

## Strong Beat on Revenue; Margins Miss

**Est. Vs. Actual for Q1FY26:** Revenue – **BEAT**; EBITDA – **MISS**; PAT – **MISS**

### Changes in Estimates post Q1FY26

**FY26E/FY27E:** Revenue: 2%/4%; EBITDA: 5%/8%; PAT 7%/10%

### Recommendation Rationale

- **CCL Revenue Soars 36.5% YoY, Beats Estimates:** For Q1FY26, CCL reported revenue of Rs 1,056 Cr, up 36.5% YoY, significantly ahead of our estimate of 14% growth, driven by healthy double-digit volume expansion. The domestic business remained robust, contributing ~Rs 150 Cr, of which the branded and retail segments contributed ~Rs 100 Cr. This strong performance continues to drive steady market share gains across channels and geographies.
- **EBITDA Grows Despite Margin Pressure from Input Costs:** EBITDA grew 22.1% YoY in Q1FY26, although margins contracted by 178 bps to 15.1%, impacted by input cost pressures. Management remains confident of achieving 15–20% annual EBITDA growth, driven by a balanced focus on volume expansion and margin optimisation.
- **Coffee Prices Remain Volatile Amidst Harvest Uncertainty:** Management indicated that despite a 20–30% softening in green coffee prices, ongoing volatility is keeping buyers cautious. The interim period between Brazil's completed harvest and Vietnam's upcoming crop in December remains uncertain. Stability during this phase could support further price correction post the Vietnam harvest.
- **Company Continues Deleveraging with Net Debt Reduction Goal:** The company's net debt stood at Rs 1,671 Cr as of 30<sup>th</sup> Jun'25, down from Rs 1,812 Cr in Mar'25 and Rs 1,974 Cr in Dec'24. It aims to further reduce net debt to Rs 1,350 Cr by Dec'25, reflecting its continued focus on deleveraging.

### Sector Outlook: Positive

**Company Outlook & Guidance:** Considering the long-term growth outlook, we have increased our FY26/27 estimates and maintain our **BUY** recommendation on the stock.

**Current Valuation:** 23x Mar'27E EPS (Earlier Valuation: 21x Mar'27E EPS).

**Current TP:** Rs 970/share (Earlier TP: Rs 800/share)

**Recommendation:** With a 12% upside from the CMP, we maintain our **BUY** rating on the stock.

**Financial Performance:** CCL Products' consolidated revenue for Q1FY26 stood at Rs 1,056 Cr, registering a 36.5% YoY growth. Gross margins declined by 543 bps to 32.6%, due to cost input pressures. EBITDA increased to Rs 159 Cr, up 22.1% YoY, while EBITDA margins declined by 178 bps YoY to 15.1%. The company's PAT stood at Rs 72 Cr, up 1.4% YoY.

### Key Financials (Consolidated)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	1,056	26.3	36.5	882	19.7
EBITDA	159	(2.6)	22.1	155	2.7
EBITDA Margin (%)	15.1	-447 bps	-178 bps	17.6	-249 bps
Net Profit	72	(28.9)	1.4	80	(9.7)
EPS (Rs)	5.4	(28.9)	1.4	6.0	(9.7)

Source: Company, Axis Research

(CMP as of 06<sup>th</sup> August, 2025)

CMP (Rs)	862
Upside /Downside (%)	12%
High/Low (Rs)	935/475
Market cap (Cr)	11511
Avg. daily vol. (6m) Shrs '000	783
No. of shares (Cr)	13

### Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	46.1	46.1	46.1
FII's	10.1	10.2	10.7
MFs/UTI	19.0	18.4	18.9
Banks/FIs	0.0	0.0	0.0
Others	24.8	25.3	24.4

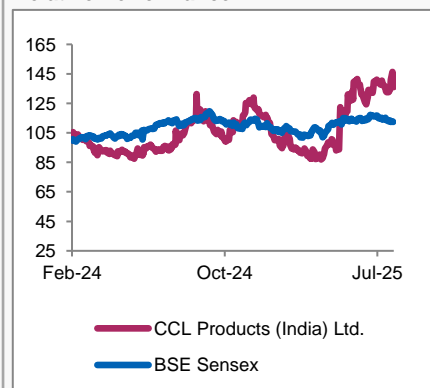
### Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	3,106	3,815	4,687
EBITDA	555	708	887
Net Profit	310	417	562
EPS, Rs	23.3	31.3	42.2
PER, x	37.0	27.5	20.4
EV/EBITDA, x	23.8	18.6	14.7
ROE, %	15.8	18.0	20.0
Debt/Equity (%)	0.9	0.8	0.6

### Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	2%	4%
EBITDA	5%	8%
PAT	7%	10%

### Relative Performance



Source: Ace Equity, Axis Securities

**Suhanee Shome**

Research Associate

email: suhanee.shome@axissecurities.in

### **Outlook & Recommendation**

CCL Products has maintained consistent performance despite volatility in coffee prices. Following supply chain disruptions, several global coffee companies are looking to de-risk their supplies by partnering with manufacturers with a presence across multiple geographies. In this context, the company is well-positioned as a preferred choice due to the following factors: 1) It has facilities in Vietnam and India, unlike Brazilian players that operate only in their home country. This geographic advantage has helped CCL strengthen its foothold in international markets, gain market share, and access new business. Additionally, it is looking to invest further in the UK and US markets. The company targets a 15% global market share in the next few years; 2) It operates a cost-efficient business model; 3) It is doubling its capacity across Vietnam and India; 4) It is expanding capacity in value-added products such as FDC and small packs in Vietnam; and 5) It is aggressively scaling up its domestic business, led by its branded segment. **We have increased our FY26/27 estimates and maintain our BUY recommendation on the stock with a TP of Rs 970/share, implying an upside potential of 12% from the CMP.**

### **Key Risks to Our Estimates and TP**

- Delay in capacity utilisation, the emergence of supply chain constraints, and increased coffee prices.

## Change in Estimates

	Old		New		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	3,750	4,528	3,815	4,687	2%	4%
EBITDA	677	825	708	887	5%	8%
PAT	390	509	417	562	7%	10%
EPS	29.3	38.2	31.3	42.2	7%	11%

Source: Company, Axis Securities

## Results Review

Rs Cr	Q1FY25	Q4FY25	Axis Est.	Q1FY26	% Change (YoY)	% Change (QoQ)	Var (%) Axis Sec Est.
<b>Net Sales</b>	<b>773</b>	<b>836</b>	<b>882</b>	<b>1,056</b>	<b>36.5</b>	<b>26.3</b>	<b>19.7</b>
<b>Gross Profit</b>	<b>294</b>	<b>371</b>	<b>350</b>	<b>345</b>	<b>17.0</b>	<b>(7.1)</b>	<b>(1.6)</b>
<b>Gross Margin (%)</b>	<b>38.1</b>	<b>44.4</b>	<b>39.7</b>	<b>32.6</b>	<b>-543 bps</b>	<b>-1172 bps</b>	<b>-706 bps</b>
Employee Expenses	38	49	47	42	9.0	(14.8)	(10.6)
Other Expenses	126	158	148	144	14.3	(9.3)	(3.2)
<b>EBITDA</b>	<b>130</b>	<b>163</b>	<b>155</b>	<b>159</b>	<b>22.1</b>	<b>(2.6)</b>	<b>2.7</b>
<b>EBITDA Margin (%)</b>	<b>16.8</b>	<b>19.5</b>	<b>17.6</b>	<b>15.1</b>	<b>-178 bps</b>	<b>-447 bps</b>	<b>-249 bps</b>
Oth. Inc	1	4	4	2	79.9	(36.9)	(37.6)
Interest	21	34	36	34	57.3	(1.6)	(6.3)
Depreciation	23	27	28	34	45.8	24.5	18.6
<b>PBT</b>	<b>87</b>	<b>106</b>	<b>94</b>	<b>94</b>	<b>8.0</b>	<b>(11.0)</b>	<b>(0.2)</b>
Tax	16	4	14	22	38.4	441.6	53.6
<b>PAT</b>	<b>71</b>	<b>102</b>	<b>80</b>	<b>72</b>	<b>1.4</b>	<b>(28.9)</b>	<b>(9.7)</b>
<b>EPS</b>	<b>5.4</b>	<b>7.7</b>	<b>6.0</b>	<b>5.4</b>	<b>1.4</b>	<b>(28.9)</b>	<b>(9.7)</b>

