Source: CCLP, Choice Institutional Equities

1. Investment Thesis in Charts

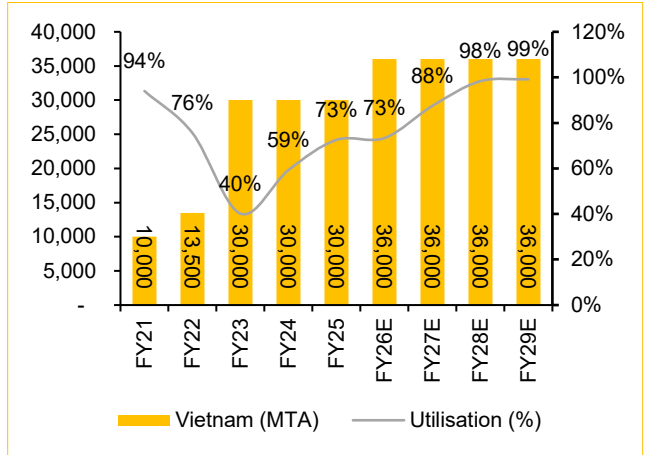
Investment Thesis in Charts

India Accounts for ~53% of CCLP Capacity, Which is Expected to See Gradual ramp-up to 97% by FY29E



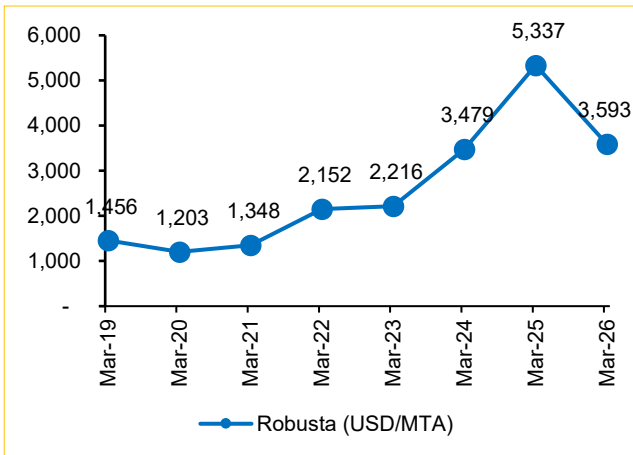
Source: CCLP, Choice Institutional Equities

Vietnam Capacity Ramp Up is Key To Drive Overall Product Mix



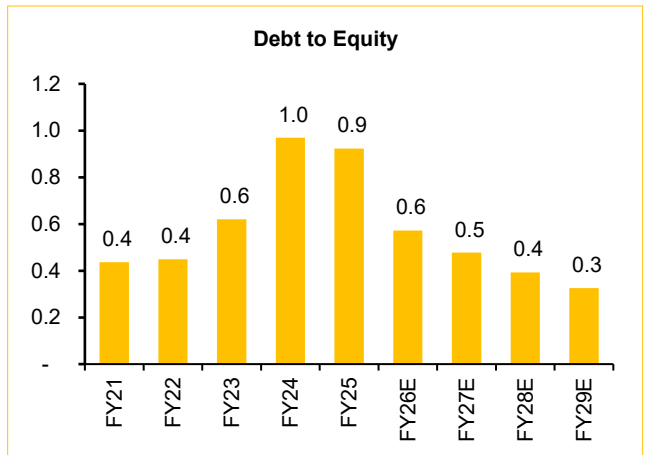
Source: CCLP, Choice Institutional Equities

Coffee Price is Down 13% YTD and 33% YoY, Which is Likely to Remain Stable in Near Term



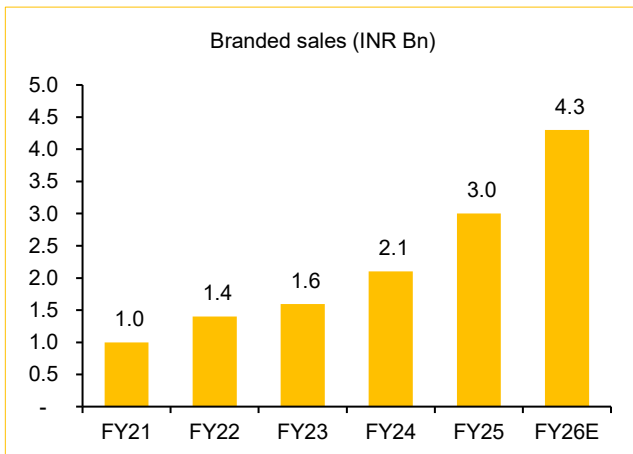
Source: Factset, Choice Institutional Equities

With Coffee Price Easing and No Major Capex in Near Term, Debt to Equity is Expected to See Improvement



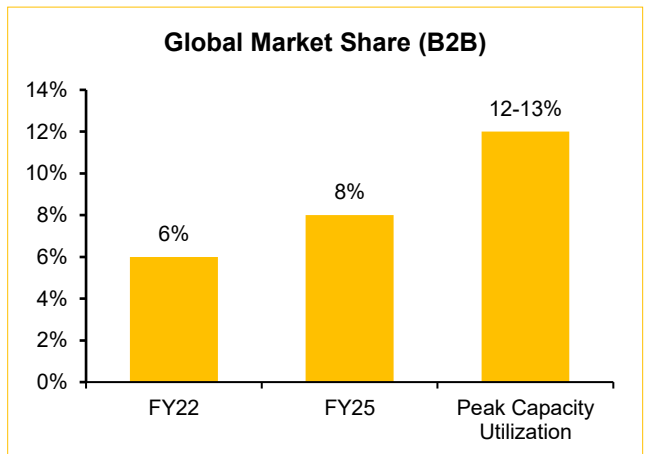
Source: CCLP, Choice Institutional Equities

Branded Business Accounts for ~10% of FY26 Sales



Source: CCLP, Choice Institutional Equities

At Peak Utilization CCLP Global Market Share in B2B is expected to increase to 12-13%



Source: CCLP, Choice Institutional Equities

2.1 Improved Product Mix and Stable Coffee Prices to Drive Profitability

CCLP has shifted its product mix towards premium offering through Freeze Dried Coffee (FDC) and increase salience of small packs (LUPs). **FDC delivers 30–40% EBITDA/kg higher than Spray Dried Coffee (SDC)**, while small packs (LUPs) add further premiumisation. Though premium products form only **5–10% of volumes, they contribute 10–15% of value**. As a result, **EBITDA/kg has improved, from INR 90–100 (FY20) to INR 135–140 (Q3 FY26)**, which is further expected to increase, going forward, driven by higher FDC utilization and growth in small packs.

Post elevated coffee prices in FY25, **recent stabilization in coffee prices (down ~13%/33% YTD and YoY) is positive** enabling longer contracts, lower working capital needs and better demand visibility. **This underpins 17–18% EBITDA margin and 16% EBITDA CAGR over FY26–29E.**

Focus on value-addition in SDC through smaller packs and newer blends

As per industry reports, FDC is globally growing at 10-12% as compared to SDC and Agglomerated coffee, which is growing at 2-3% annually

FDC carries margin 30-40% higher than SDC

2.1.1 Reinventing Spray Dried Coffee (SDC): Unlocking Value through Premiumisation

- SDC is often characterised as a **commodity where price is the only differentiator**. However, it **can be progressively upgraded** through packaging (small packs), processing (agglomeration), blend (premium Robusta/Arabica blends), and client segmentation (brand owners vs. traders). **Each value additions adds margin with minimal additional capital.**
- Two value-additions which helped CCLP drive margin performance:
 - Small Packs/LUPs:** Each sachet unit generates **10–15% more EBITDA per kg than the same SDC sold in bulk**. In some cases, depending upon the product mix, it can earn 20-30% more margin.
 - Agglomerated Coffee:** A processing step applied to SDC which improves solubility, flow, and visual appearance (granule formation). **Adds 4–5% margin over bulk SDC**. Agglomerated coffee accounts for 20-30% of the SDC volume.

2.1.2 Freeze Dried Coffee (FDC): High Margin Growth Driver

- Launched in 2006, **CCLP had two decades of operational experience in FDC** before any meaningful domestic competitor could enter the space.
- The institutional know how in **managing yield, aroma retention, energy efficiency, and blend customisation** for FDC is difficult to replicate.
- Globally, As per industry reports FDC is growing at 10-12% as compared to SDC and Agglomerated coffee, which is growing at 2-3% annually.**
- In **December 2025, CCLP's FDC capacity stood at 16,000 MTA spread across India (10,000 MTA) and Vietnam (6,000 MTA)**. The single biggest near term margin catalyst is the **ramp up of the new 6,000 MTA FDC in Vietnam, from its existing 25–30% utilization to 60–70% in the next 12–18 months.**

EBITDA and Capacity Mix Snapshot

Format	Characteristics	Approx. EBITDA/kg	% of Capacity Mix
Bulk Spray Dried (SDC)	Base of pyramid; lowest margin	INR 85–105/kg	~55–60%
SDC + Agglomeration (Agglo)	SDC with improved texture; +4–5% margin vs. bulk SDC	INR 105–120/kg	Subset of SDC
SDC + Small Packs / LUPs	Same product, premium packaging; +20–30% margin vs. bulk SDC	INR 120–145/kg	~15–20%
Freeze-Dried Coffee (FDC)	Premium format; 30–40% above SDC baseline	INR 135–160/kg	~25–30%
Specialty / Premium Variants	Cold brew, microgrounds, infused — top 5% of business	INR 160–180/kg	~5–7%

