

Retail Equity Research

CCL Products (India) Ltd

CMP Rs. ₹ 555

Rating: Overweight

Tea

NSE CODE: CCL BSE CODE: 519600

CCL Products reported a 3% QoQ revenue growth in Q3 FY25, reaching ₹758.41 crores, reversing the previous quarter's decline. However, operating profit fell 9% QoQ to ₹124.45 crores, primarily due to higher expenses (₹633.96 crores). Net profit declined 17% QoQ to ₹63.04 crores, impacted by SEZ taxation and higher deferred tax liabilities. Interest expenses surged 15% QoQ, reflecting increased borrowing costs. While depreciation remained stable, other income increased to ₹2.77 crores, partially offsetting margin pressure. Despite strong 9M FY25 revenue growth of 17.8%, profitability challenges persist amid volatile coffee prices and global supply chain constraints. Management remains optimistic, emphasizing B2C expansion and improved pricing strategies. The company's strong distribution network (120,000+ outlets) and long-term contracts are expected to mitigate cost pressures. Going forward, debt management and margin sustainability will be key focus areas to maintain investor confidence.

Company Data

Market Cap (cr)	Rs.	7,713.25
Enterprise Value (cr)	Rs.	9,279.64
Outstanding Shares (cr)		13.35
52 week high	Rs.	855.00
52 week low	Rs.	546.00

1m average volume (lacs)		2.06
Face value	Rs.	2.00

	FY22	FY23	FY24
Sales	1462.03	2071.22	2653.7
Growth(%)	18%	42%	28%
EBITDA	335.16	403.11	451.62
EBITDA Margin(%)	22.9%	19.5%	17.0%
PAT	204.35	283.96	250.08
Growth(%)	12%	39%	-12%
EPS	15.4	21.4	18.7
P/E	26.3	26.6	31.3
P/B	4.3	5.0	4.7
EV/EBITDA	17.8	20.8	20.5
ROE(%)	16%	19.0%	15%
ROCE(%)	15%	14.0%	10.7%
ROIC(%)	11%	13.1%	9.7%
D/E	0.52	0.61	0.97

1. Financial Performance

CCL Products posted ₹758.4 crores in Q3 FY25 revenue, growing 14.13% YoY, with EBITDA rising 13.53% to ₹127.22 crores. Net profit remained flat at ₹63 crores due to SEZ taxation and higher deferred tax liabilities. YTD revenue reached ₹2,269.9 crores (+17.8%), with net profit at ₹208.47 crores (+12.77%).

2. Market Expansion & B2C Growth

The domestic business contributed ₹330 crores YTD, with ₹220 crores from branded products. Management plans aggressive expansion, leveraging growing coffee consumption. The B2C segment saw price hikes of 30-40% over 1.5 years, with an additional 10-15% expected.

3. Challenges & Strategic Focus

High coffee prices and supply chain disruptions persist, but CCL focuses on long-term contracts to ensure stable margins. Debt stands at ₹2,000 crores, with ₹1,200 crores in working capital. The company is strengthening its 120,000-outlet distribution network while driving product innovation.

Key Highlights

1. Company Background and Evolution

CCL Products (India) Ltd. has evolved significantly since its inception in 1961 as The Sahayak Finance and Investment Corporation Limited. The company underwent a strategic transformation, changing its name to Continental Coffee Limited in 1994 when it ventured into instant coffee production. In 2002, the company rebranded itself as CCL Products (India) Ltd., reflecting its focus on becoming a leading player in the global coffee industry. Over the years, CCL has expanded its presence with operations in India, Vietnam, and Switzerland, strengthening its position as a key global coffee manufacturer.

2. Diverse Product Portfolio

CCL offers a wide range of coffee products catering to various consumer preferences and business needs. Its portfolio includes spray-dried coffee powder and granules, freeze-dried coffee, freeze-concentrated liquid coffee, roast & ground coffee, roasted coffee beans, and premix coffee. The company has recently ventured into new product segments, launching decaf coffee, four flavored coffee variants, and a pour-over coffee variant. This diverse product range enables CCL to serve both bulk industrial clients and retail consumers globally.