Source: Company, Axis Securities

## Financials (consolidated)

### Profit & Loss

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
<b>Net sales</b>	<b>2,654</b>	<b>3,106</b>	<b>3,815</b>	<b>4,687</b>
Growth, %	28.1	17.0	22.9	22.9
Total income	2,654	3,106	3,815	4,687
Raw material expenses	(1,552)	(1,843)	(2,257)	(2,776)
Employee expenses	(146)	(172)	(206)	(248)
Other Operating Expenses	(511)	(536)	(643)	(776)
<b>EBITDA (Core)</b>	<b>445</b>	<b>555</b>	<b>708</b>	<b>887</b>
Growth, %	11.4	24.7	27.6	25.2
Margin, %	16.8	17.9	18.6	18.9
Depreciation	(98)	(98)	(113)	(118)
<b>EBIT</b>	<b>348</b>	<b>457</b>	<b>596</b>	<b>769</b>
Growth, %	3.4	31.4	30.4	29.2
Margin, %	13.1	14.7	15.6	16.4
Interest paid	(78)	(113)	(118)	(124)
Other Income	6	8	7	8
Non-recurring Items	-	-	-	-
<b>Pre-tax profit</b>	<b>276</b>	<b>352</b>	<b>484</b>	<b>653</b>
Tax provided	(26)	(42)	(68)	(91)
<b>Profit after tax</b>	<b>250</b>	<b>310</b>	<b>417</b>	<b>562</b>
Growth, %	(11.9)	24.1	34.3	34.9

Source: Company, Axis Securities

### Balance Sheet

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Cash & bank	170	98	113	199
Marketable securities at cost	-	-	-	-
Debtors	497	690	848	1,042
Inventory	788	1,052	1,293	1,588
Other current assets	286	247	247	247
Total current assets	1,741	2,088	2,501	3,076
Investments	0	0	0	0
Gross fixed assets	1,683	2,154	2,254	2,354
Less: Depreciation	(432)	(533)	(645)	(763)
Add: Capital WIP	501	450	450	450
Net fixed assets	1,753	2,072	2,059	2,042
Non-current assets	42	81	81	81
<b>Total assets</b>	<b>3,536</b>	<b>4,241</b>	<b>4,642</b>	<b>5,199</b>
Current liabilities	1,278	1,638	1,689	1,751
Provisions	3	5	5	5
Total current liabilities	1,282	1,643	1,694	1,756
Non-current liabilities	581	631	631	631
Total liabilities	1,862	2,274	2,324	2,386
Paid-up capital	27	27	27	27
Reserves & surplus	1,647	1,941	2,291	2,786
Shareholders' equity	1,674	1,967	2,317	2,813
<b>Total equity &amp; liabilities</b>	<b>3,536</b>	<b>4,241</b>	<b>4,642</b>	<b>5,199</b>

Source: Company, Axis Securities

**Cash Flow**
**(Rs Cr)**

Y/E Mar	FY24	FY25	FY26E	FY27E
Pre-tax profit	276	352	484	653
Depreciation	98	98	113	118
Chg in working capital	29	(96)	(348)	(427)
Total tax paid	(37)	(30)	(68)	(91)
Other operating activities	(10)	(10)	(10)	(10)
<b>Cash flow from operating activities</b>	<b>356</b>	<b>315</b>	<b>172</b>	<b>243</b>
Capital expenditure	(538)	(418)	(100)	(100)
Other investing activities	-	-	-	-
<b>Cash flow from investing activities</b>	<b>(538)</b>	<b>(418)</b>	<b>(100)</b>	<b>(100)</b>
Free cash flow	(182)	(103)	72	143
Other financing activities	(59)	(59)	(59)	(59)
<b>Cash flow from financing activities</b>	<b>259</b>	<b>(21)</b>	<b>(59)</b>	<b>(59)</b>
The net change in cash	77	(124)	13	84
Opening cash balance	83	170	98	113
Closing cash balance	170	98	113	199