Source: CCLP, Choice Institutional Equities estimates

2. Investment Thesis

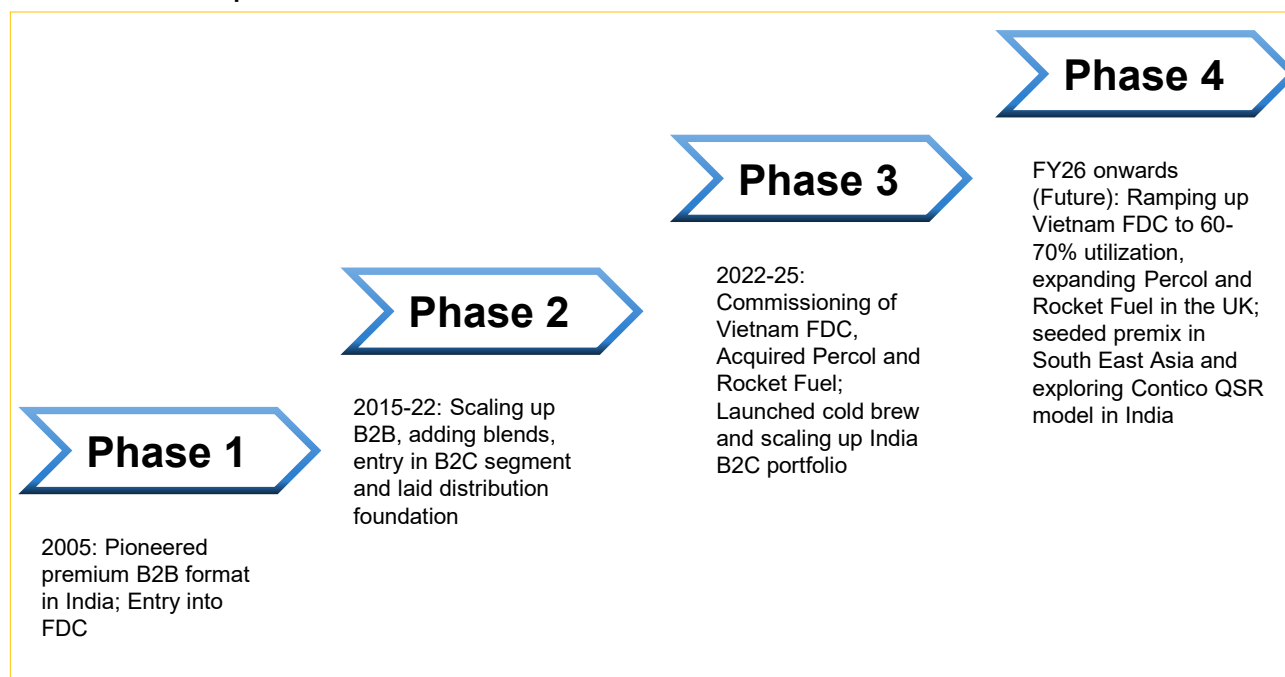
2.1 Improved Product Mix and Stable Coffee Prices to Drive Profitability

The specialty and premium coffee blends are core to product identity, and any supplier switch typically necessitates reformulation of flagship SKUs

2.1.3 Blends that Bind: Scaling up Specialty and Premium Coffee with High-value Stickiness

- In FY23, a dedicated plant was commissioned for specialty and cold brew coffee to service small MOQ, high-value clients, particularly in North America.
- **Specialty coffee accounts for ~5–10% of volumes, while it contributes a higher ~10–15% of revenue**, underscoring its premium pricing and superior value mix.
- **The company has significantly expanded its blend library, from ~500 in FY20 to over ~1,000 in FY25.** In the specialty and premium coffee, blends are core to product identity, and any supplier switch typically necessitates reformulation of flagship SKUs.
- This structural complexity creates high switching cost for customers, particularly in developed markets.
- As a result, **CCL's growing blend depth not only strengthens its positioning in the premium segment but also drives customer stickiness**, supporting sustained growth in high-margin business segments.

A Measured Shift Up the Value Chain



Source: CCLP, Choice Institutional Equities

2. Investment Thesis

2.1 Improved Product Mix and Stable Coffee Prices to Drive Profitability

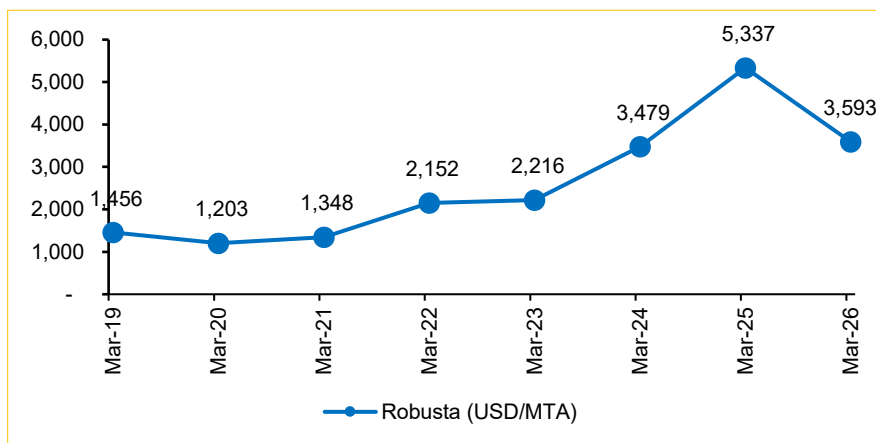
We model EBITDA margin of 17-18% and EBITDA CAGR 16% over FY26-29E

2.1.4 Stable Coffee Price to Drive Long-term Growth Visibility & Profitability

- **Coffee price reached multi-decade high (USD 5300/MT) in FY25 and created a challenging operating environment**, not because of direct margin impact (CCLP's cost-plus model shields EBITDA/kg from commodity swings), but, because of its second order effects: **clients shortened contract duration and paused long-term sourcing commitments.**
- **That headwind is now reversing. Robusta price has corrected 13% YTD and 33% YoY**, aided by a favourable Vietnam crop (Q3 harvest) and early positive signals from new crop in Brazil (Arabica has also seen correction). **With declining coffee prices, long-term contracts are likely to return, improving visibility and stability.**

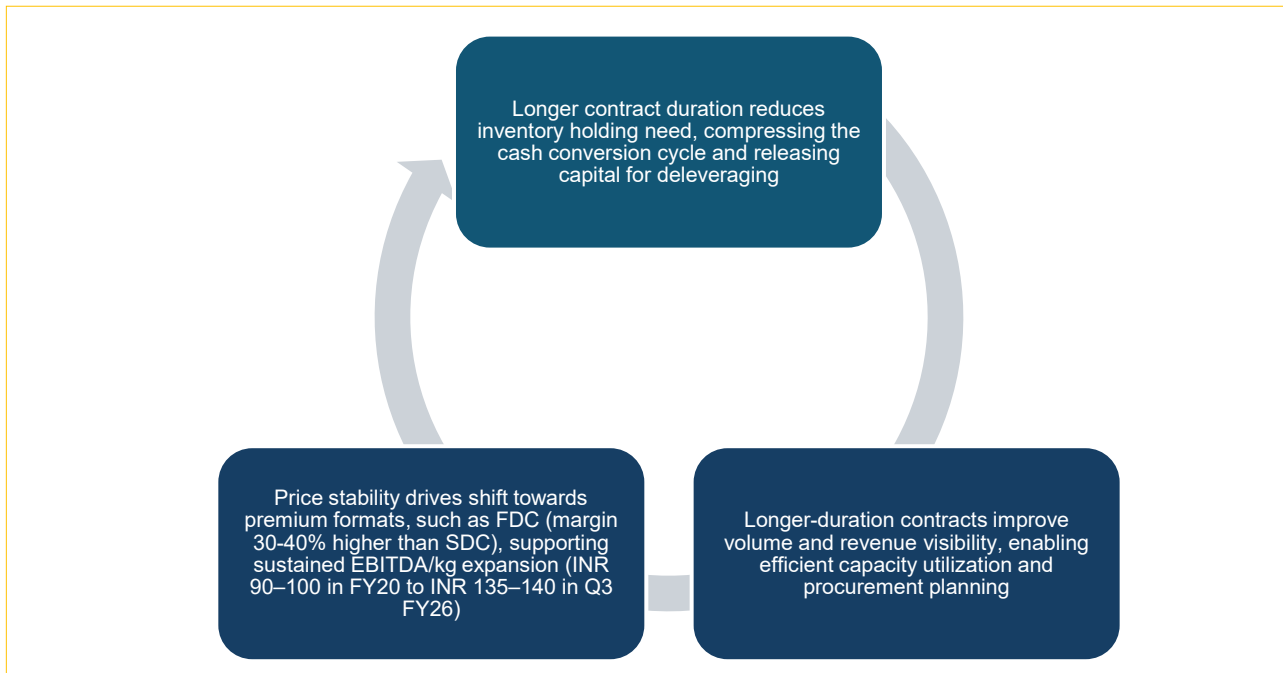
Coffee prices are down 13% YTD and 33% YoY, which is likely to remain stable in near term

Stable Coffee Prices to Support Margin Expansion



Source: FactSet, Choice Institutional Equities

Coffee Price Stability: Triggering a Flywheel of Growth & Profitability



Source: Choice Institutional Equities

2.1 Improved Product Mix and Stable Coffee Prices to Drive Profitability

Gross & EBITDA Margins Are Optical and Driven by Coffee Price Movements

Change in EBITDA / kg is independent driven by change in product mix.

2.1.5 Impact of Coffee Prices on Margins; Why EBITDA/kg Matters

- **Margin compression is optical:** When coffee prices rise, both revenue and raw material costs increase in tandem, as CCLP operates on a cost-plus model. While **absolute EBITDA remains unaffected, gross and EBITDA margins decline** purely due to an inflated revenue base.
- **EBITDA/kg has expanded across cycles:** Despite coffee prices rising from **USD 1,504/Tn to USD 5,337/Tn (FY16–25)**, EBITDA/kg increased from **INR 95/kg to INR 123/kg**, highlighting structural improvement in profitability.
- The uptrend in EBITDA/kg is driven by an improving product mix, led by:
 - higher contribution from **FDC**,
 - **Shift toward small packs (sachets, jars, pouches)** has accelerated, with share rising from **~1% to ~20–25% over the past 3–4 years**, delivering **20–30% higher margins vs. bulk exports**..
 - **Rising share of specialty coffee (cold brews, micro grounds)** has increased from **<1% to ~5% of the portfolio over the past 4–5 years**. These products commands **50–150% higher realizations vs. standard blends**.
 - **B2C branded (Continental Coffee) contribution has increased from ~5% in FY20 to ~10% in FY26E**, with current **EBITDA margins at ~5–8%**, supporting mix-led margin improvement over time.
 - With **~33% YoY correction in coffee prices, a return of long-term contracts and a richer product mix (FDC and specialty)** are expected to drive EBITDA/kg growth going forward.
- **Downside risk to EBITDA/kg:** During periods of rising coffee prices, **downtrading to lower-value products (SDC)** can dilute the product mix, putting **pressure on EBITDA/kg despite cost pass-through mechanisms**.