3. Strong Manufacturing and Global Footprint

CCL Products operates four advanced manufacturing facilities across India, Vietnam, and Switzerland, ensuring high-quality production and efficient distribution. The Duggirala plant in Andhra Pradesh was India's first freeze-dried instant coffee plant, and a second freeze-dried unit at Kuvvakoli has doubled its capacity. The Swiss facility specializes in coffee agglomeration and packaging, while the Ngon Coffee plant in Vietnam is strategically located in the country's coffee capital, DakLak province. These facilities enable CCL to maintain an optimal balance between production, quality, and cost efficiency.

4. Expanding Domestic and International Business

CCL's business model includes both B2B and B2C segments. The company primarily sells coffee in bulk to private labels in over 90 countries, making it one of the world's largest private-label coffee manufacturers. In the domestic market, CCL's 'Continental' brand is gaining traction, with a retail presence in 110,000 outlets and a 4% market share in South India. The company has also entered the institutional segment, serving coffee in airlines like Indigo and AirAsia, as well as hotel chains such as Club Mahindra and Radisson. Additionally, its vending division is expanding aggressively into corporates and cafes.

5. Capacity Expansion and Capital Expenditure Plans

CCL has been investing significantly in capacity expansion to meet growing global demand. By FY25, the company plans to add a new spray-dried (SD) coffee production facility in India with a capacity of 16,000 metric tonnes. Additionally, by Q2FY24, a new freeze-dry facility in Vietnam with a capacity of 5,500 metric tonnes is expected to commence operations. These expansions are aimed at enhancing production capabilities and ensuring a steady supply of high-quality coffee products to global markets.

6. Strategic Acquisitions and Growth Initiatives

To strengthen its global presence, CCL Products acquired several coffee brands, including Percol, Rocket Fuel, Plantation Wharf, The London Blend, Perk Up, and Percol Fusion from Food Brands Group in July 2023. This acquisition aligns with CCL's strategy to expand its footprint in the fast-moving consumer goods (FMCG) segment and further penetrate international markets. Additionally, the company continues to innovate with new product launches and packaging formats, positioning itself as a leading player in the global coffee industry.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	664.48	726.72	773.29	738.20	758.41
Growth(%)	9%	9%	6%	-5%	3%
Expenses	553.54	608.59	643.00	601.13	633.96
Operating Profit	110.94	118.13	130.29	137.07	124.45
Growth(%)	1%	6%	10%	5%	-9%
Other Income	1.13	4.11	1.33	0.54	2.77
Depreciation	22.17	30.53	23.02	23.70	24.80
Interest	23.20	21.29	21.42	26.61	30.54
Profit before tax	66.70	70.42	87.18	87.30	71.88
Tax	3.41	5.19	15.72	13.35	8.83
Net profit	63.29	65.22	71.47	73.95	63.04
Growth(%)	4%	3%	9%	3%	-17%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	1,139.15	1,242.48	1,462.03	2,071.22	2,653.70
Growth(%)	5%	9%	18%	42%	28%
Expenses	853.20	944.73	1,130.96	1,671.37	2,208.40
Operating Profit	285.95	297.75	331.07	399.85	445.30
Growth(%)	16%	4%	11%	21%	11%
Other Income	4.44	3.39	4.09	3.26	6.32
Depreciation	47.11	49.41	57.46	63.70	97.67
Interest	17.96	16.95	16.36	34.40	77.71
Profit before tax	225.32	234.78	261.34	305.01	276.24
Tax	59.38	52.52	56.98	21.04	26.16
Net profit	165.94	182.26	204.35	283.96	250.08
Growth(%)	7%	10%	12%	39%	-12%

Balance Sheet

(Rs Cr)