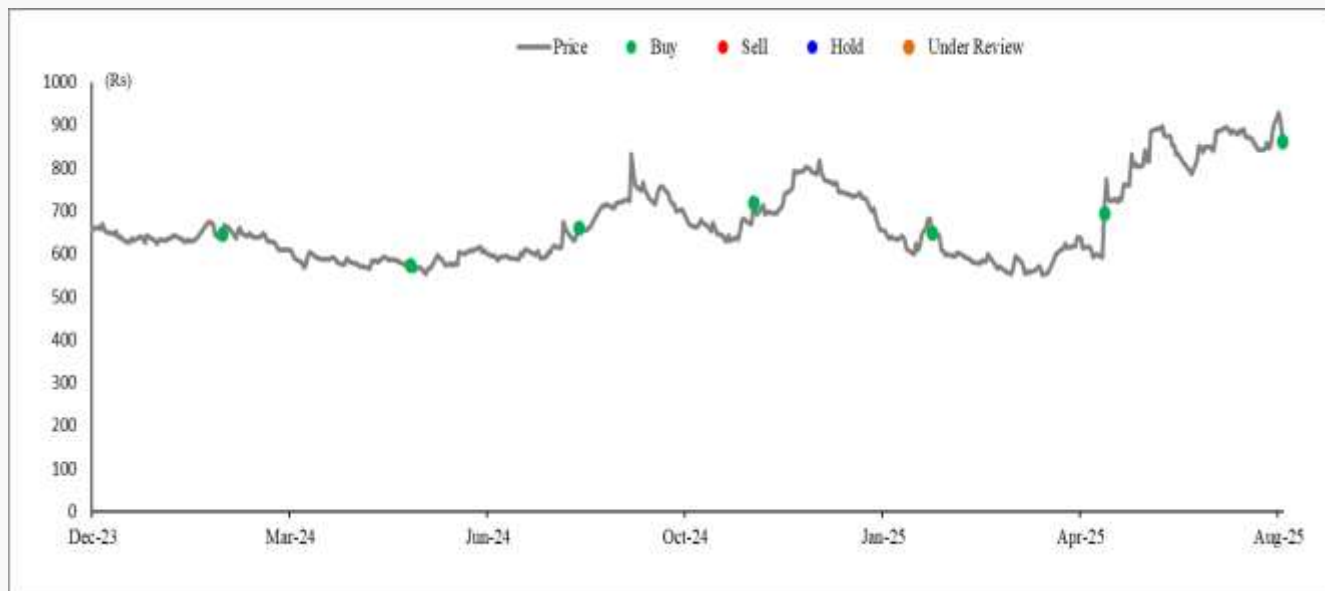
Source: Company, Axis Securities

**Ratio Analysis**
**(%)**

Y/E Mar	FY24	FY25	FY26E	FY27E
<b>Per Share data</b>				
EPS (INR)	18.8	23.3	31.3	42.2
Growth, %	(11.9)	24.1	34.3	34.9
Book NAV/share (INR)	125.8	147.9	174.2	211.4
FDEPS (INR)	18.8	23.3	31.3	42.2
CEPS (INR)	26.1	30.7	39.8	51.1
CFPS (INR)	(1.6)	15.1	13.1	18.4
<b>Return ratios</b>				
Return on assets (%)	10.7	10.9	12.0	13.9
Return on equity (%)	14.9	15.8	18.0	20.0
Return on capital employed (%)	16.3	17.4	19.3	21.4
<b>Turnover ratios</b>				
Asset turnover (x)	1.0	0.9	1.0	1.1
Sales/Total assets (x)	0.9	0.8	0.9	1.0
Sales/Net FA (x)	1.7	1.6	1.8	2.3
Working capital/Sales (x)	0.1	0.1	0.2	0.2
Receivable days	68.3	81.1	81.1	81.1
Inventory days	108.4	123.7	123.7	123.7
Payable days	16.5	31.6	31.9	32.1
Working capital days	40.3	41.3	66.9	87.7
<b>Liquidity ratios</b>				
Current ratio (x)	1.4	1.3	1.5	1.8
Quick ratio (x)	0.7	0.6	0.7	0.8
Interest cover (x)	4.5	4.0	5.0	6.2
Total debt/Equity (%)	1.0	0.9	0.8	0.6
<b>Valuation</b>				
PER (x)	45.9	37.0	27.5	20.4
PEG (x) - y-o-y growth	(3.8)	1.5	0.8	0.6
Price/Book (x)	6.9	5.8	4.9	4.1
EV/Net sales (x)	4.9	4.2	3.5	2.8
EV/EBITDA (x)	29.0	23.8	18.6	14.7
EV/EBIT (x)	37.2	28.9	22.1	17.0

Source: Company, Axis Securities

## CCL Products Price Chart and Recommendation History



Date	Reco	TP	Research
07-Feb-24	BUY	720	Result Update
14-May-24	BUY	670	Result Update
09-Aug-24	BUY	760	Result Update
07-Nov-24	BUY	820	Result Update
07-Feb-25	BUY	730	Result Update
07-May-25	BUY	800	Result Update
07-Aug-25	BUY	970	Result Update

Source: Axis Securities Research

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Compliance Officer Details: Name – Mr. Rajiv Kejriwal, Tel No. – 022-68555574, Email id – [compliance.officer@axisdirect.in](mailto:compliance.officer@axisdirect.in);

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.