EBITDA/kg has seen consistent rise on back of improved product mix and foray into B2C

Gross & EBITDA margins are optical and driven by coffee price movements

P&L vs Coffee Prices: EBITDA/kg Improves Despite Margin Compression

FY	Coffee Price (USD/t)	Revenue (INR Bn)	RM Cost (INR Bn)	EBITDA (INR Bn)	Volume (MTPA)*	RM / kg (INR)	Rev / kg (INR)	EBITDA / kg (INR)	RM % of Revenue	Gross Margin %	EBITDA Margin %	Change in Coffee Price (% YoY)
FY16	1,504	9.3	5.5	2.0	21,500	254	434	95	59%	41%	22%	-
FY17	2,161	9.8	5.5	2.3	21,109	261	463	107	57%	43%	23%	44%
FY18	1,725	11.4	6.9	2.4	23,749	291	479	100	61%	39%	21%	-20%
FY19	1,456	10.8	6.0	2.5	23,515	254	460	104	55%	45%	23%	-16%
FY20	1,203	11.4	5.6	2.9	24,575	228	464	116	49%	51%	25%	-17%
FY21	1,348	12.4	5.9	3.0	26,500	223	469	112	48%	52%	24%	12%
FY22	2,152	14.6	7.2	3.3	29,258	247	500	113	49%	51%	23%	60%
FY23	2,216	20.7	11.3	4.0	35,066	322	591	114	55%	45%	19%	3%
FY24	3,479	26.5	15.5	4.5	40,268	385	659	111	58%	42%	17%	57%
FY25	5,337	31.1	18.4	5.6	45,166	408	688	123	59%	41%	18%	53%
FY26E	3,593	43.3	27.6	7.5	53,050	521	817	142	64%	36%	17%	-33%

Source: CCLP, FactSet, Choice Institutional Equities, (*) est.

2.2 Branded Coffee - Emerging Value Driver

Driven by **rapid distribution expansion to 1.4 lakh outlets** and strong presence across quick-commerce and e-commerce. Continental Coffee has emerged as the **No. 3 instant coffee brand in South India**, with revenue growing to **INR 3.0 Bn in FY25 and expected to reach INR 4.3–4.4 Bn in FY26E (40–50% growth)**. Over the medium term, the management targets **INR 5 Bn revenue, 30–35% growth, and double-digit EBITDA margin (vs. 5–8% at present)**, supported by operating leverage and premiumisation. The relaunch of Percol and Rocket Fuel in the UK is gaining traction, with FY26 revenue expected to increase to INR 300-320 Mn (2x) from INR 150–160 Mn in FY25.

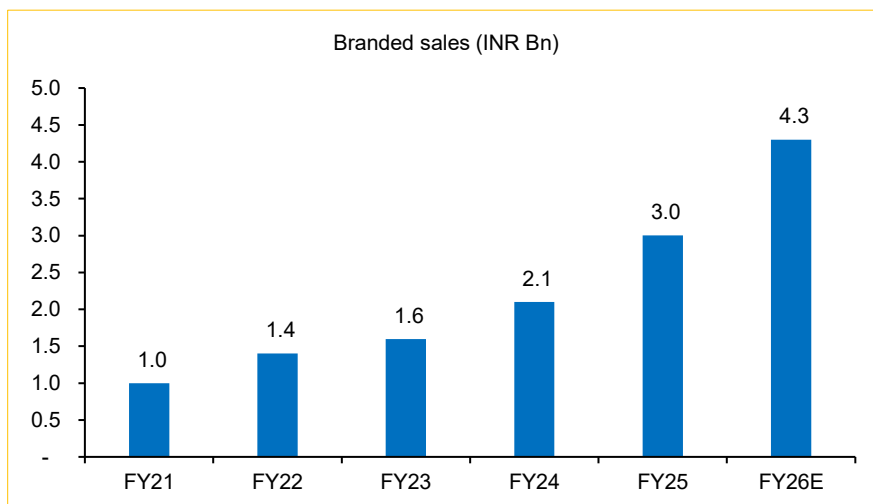


2.2.1 Branded Portfolio: The Next Leg of Value-creation

- CCLP has rapidly scaled up its domestic branded business under **Continental Coffee brand, from INR 3 Bn as on FY25 to INR ~4.3 Bn in FY26E**, with distribution expanding from 1.1 lakh outlets in FY24 to 1.4 lakh at present. **The brand has already achieved ~4–5% market share in South India**, its core market.
- Over the medium term, **the company targets INR 5 Bn revenue with 30–35% growth, alongside EBITDA margin expansion from the existing 5–8% range to double digits**. Typically, **branded business has gross margin of 30-35%**, which is significantly higher than **20% gross margin seen in bulk and B2B businesses**.
- The company is aggressively expanding into North, East and West India, aiming to build a pan-India branded coffee presence



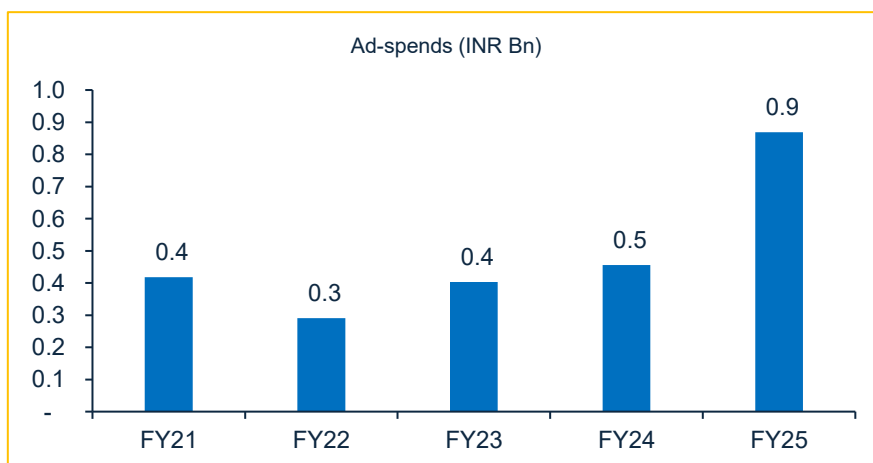
Branded Business Grew CAGR 34% over FY21-26E



Source: CCLP, Choice Institutional Equities



Ad-Spends Rose as Branded Sales Increased



Source: CCLP, Choice Institutional Equities

2.2 Branded Coffee - Emerging Value Driver

CCLP Appointed Platinum Outdoor for 3D Anamorphic Display



Source: media4growth

CCLP, After its Success in Southern Markets, is Expanding into Non-South Regions; Outdoor Advertising was Spotted in Mumbai



Source: media4growth

2.3 Post-capex Phase: Utilization-led Growth with Improving Financial Metrics

Driven by capacity expansion in **Vietnam (FDC)** and **India (SDC)**, CCLP has **nearly doubled its capacity, from ~38,500 MTA (FY22) to ~77,000 MTA (FY26E)**. With the **capex cycle largely complete**, the company has **strong headroom for near-term growth**. Vietnam adds structural advantages—**zero income tax, lower interest costs, and proximity to Robusta sourcing**—with its **16,500 MTA SDC capacity ramped up**, while the **new FDC facility supports product mix improvement**.

Further, **stable coffee prices (easing working capital)** and post-capex cash flow recovery are expected to **restore FCF**, enabling **debt reduction of INR 1.5–2 Bn per quarter** after four years of negative FCF.

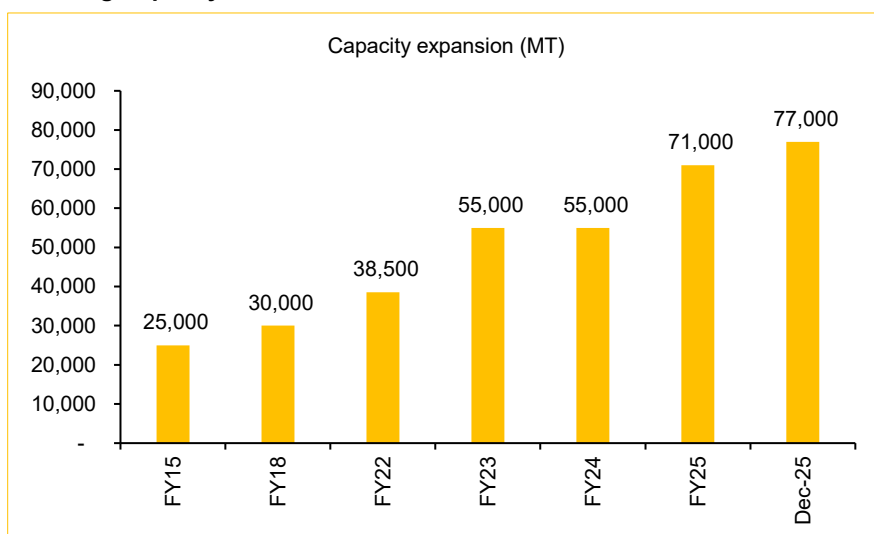
2.3.1 Capacity Expansion Complete, Focus Shifts To Capacity Utilization

- Over FY22–FY25, CCLP made a strategically counter cyclical decision when coffee prices were elevated (up from USD 1348/MT in FY21 to USD 5350/MT). It nearly doubled installed capacity, from ~38,500 MTA to 77,000 MTA over FY22-Dec-25 by investing ~INR 14.5 Bn. The expansion covered FDC capacity additions in India (~11,000 MTA) and Vietnam (~6,000 MTA FDC + 30,000 MTA SDC).

Doubling Capacity Over FY22–26

CCLP has four manufacturing plants –

- Two in Andhra Pradesh (India),
- One in Vietnam (Ngon Coffee),
- One in Switzerland (Continental Coffee SA)



Source: CCLP, Choice Institutional Equities

Capacity Split Across India and Vietnam

	FY15	FY18	FY22	FY23	FY24	FY25	Dec-25
Total Capacity (MT)	25,000	30,000	38,500	55,000	55,000	71,000	77,000
India	15,000	20,000	25,000	25,000	25,000	41,000	41,000
SDC	10,000	15,000	15,000	15,000	15,000	31,000	31,000
FDC	5,000	5,000	10,000	10,000	10,000	10,000	10,000
Vietnam	10,000	10,000	13,500	30,000	30,000	30,000	36,000
SDC	10,000	10,000	13,500	30,000	30,000	30,000	30,000
FDC	-	-	-	-	-	-	6,000

Source: CCLP, Choice Institutional Equities

2.3 Post-capex Phase: Utilization-led Growth with Improving Financial Metrics

No material capex for the next two years

2.3.2 Capacity Ramp-up Under Way; Market Share Gains to Follow

- The company operates at a blended utilization of ~65–70%, at present, leaving ~23,000 MT of idle capacity available for growth. With the recent capex cycle largely completed, the management has guided for no material capex in FY27–FY28
- As the utilization improves towards the 90–95%-mark (target by end-FY28), CCLP is expected to control an estimated 12–13% of the global outsourced instant coffee market share, up from ~7-8% in FY25 (~6% in FY22)
- Moreover, dual-country manufacturing (India + Vietnam) provides tariff and logistics flexibility coupled with zero corporate tax structure in Vietnam, enhancing cost-competitiveness as compared to peers