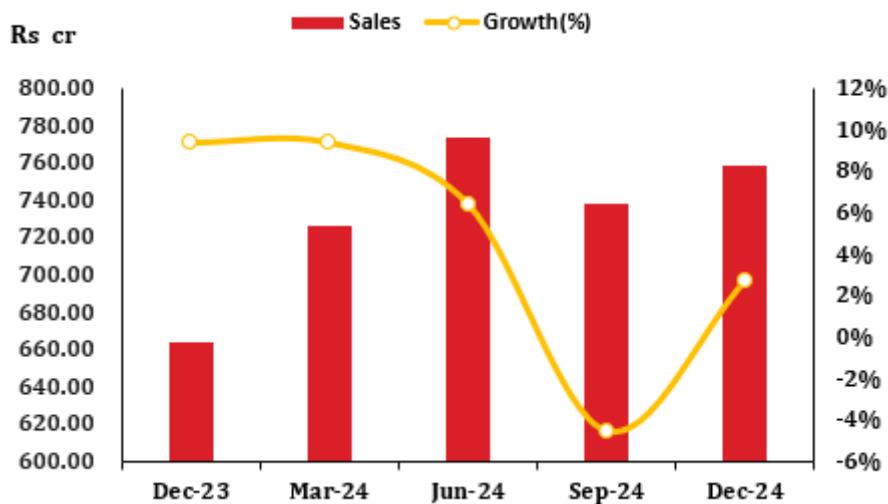
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	26.61	26.61	26.61	26.61	26.61
Reserves	901.79	1,060.69	1,224.09	1,470.69	1,647.21
Borrowings	468.94	559.17	655.05	919.60	1,622.34
Other Liabilities	112.03	141.71	164.18	180.04	239.75
Total	1,509.37	1,788.18	2,069.93	2,596.94	3,535.91
Net Block	723.64	798.38	882.24	1,256.95	1,251.53
Capital Work in Progress	100.18	148.95	159.99	54.01	501.05
Investments	1.48	-	-	-	-
Other Assets	684.07	840.85	1,027.70	1,285.98	1,783.33
Total	1,509.37	1,788.18	2,069.93	2,596.94	3,535.91

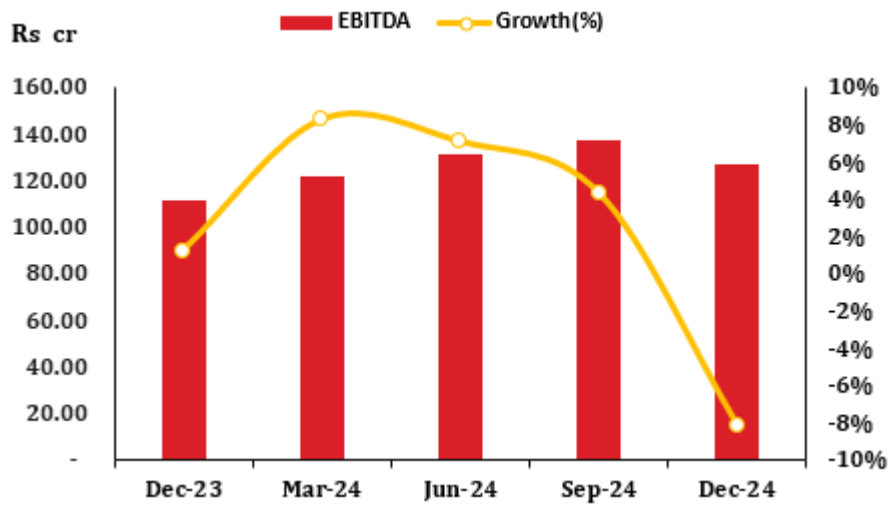
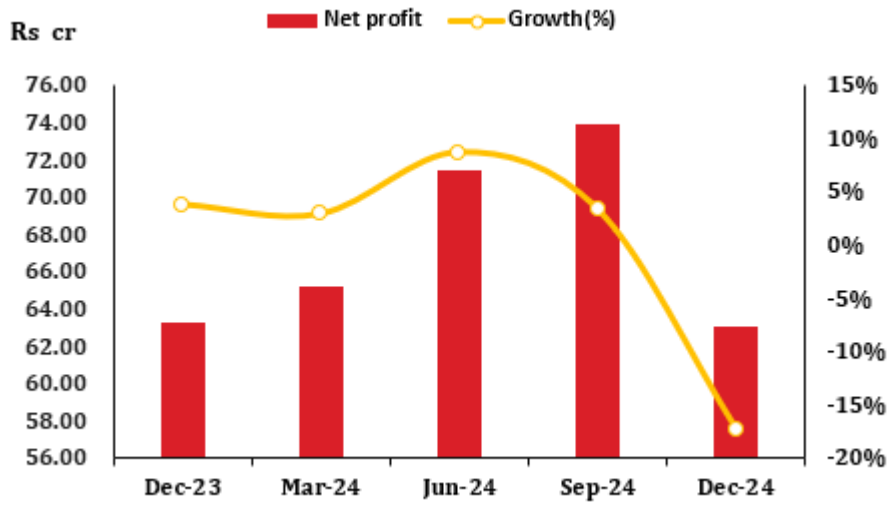
Cash Flow