Segment wise Capacity Split Across India and Vietnam

Geography / Unit	FY22	FY23	FY24	FY25	Dec-25
India – SDC (legacy)	15,000	15,000	15,000	15,000	15,000
India – New SDC (16k MT)	-	-	Commissioned Mar'24	16,000 (ramping)	16,000 (ramping)
India – Freeze Dried (FD)	10,000	10,000	10,000	10,000	10,000
India – Small Pack Unit	12,000	12,000	12,000	12,000	12,000
India – CCL F&B (new)	-	-	Commissioned Mar '24	5,000 (ramping)	5,000 (ramping)
Vietnam SDC (legacy)	13,500	13,500	13,500	13,500	13,500
Vietnam SDC (16.5k MT)	-	Commissioned Q3/Q4 FY23	16,500	16,500	16,500
Vietnam (NCL) – FD (new 6k MT)	-	-	Under Construction	Commissioned FY25	6,000 (ramping)
TOTAL GROUP (ex. Switzerland)	38,500	55,000	71,000	71,000	77,000

Source: CCLP, Choice Institutional Equities

Capacity Utilization Profile Across Geographies

Geography / Unit	FY22	FY23	FY24	FY25	Dec-25
India – SDC (legacy)	85%	90-95%	100%	100%	100%
India – New SDC (16k MT)	-	-	Commissioned Mar'24	10-15%	NA
India – Freeze Dried (FD)	80-85%	100%	100%	100%	100%
India – Small Pack Unit	60%	50-60%	55-60%	60-65%	NA
Vietnam SDC (legacy)	85%	90%	100%	100%	100%
Vietnam SDC (16.5k MT)	-	Commissioned Q3/Q4 FY23	50-55%	75-80%	NA
Vietnam (NCL) – FD (new 6k MT)	-	-	-	Commissioned FY25	25-30%
TOTAL GROUP (ex. Switzerland)	85-90%	85-90%	80% (inc. new capacity)	80-85%	65-70% (inc. new capacity)

Source: CCLP, Choice Institutional Equities

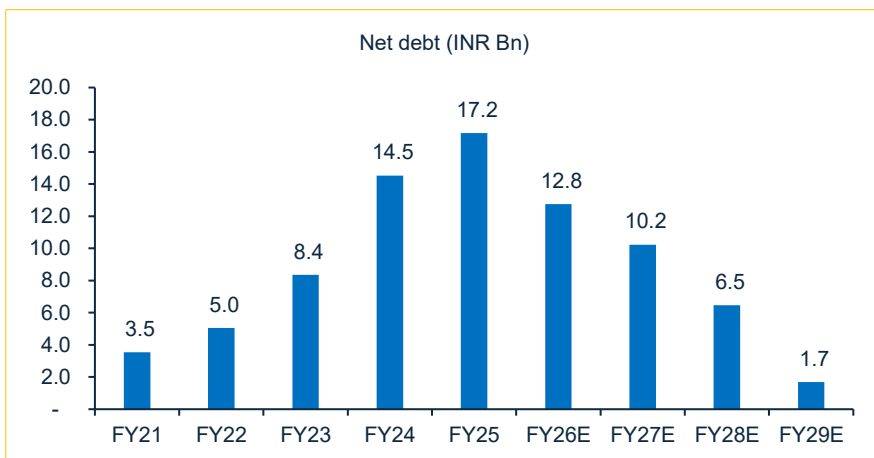
Post-capex Phase: Utilization-led Growth with Improving Financial Metrics

CCLP intends to reduce debt by INR 1.5-2 Bn every quarter as cash flow improves

2.3.3 Capex Peak and Price Stability to Improve Financial Metrics

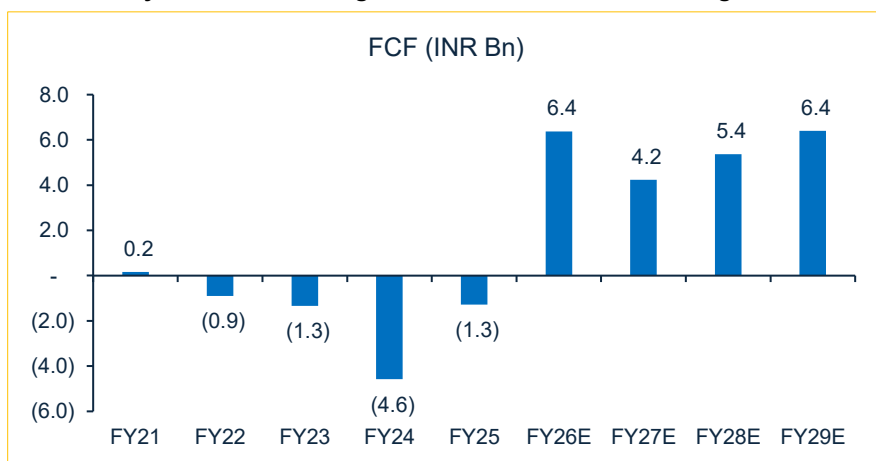
- **Higher coffee prices, capex across Vietnam and India over FY22 to FY25 caused increase in net debt, from INR 5 Bn in FY22 to ~INR 17.1 Bn in FY25.** Moreover, with elevated coffee prices (risen ~150% over FY22-25), CCLP working capital grew, from INR 3 Bn to INR 11.5 Bn
- With the capex cycle now complete and stable coffee prices (down 13% YTD). **Net debt has reduced, from INR 17.2 Bn at the start of FY26 to INR 12.5 Bn as in Q3FY26.** Moreover, **CCLP intends to reduce debt by INR 1.5-2 Bn every quarter** as cash flow improves.
- With easing coffee prices and capex behind, CCLP is expected to turn FCF-positive in FY26 after four years of negative FCF.

Net Debt is Likely to Come Down on Back of Stable Coffee Prices and Completion of Capex Cycle



Source: CCLP, Choice Institutional Equities estimates

FCF is Likely to Witness Strong Growth after Four Years of Negative FCF



Source: CCLP, Choice Institutional Equities estimates

3.1 Risks to Our Investment Thesis

Raw Material Volatility: Volatile coffee prices could lead to customers switching to short-term (3-4 months) contract over long-term (1-2 years), thus affecting plans.

High raw material cost could lead to consumer down-trading, from premium Freeze-Dried Coffee (FDC) to economical Spray-dried Coffee (SDC), potentially affecting margin if the company cannot pass on the full cost increase.

Supply Chain & Logistics Disruption: Geopolitical disruption could cause higher freight cost, delays and longer transit cycles, while distant sourcing increases working capital intensity.

Financial and Working Capital Stress: Higher green coffee price directly inflates the debt required to fund working capital. For the same volume of coffee, the company may need to spend significantly more capital when prices increase.

Sustained high debt level in the form of working capital leads to increased interest cost, which can affect bottom line profitability even if operational EBITDA remains stable.

Competition and Regulatory Risks: In the domestic market, the company faces intense competition from established global MNCs (Nestle and Unilever). As a challenger brand, it is difficult to take price increases unless market leaders do so.

Changes in global tariff structures, particularly potential US tariff on coffee from Vietnam or India, could affect the company's competitiveness in key export markets.

New standards, such as the EU Deforestation Regulation (EUDR) require rigorous and complex certification across the supply chain, posing an administrative and compliance challenge.

3.2 Key Investor Questions Answered

1. How does CCLP's cost-plus, back-to-back sourcing model insulate absolute EBITDA from raw coffee price volatility and what are the key drivers behind its EBITDA/kg improvement to INR 135–140 in Q3FY26 despite margin fluctuation?

CCLP operates on a strict cost-plus, back-to-back buying model. This means any increase or decrease in raw coffee prices is directly passed on to the customer, completely insulating their absolute EBITDA. **CCLP reiterated investors to avoid looking at EBITDA margin** (which looked artificially compressed when raw material prices spike) and **instead focus on absolute EBITDA growth, guiding for a 15% to 20% YOY increase. In Q3FY26, despite volatile coffee prices, the management successfully improved EBITDA per kg to the INR 135–140 range**, which is partly attributed to operational efficiency and a better product mix, specifically a higher contribution from freeze-dried coffee and small-pack sales.

2. Unlike the past where debt increased to INR 18 Bn (Mar-25), is there a plan to increase debt, going ahead?

The management reiterated that the peak gross debt of INR 18 Bn as of March 2025 was driven by surging coffee prices (up to ~5x historical averages) and the need to secure inventory, which significantly increased working capital requirements. **Of the total INR 18 Bn gross debt, INR 11.5 Bn was tied to working capital**, with the remainder allocated to long-term loans for capacity expansion in Vietnam and India.

However, with the coffee prices now stabilising and major capex largely completed, the balance sheet is expected to strengthen, going forward. As of Q3 FY26, gross debt has declined steadily, **from its peak of INR 18 Bn to INR 14.5 Bn. The management plans to reduce debt by INR 1.5-2 Bn each quarter, going ahead**, largely pertaining to working capital requirement.

3. Is there a threat from tariff?

CCLP's dual manufacturing presence in India and Vietnam provides flexibility to **reroute supplies based on favourable tariff regimes**. The management highlighted that **higher tariffs on Brazilian coffee in the US could create a competitive advantage** for players, such as CCL, sourcing from Vietnam or India.

4. Scaling up the B2C Branded Business & The "FMCG Vision"?

CCLP's long-term strategy is to **evolve beyond a B2B coffee supplier into a full-fledged FMCG player**. The company has expanded direct distribution to **140,000+ retail outlets** and is **piloting adjacent categories**, such as snacks (under the Malgudi brand) and iced tea. The B2C branded (Continental) segment is now **EBITDA positive (5–8% margin)** and is expected to deliver **INR 4.3–4.4 Bn in revenue for FY26**. Importantly, the segment is **generating sufficient internal accruals to self-fund its growth and launch new products**.

3.3 Key Insights from Result Updates

Coffee prices likely to remain stable on back of stable crop output across Brazil and Vietnam





No fresh capacity addition for the next 1.5-2 years

Branded business expected to report INR 4.3-4.4 Bn in FY26.