(Rs Cr)

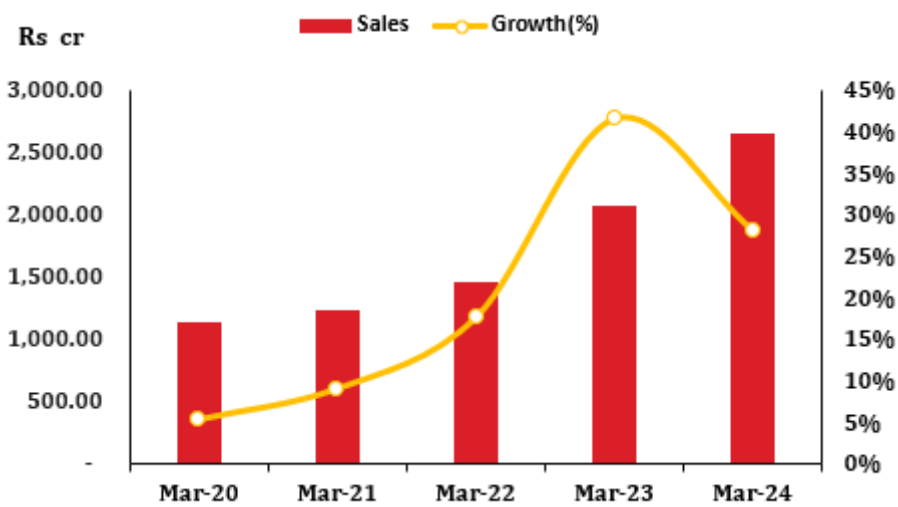
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	90.66	170.91	116.26	173.28	55.38
Cash from Investing Activity	-88.43	-152.71	-191.66	-307.1	-527.4
Cash from Financing Activity	-37.24	63.63	8.7	163.64	558.51
Net Cash Flow	-35.01	81.82	-66.7	29.82	86.49