Financial performance and guidance:

- Revenue grew 38% at INR 10.5 Bn in Q3FY26 (9MFY26 INR 32.3 Bn) with 20% volume growth. EBITDA grew 47% YoY to INR 1.87 Bn while EBITDA per /kg (key matric) increased to INR 135-140 range. Management has guided 15-20% volume growth and 15-20% EBITDA growth in line with overall volume growth guidance
- **Coffee price outlook:** CCLP expects current INR 3,600–INR 4,000 for Green Coffee as "far more stable" than the extreme volatility of the previous year (FY25).
- **Debt reduction:** The company is **aggressively deleveraging**, having already achieved its **FY26 net debt target of INR 12.5 Bn ahead of schedule** (as highlighted in the Q3 call). Going forward, CCLP expects to **reduce debt by INR 1.5–2 Bn per quarter**, with net debt likely to decline further to **~INR 6.5 Bn by FY28 as per our estimate**
- **Capacity Utilization & Expansion:** The new Vietnam plant (FDC 6000MTA) is currently at **25-30% utilization**. Management explicitly stated there will be **no fresh capacity addition for the next 1.5 to 2 years**. It will only begin planning the next phase of expansion once overall capacity utilization reaches the **80% to 85% range**, which it anticipates could happen in about two years if the 20% volume growth holds
- **UK Business (Percol) acquired in 2023 successfully** stabilized the operations and is **now focusing on expanding the market share of its owned brands. The focus in the UK is moving away from being a pure B2B supplier towards becoming a brand-led player**. This allows for better pricing power and margin higher than bulk exports. While the UK market is highly competitive and brand-conscious, the management noted that the acquisition is now contributing positively benefiting from CCLP's low-cost manufacturing back-end in India and Vietnam
- **Domestic and branded business:** The **domestic business (B2B + B2C)** reported **INR 5 Bn revenue in 9MFY26** and is expected to reach **INR 6.8–7 Bn in FY26**, primarily led by the branded segment. The **branded (B2C) business is scaling up at a strong ~40–50% YoY growth**, delivering **INR 3.3 Bn in 9MFY26** and anticipated to reach **INR 4.3–4.4 Bn in FY26**. While **EBITDA margin stands at 5–8%**.
- **Distribution expansion:** The company has built a **direct distribution network of ~140,000 outlets** primarily in Southern market. Going ahead, the focus will be on **expanding beyond South India into underpenetrated North, West and East India**, which, along with operating leverage, is expected to **drive both, growth and margin improvement, over time**.

3.4 SWOT Analysis

 Strengths	 Weaknesses	 Opportunities	 Threats
<p>Scale & Cost Leadership: Large ~77 MTA capacity enables better cost efficiency and global competitiveness</p>	<p>High Working Capital: Elevated green coffee price increases inventory and cash cycle requirement</p>	<p>Market Share Expansion: Significant headroom in underpenetrated domestic and global markets</p>	<p>Raw Material Volatility: Coffee price remains cyclical and weather-dependent. During high inflation, consumers may shift from premium FDC to cheaper SDC, affecting margin</p>
<p>Strong Capabilities: In-house technical expertise and 1000+ blend library support product innovation and customization</p>	<p>B2B Valuation Perception: Market assigns lower multiples due to commodity-like nature of B2B business</p>	<p>Premiumisation: Shift towards FDC, specialty coffee and small packs to drive higher margin</p>	<p>Geopolitical Risks: Trade barriers and tariffs could affect exports and competitiveness</p>
<p>Sticky B2B Relationships: Long-standing 20–25-year client relationships ensure stable demand and repeat business</p>	<p>Tariff/War Exposure: Global trade disruption could affect sourcing, pricing, and margin</p>	<p>FMCG Transition: Leveraging 140K outlets to scale up branded coffee and expand into adjacencies (snacks, iced tea)</p>	<p>Weather Dependency: Brazil & Vietnam crop disruption could affect supply and pricing</p>

Source: CCLP, Choice Institutional Equities

CCLP's Distinct Strengths Vs Competitors

CCLP stands out with industry-leading scale, being one of the largest private label coffee player, enabling strong cost advantages. Its deep product library (1000+ blends) and strong R&D allow customization across price segments and customer stickiness. The company's in-house 77-MTA manufacturing capacity in India and Vietnam drives flexibility, efficiency and cost-competitiveness.

CCLP's Distinct Weakness Vs Competition

CCLP faces lower pricing power as it has lower market share in branded (B2C) segment vs established FMCG peers. Its B2B-heavy mix leads to lower valuation multiple due to perceived commodity exposure.

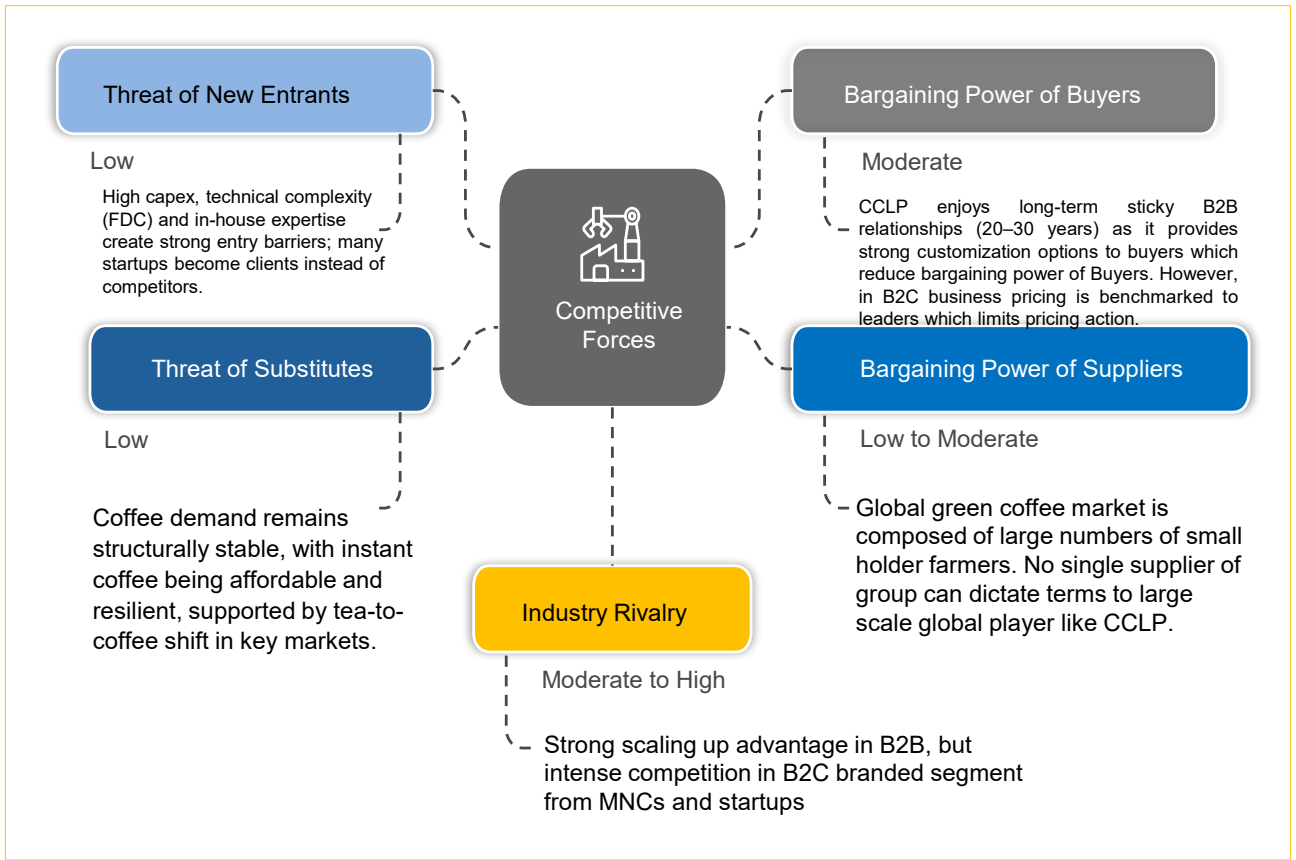
CCLP's Distinct Opportunities Vs Competition

CCLP has significant **headroom to gain market share** in underpenetrated domestic and global markets. The shift towards **premium products (FDC, specialty coffee, small packs)** offers higher-margin potential vs competition.

CCLP's Distinct Threats Vs Competitors

CCLP faces higher **exposure to coffee price volatility** compared to diversified FMCG peers which affects working capital cycles. Moreover its **export oriented model increases sensitivity to global tariffs and geopolitical risks**. Additionally, **downtrading risk (premium FDC to SDC)** in inflationary periods could pressure margin more than competitors.

3.5 Michael Porter's Five Force Analysis



Source: CCLP, Choice Institutional Equities

Supplier leverage is lower for CCLP as its scale ensures global sourcing flexibility (India, Vietnam, Brazil and Africa), unlike other smaller peers

In B2C, CCLP operates in an intense rivalry landscape, competing with global giants, such as Nestlé and Unilever and other private-label players. In B2B - though its scale advantage remains unmatched among peers.

Substitute pressure remains low for CCLP, as instant coffee is affordable and sticky, though some risk emerges from downtrading within formats (FDC to SDC) rather than category substitution.

In B2B, CCLP is relatively insulated from buyer pressure versus peers, supported by 20–25-year sticky relationships, high customization (1000+ blends) and integrated client partnerships.

Entry barriers, driven by large-scale capacity, in-house engineering capabilities, complex FDC manufacturing and deep R&D expertise, are significantly higher, making replication difficult for new entrants and smaller competitors.

3.6 View & Valuation Rationale

CCLP is Trading at The Lowest P/E Multiple Among Larger Peers

Company	CMP	Mcap	Revenue (CAGR) %		EBITDA (CAGR) %		PAT (CAGR) %		ROE (%)			P/E		
	(INR)	(INR bn)	(FY22-25)	(FY25-28E)	(FY22-25)	(FY25-28E)	(FY22-25)	(FY25-28E)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
CCL Products	1,093	145	28.5%	22.6%	18.8%	23.3%	14.9%	28.3%	18.6%	20.7%	21.5%	37	28	23
Vintage Coffee*	133	19	103.7%	74.5%	-	85.7%	-	76.0%	20.7%	18.3%	26.2%	24	15	8
Nestle*	1,916	2,297	11.3%	11.4%	10.1%	12.0%	14.4%	10.9%	66.2%	69.5%	68.1%	68	59	51
Britannia Industries*	5,442	1,310	8.3%	9.7%	13.0%	12.2%	12.6%	14.5%	50.6%	50.7%	48.6%	51	45	40
Bikaji Foods*	627	157	16.6%	15.4%	23.4%	26.6%	37.1%	30.2%	17.5%	18.5%	18.2%	54	44	39
Mean	-	-										47	38	32
Median	-	-										51	44	39

Source: FactSet, CCLP, Choice Institutional Equities; (*) Not under our coverage, estimates taken from FactSet

- CCL Products Limited (CCLP) offers a compelling medium-term investment opportunity in FMCG space. Our conviction originates from:
 - Premiumisation driven by Freeze-dried Coffee (FDC), small pack formats and scaling up high-margin branded coffee
 - Capacity utilization ramp-up following 2x capacity expansion over (FY22–26E)
 - Improvement in overall profitability – EBITDA/PAT CAGR of 16% and 24% over FY26-29E as stable coffee price unlocks long-term contracts and product mix shifts towards higher-margin formats
 - Debt-reduction and free cash flow inflection as the capex cycle completes will lead to improvement in ROE, from 18% in FY26 to 20-21% in FY28/29E
 - Additionally, its strong competitive advantage – a) Dual-country manufacturing (India + Vietnam); b) 1,000+ coffee blend library, and c) zero corporate tax in Vietnam provide long-term structural growth advantage
 - We initiate BUY rating with a DCF-based 12-month target price of INR 1,350 per share, offering a 20% upside from the current level
 - We did a sanity check of our DCF based TP of INR 1,350 per share using FY28E PE multiple, which is 27x and reasonable in our view, given CCLP's business fundamentals we discussed in the note

3.7 DCF Valuation

DCF Assumptions

Particular (INR Bn unless specified)	
WACC (%)	10.2%
Terminal Growth Rate (%)	5.0%
PV of FCF	75.4
Terminal Value	411.35
PV of Terminal Value	117.0
Net Debt	12.8
Equity Value	179.6
Equity Value Per Share (INR)	1,350

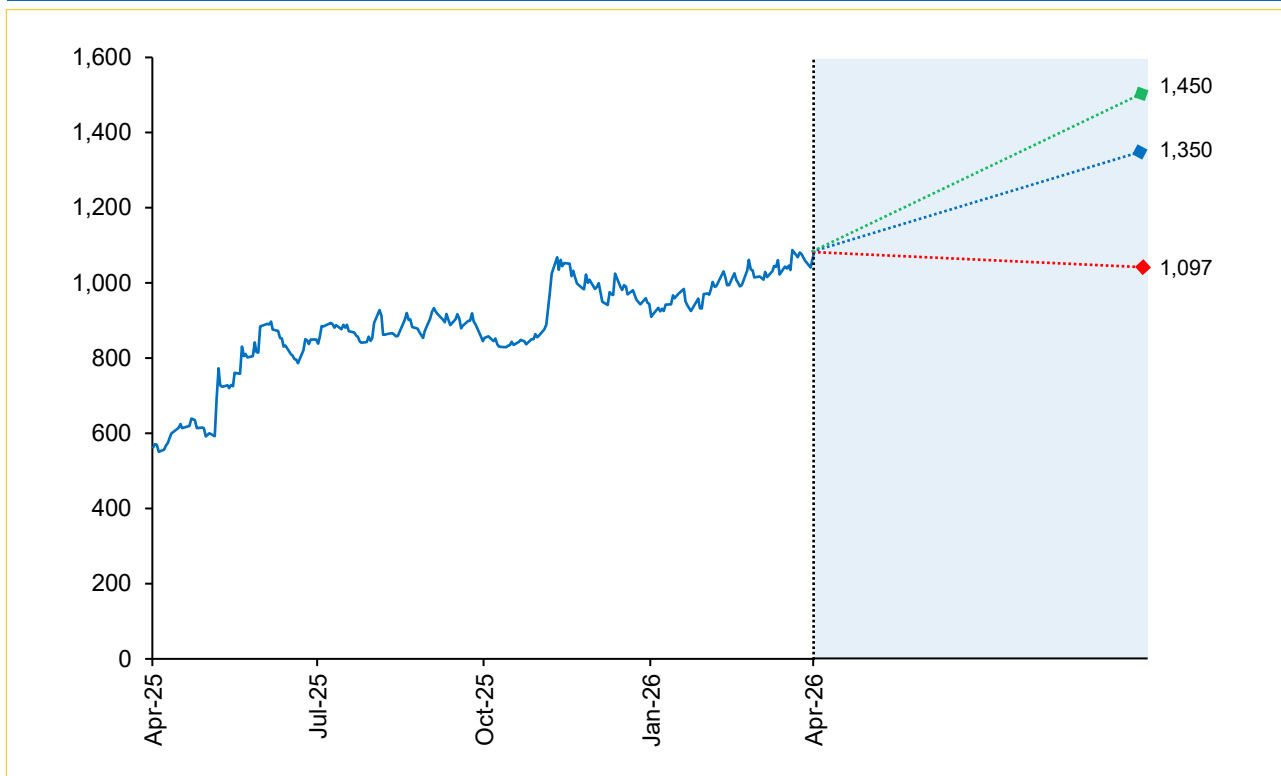
Sensitivity Analysis

		WACC (%)				
		9.2	9.7	10.2	10.7	11.2
Terminal growth rate (%)	3.0	1,321	1,198	1,093	1,002	923
	4.0	1,488	1,331	1,201	1,091	996
	5.0	1,735	1,522	1,350	1,210	1,093
	6.0	2,138	1,816	1,572	1,381	1,227
	7.0	2,911	2,330	1,933	1,645	1,426

Source: Bloomberg, CCLP, Choice Institutional Equities

Implied PE Multiple	FY28E
EPS FY28E (INR/sh)	49.2
DCF based TP (INR/sh)	1,350
Implied PE Multiple (x)	27.4

3.8 Bull and Bear Case Scenarios




INR 1,450
30% Upside

BULL Assumptions

- Acceleration in capacity utilization, from 88% in FY27 to 99% in FY29 with average realisation growth of CAGR 3-4% over FY26-29E
- Revenue CAGR of **17%** CAGR over FY26-29E
- EBITDA CAGR of **19%** CAGR over FY26-29E
- PAT CAGR of **28%** CAGR over FY26-29E



INR 1,315
20% Upside

BASE Assumptions

- Capacity utilization increasing from 85% in FY27 to 98% in FY29 with average realisation growth of CAGR 1-2% over FY26-29E
- Revenue CAGR of **14%** CAGR over FY26-29E.
- EBITDA CAGR of **16%** CAGR over FY26-29E
- PAT CAGR of **24%** CAGR over FY26-29E



INR 1,042
5% Downside

BEAR Assumptions

- Gradual increase in capacity utilization, from 80% in FY27 to 89% in FY29 with flat realisation growth over FY26-29E
- Revenue CAGR of **6%** CAGR over FY26-29E.
- EBITDA CAGR of **6%** CAGR over FY26-29E
- PAT CAGR of **7%** CAGR over FY26-29E

3.1 Financials & Ratios

Income Statement (INR Mn)

Particulars	FY25	FY26E	FY27E	FY28E	FY29E
Revenue	31,057	43,345	49,205	57,198	64,149
Gross Profit	12,632	15,706	17,974	20,969	23,537
EBITDA	5,551	7,526	8,889	10,416	11,784
Depreciation	(985)	(1,478)	(1,567)	(1,633)	(1,732)
EBIT	4,566	6,048	7,322	8,783	10,051
Interest Paid	(1,128)	(1,298)	(1,051)	(946)	(946)
Other Income	85	97	122	152	190
PAT	3,103	3,975	5,242	6,551	7,622
EPS (INR)	23.3	29.9	39.4	49.2	57.3

Key Ratios

Particulars	FY25	FY26E	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	17.0	39.6	13.5	16.2	12.2
EBITDA	24.7	35.6	18.1	17.2	13.1
EBIT	31.4	32.4	21.1	20.0	14.4
PAT	24.1	28.1	31.9	25.0	16.3
Margins (%)					
Gross Margin	40.7	36.2	36.5	36.7	36.7
EBITDA Margin	17.9	17.4	18.1	18.2	18.4
PAT Margin	10.0	9.2	10.7	11.5	11.9
Profitability (%)					
ROE	17.0	18.6	20.7	21.5	20.6
ROCE	12.1	16.7	18.0	18.9	18.8
Turnover ratios					
Asset Turnover (x)	0.8	1.0	1.1	1.2	1.2
Receivable Days	69.8	65.0	65.0	65.0	65.0
Inventory Days	108.2	75.0	80.0	80.0	80.0
Payable Days	18.9	18.9	18.9	18.9	18.9
Working Capital Days	159.1	121.1	126.1	126.1	126.1
Liquidity ratios					
Current ratio (x)	1.3	1.7	2.1	2.6	3.2
Quick ratio (x)	0.6	0.9	1.2	1.6	2.0
Interest cover (x)	4.0	4.7	7.0	9.3	10.6
Total Debt/Equity (%)	0.9	0.6	0.5	0.4	0.3
Valuation					
PER (x)	47.9	37.4	28.3	22.7	19.5
EV/EBITDA (x)	29.9	21.4	17.9	14.9	12.8
EV/EBIT (x)	36.3	26.7	21.7	17.7	15.0

Balance Sheet (INR Mn)

Particulars	FY25	FY26E	FY27E	FY28E	FY29E
Cash & Cash Equivalents	969	385	2,910	6,667	11,454
Other Bank Balance	8	8	8	8	8
Debtors	6,903	7,719	8,763	10,186	11,424
Inventory	10,523	8,907	10,785	12,537	14,060
Other Current Assets	2,473	2,473	2,473	2,473	2,473
Total Current Assets	20,876	19,492	24,938	31,870	39,419
Gross Fixed Assets	21,544	22,744	23,744	24,744	26,244
Less: Depreciation	(5,327)	(6,806)	(8,373)	(10,006)	(11,738)
Add: Capital WIP	4,505	4,505	4,505	4,505	4,505
Net Fixed Assets	20,721	20,442	19,875	19,242	19,010
Non-Current Assets	813	813	813	813	813
Total Assets	42,410	40,747	45,627	51,926	59,242
Current Liabilities					
Provisions	49	49	49	49	49
Total Current Liabilities	16,432	11,460	11,763	12,175	12,535
Non-Current Liabilities	6,305	6,305	6,305	6,305	6,305
Total Liabilities	22,737	17,765	18,068	18,481	18,840
Paid-Up Capital	267	267	267	267	267
Reserves & Surplus	19,405	22,715	27,292	33,178	40,135
Shareholders' Equity	19,672	22,982	27,559	33,445	40,402
Total Equity & Liabilities	42,410	40,747	45,627	51,926	59,242

Cash Flow (INR Mn)

Particulars	FY25	FY26E	FY27E	FY28E	FY29E
Cash Flow from Operations	2,897	7,579	5,241	6,368	7,898
Cash Flow from Investing	(4,159)	(1,200)	(1,000)	(1,000)	(1,500)
Cash Flow from Financing	530	(6,963)	(1,716)	(1,611)	(1,611)

DuPont Analysis

Particulars	FY25	FY26E	FY27E	FY28E	FY29E
Tax Burden	88%	82%	82%	82%	82%
Interest Burden	77%	80%	87%	91%	92%
EBIT Margin	15%	14%	15%	15%	16%
Asset Turnover	0.8	1.0	1.1	1.2	1.2
Equity Multiplier	2.1	1.9	1.7	1.6	1.5
ROE (%)	17%	18.6%	20.7%	21.5%	20.6%

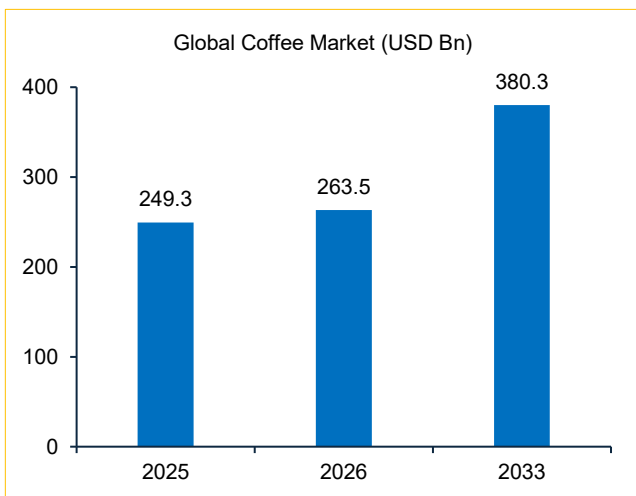
Source: CCLP, Choice Institutional Equities

5.1 Coffee Market Overview

5.1.1 Global Coffee Market to Witness Steady Growth

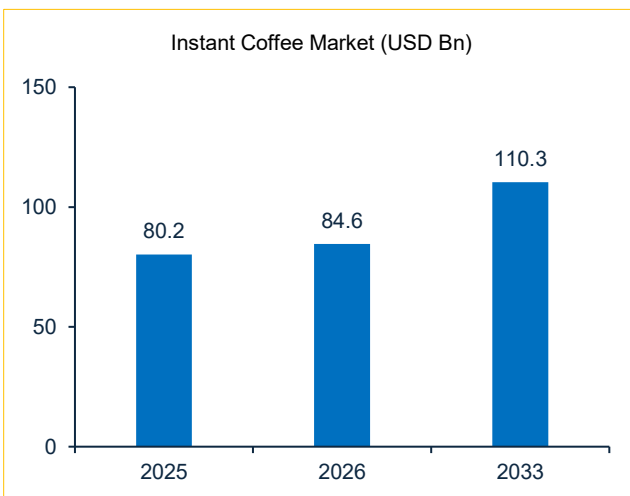
- As per Grand View Research, **the global coffee market was estimated at USD 249.3 Bn in 2025 and is expected to reach USD 380.3 Bn by 2033**, implying ~5% CAGR driven by broad-based growth across categories – **Roasted, Ready to Drink and Instant coffee market** (CCLP’s key business area)
 - Roasted coffee accounts for 53% of the global coffee market and expected to grow at 6%, driven by coffee chains, craft and specialty coffee chains
 - Ready to Drink (15% of sales) expected to expand at ~6% CAGR over CY2026-33 while consumption is increasing, from 8% to 15%, driven by increased consumer preference towards convenience
 - Instant coffee (32% of sales) projected to expand at ~5% CAGR, from USD 80.2 Bn to USD 110.3 Bn over CY24-30

Global Coffee Market to Expand at CAGR 5% (CY25-CY33E)



Source: Grand View Research

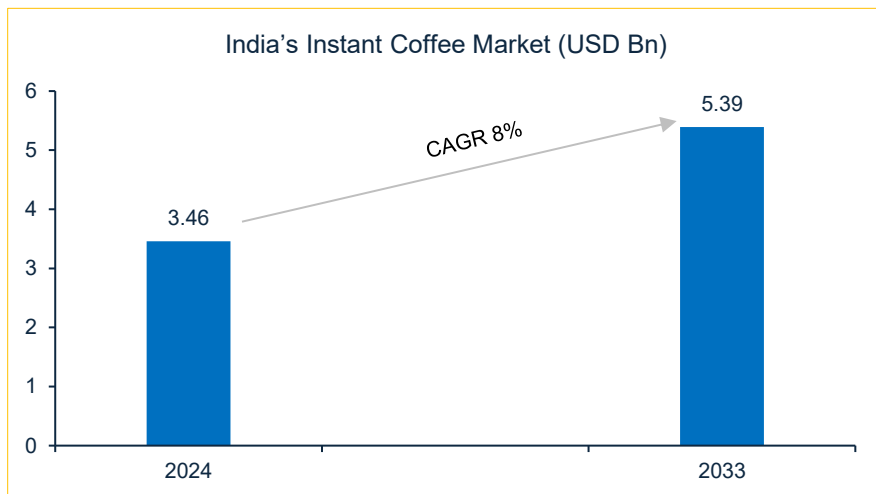
Instant Coffee Market (CCLP’s Key Business area) to Expand at CAGR 5% over (CY24-30)



Source: Grand View Research

5.1.2 Instant Coffee Market in India to Grow at Faster Clip

India’s Instant coffee market is expected to grow, from USD 3.46 Bn in CY24 to USD 5.39 Bn by CY30, implying an increase CAGR ~8% over CY24-30. In terms of revenue, India accounted for 4.3% of the global instant coffee market in 2024.



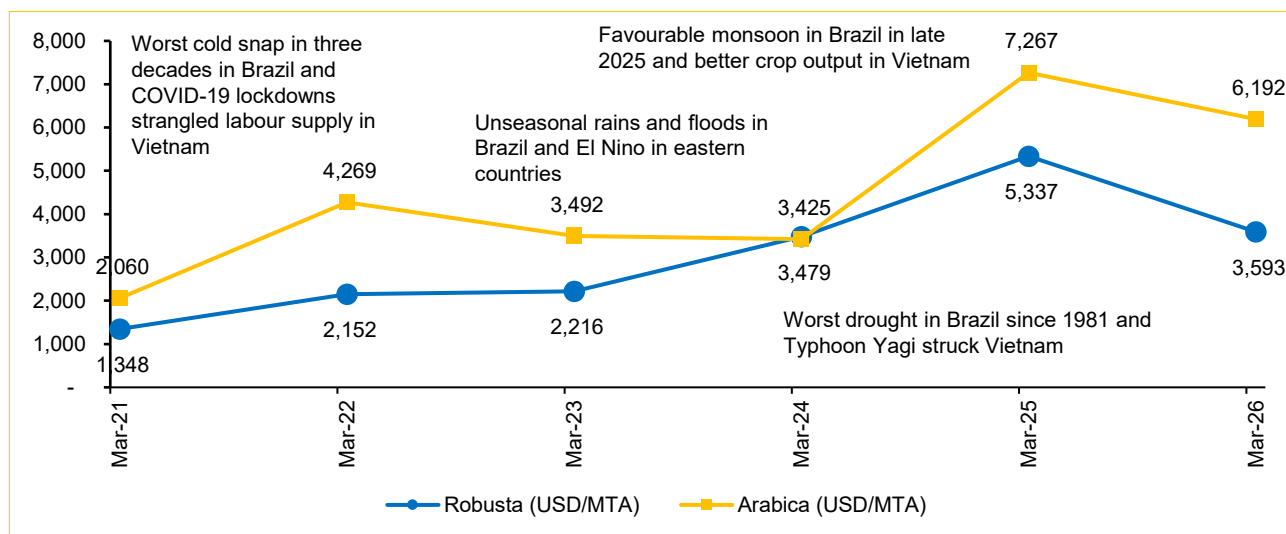
Source: Grand View Research

5.2 India: A Uniquely-advantaged Market

5.2.1 Major Coffee Producing Countries

Brazil and Vietnam together account for approximately 60% of the global coffee supply. Over the last 2-3 years, coffee price was grappling with severe climatic challenges - **High temperatures, prolonged droughts, unseasonal rains and damaging frost conditions disrupting coffee production**. As a result, coffee price has surged to historic level in recent years.

Coffee Price is down ~33% YoY and expected to remain stable in near term



Source: FactSet, Choice Institutional Equities

5.2.2 India is Uniquely-positioned

With the increase global supply chain disruption and climatic factors, the world turned its attention to alternative sources in recent years. **India is uniquely-positioned to capitalise on the opportunity, leading to a notable rise in coffee exports**. As per the Coffee Board of India, in FY25, India exported the all-time record of USD 1.8 Bn — a 40% jump in a single year. **This positions India as the fifth-largest coffee exporter globally, supplying in 128 countries.**

Value-added Exports: Nearly 38% of Indian coffee exports are value-added products (instant, roasted). This premium segment commands a higher price.

Top-5 Export Destinations for India

Rank	Country	Share of Exports	Insight
1	Italy	18.09%	Largest buyer; Indian Robusta preferred for espresso blends
2	Germany	11.01%	Second-largest; growing demand for premium & specialty coffee
3	Belgium	7.47%	Key re-exporter hub for Europe markets
4	Russia	5.28%	Sustained demand despite global geopolitical challenges
5	UAE	5.09%	Gateway to GCC and Middle East markets

Source: Coffee Board of India

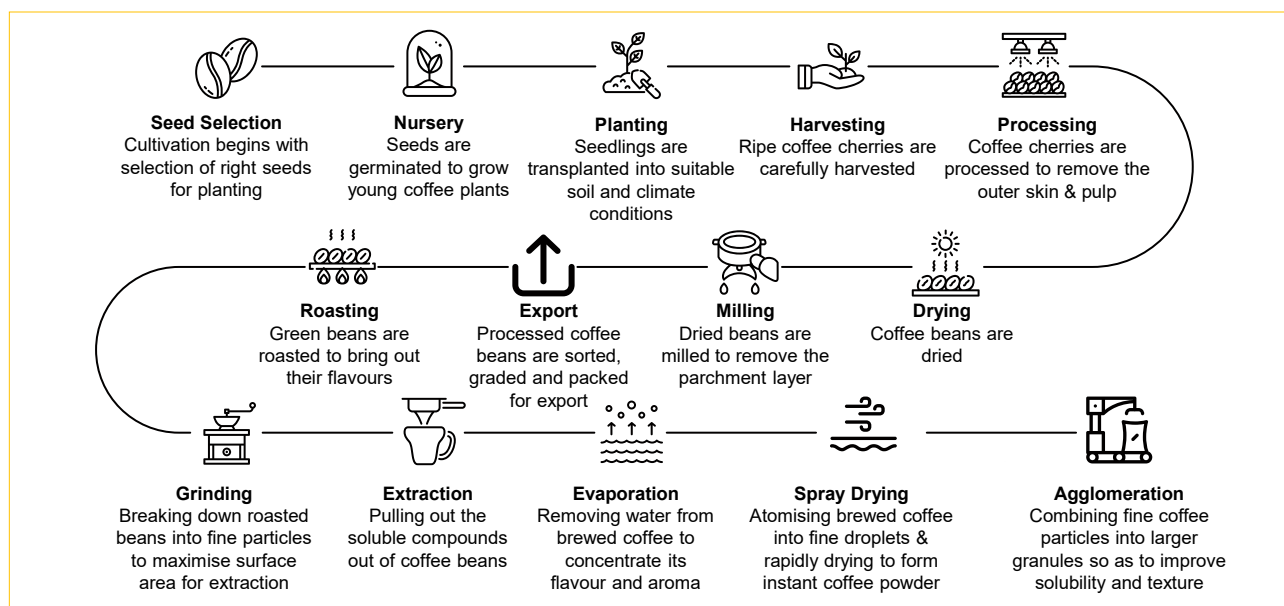
5.3 Types of Coffee and Production Process

5.3.1 Types of Coffee Beans and Production Process

- Commercial coffee comes from the genus *Coffea*, but, two species of coffee beans dominate the global trade:
 - Arabica** accounts for roughly 60–70% of the world's production. It grows at higher altitudes (600–2,000 meters), is more sensitive to climate and disease, but produces complex, aromatic, lower-caffeine cups. It is the benchmark for specialty coffee. Largely produced in Brazil
 - Robusta** is hardier, grows at lower altitudes, contains nearly twice the caffeine and produces a stronger, more bitter cup with a distinctive earthy character. It dominates espresso blends and instant coffee manufacturing. Largely produced in Vietnam

A coffee plant takes 3–4 years, from planting to first commercial yield and can remain productive for 20–30 years under good management

Production Process of Instant Coffee



Source: Vintage Coffee, Choice Institutional Equities



5.3.2 Difference between SDC and FDC

Spray Dried Coffee (SDC): Quick and Less Aromatic

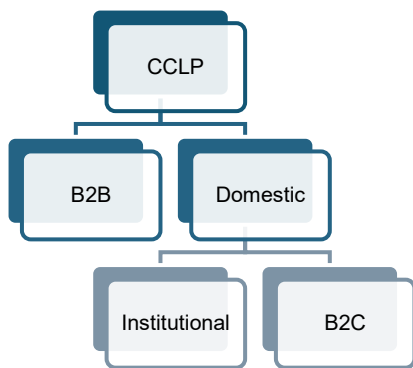
- Dominates the global instant coffee market as it is sold at a lower price point. Brewed liquid coffee is atomised into fine droplets and dried in hot air (150–300°C), producing powder within seconds. However, high heat destroys aroma compounds, leaving behind stronger, more bitter and roasty notes



Freeze Dried Coffee (FDC): Cold, Slow & Premium

- Coffee is frozen (~-40°C) and dried under vacuum, where ice sublimates directly into vapour, preserving aroma and flavour. The process is slow (hours to days) but retains much of the original character of coffee
- FDC is a **premium**, typically **2–3x more expensive than SDC**, delivering **significantly higher margin**

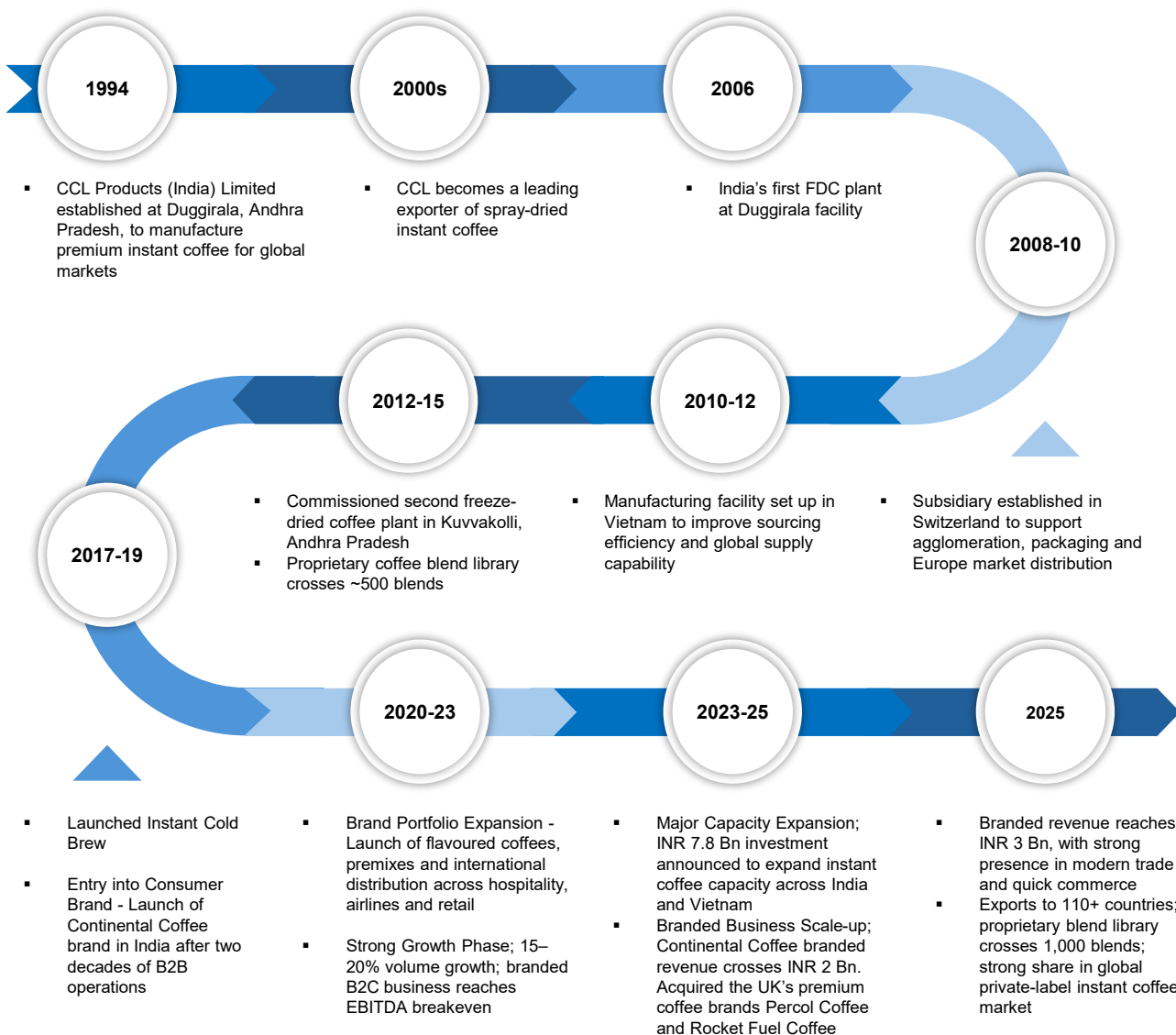
6.1 Company Overview



CCL Products (India) Limited (CCLP) is India's largest instant coffee exporter and the world's leading private-label instant coffee manufacturer. Founded in 1994 and headquartered in Hyderabad, the company operates four plants across India, Vietnam and Switzerland with a combined capacity of ~77,000 TPA, supplying in 100+ countries with over 1,000 proprietary blends.

Alongside its strong B2B presence, CCLP is scaling up its B2C branded business through Continental Coffee (India) and Percol (UK). Continental Coffee holds ~3.5% national market share (8–10% in AP & Telangana), with the segment growing at 40–50% annually, emerging as a key growth and margin driver.

Key Milestones



6.2 Business Model

Dual-model strategy: B2B manufacturing stability meets B2C branded growth

Core B2B Business

Global Scale Leader

World's largest private-label coffee manufacturer after Nestlé, supplying clients across 100+ countries

Cost-Plus Pricing

It operates on cost-plus model and does not speculate on green coffee prices; it only contracts raw material once order is secured from a client. This model ensures EBITDA per kg remains constant regardless of price of coffee.

Sticky Partnerships

CCLP operates as a strategic partner rather than just a supplier, playing a key role in developing clients' custom blends and brands. Its extensive library of 1000+ blends provides a strong competitive advantage in customisation and client retention

Global Sourcing & flexibility

CCLP has manufacturing footprint in India and Vietnam, which enables territorial de-risking for clients. Unlike region-bound competitors (e.g., Brazil-focussed players), CCLP can source coffee globally (Brazil, Africa, Vietnam, etc.), optimising cost and supply chain efficiency.

Economies of Scale

With ~77,000 MTA capacity, CCLP is among the largest coffee producers globally (MS: 7–8%), enabling significant cost efficiency. This scale allows CCLP to be more aggressive on pricing, offering premium products, such as FDC at competitive price points which peers struggle to match.

B2C Branded Business

Own Brand Portfolio

Building brands: Continental Coffee (India), Percol & Rocket Fuel (UK, acquired FY23)

Margin Retention Edge

In falling markets, no obligation to cut retail MRPs — retains higher margins unlike pass-through B2B model

Distribution Reach

B2C requires a massive distribution network to reach retail outlets. At present, CCLP services over +140,000 outlets directly and indirectly

Superior Margins

Unlike the B2B business. B2C (branded) has superior gross margin of ~30–35% vs. ~20% in B2B

Strategic Reinvestment

The branded business is EBITDA positive (5–8% margin) as of FY25. However, profits are reinvested into advertising (ATL/BTL) and distribution expansion to drive market share, prioritising long-term growth over near-term profitability. CCLP targets branded EBITDA margin of double digit in near term.

6.3 About the Management

Name	Designation	Qualifications	Experience
 Mr. Challa Rajendra Prasad	Executive Chairman	Mechanical Engineer	Mr. Prasad is the founder of CCL Products (1995) and an accomplished engineer-technocrat-entrepreneur. Holds a degree in Mechanical Engineering from Osmania University (1975). Built a diverse portfolio spanning packaging materials, IT, real estate and construction before establishing one of the world's leading private-label coffee manufacturers.
 Mr. Challa Srishant	Managing Director	Law	Mr. Srishant is a second-generation entrepreneur and lawyer by training. He joined the business in 2005 and later became the Managing Director. He has played a key role in CCLP's global expansion, including establishing advanced instant coffee facilities in Switzerland and Vietnam so as to diversify manufacturing capacity and mitigate geographic concentration risk. He also spearheaded the launch of the company's consumer coffee brands, scaling up the B2C segment into one of India's leading instant coffee brands in a short span.
 Mr. B. Mohan Krishna	Executive Director	Civil Engineer	Mr. Krishna is a civil engineer from Jawaharlal Nehru Technological University, Hyderabad, with over a decade of experience in the coffee industry. He has been instrumental in driving CCLP's manufacturing expansion and modernisation, successfully executing multiple greenfield and brownfield projects in India and Vietnam, thereby strengthening the company's global production capabilities.
 Mr Praveen Jaipurkar	Chief Executive Officer	MBA	Mr. Jaipurkar joined CCLP in 2017, bringing over 24 years of FMCG expertise across healthcare, foods, oral care, personal care, home care, beverages and culinary categories. Earlier, he spent 14 years at Dabur India Limited, managing key brands across multiple categories and was previously associated with Balsara Home Products Limited.
 Mr. Chaithanya Agasthyaraju	Chief Financial Officer	CA	Mr. Agasthyaraju has nearly two decades of experience across finance strategy, treasury, controllership, financial planning & analysis, corporate finance and auditing. Prior to joining CCLP, he served as the CFO and Director – Finance at Griffith Foods. In his career, he has held finance leadership roles at organisations including Hyundai Motor India Limited, Ashok Leyland Limited and Ola Electric.

Source: Meesho RHP, Choice Institutional Equities

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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