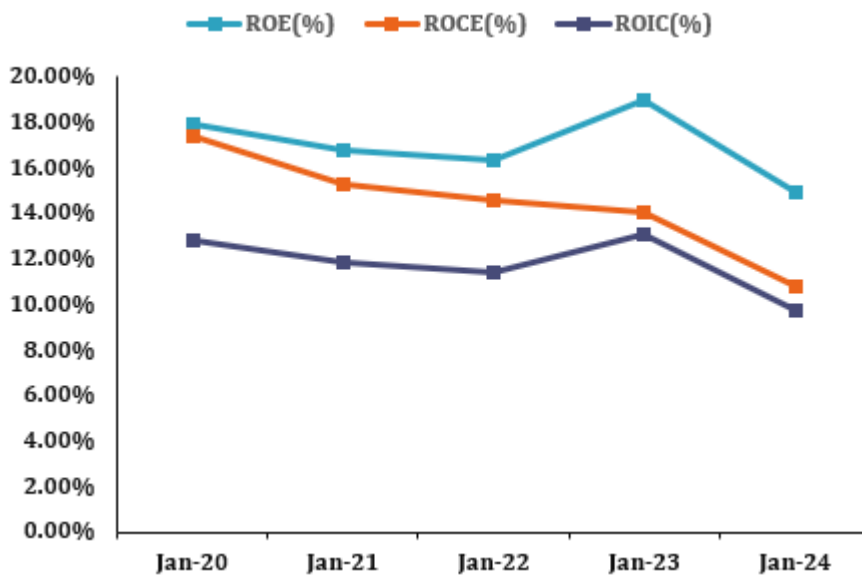
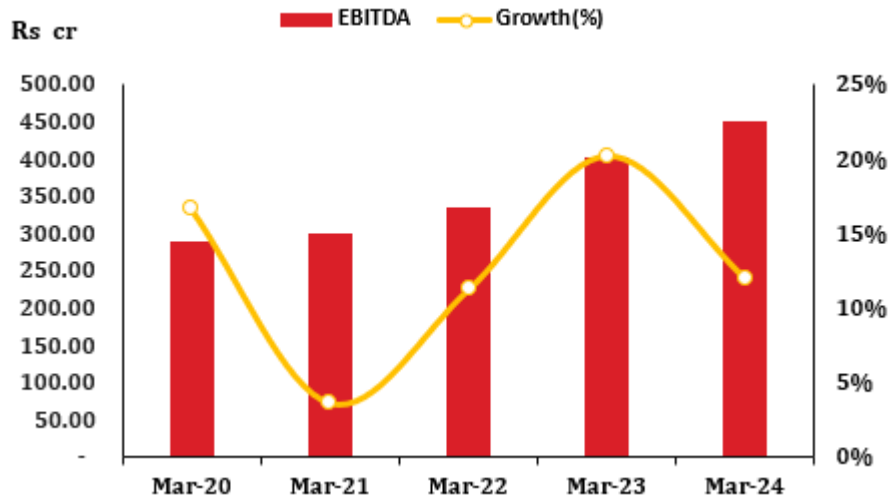
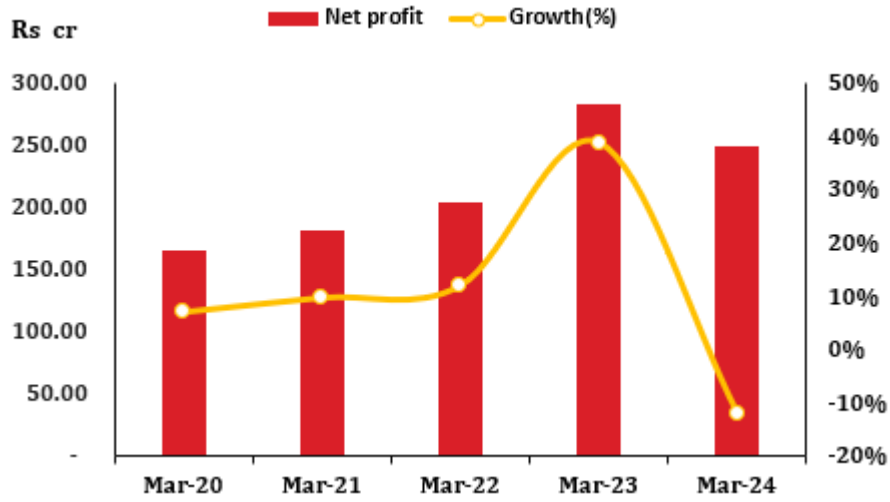
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.51	0.51	0.52	0.61	0.97
Debt/Assets	0.31	0.31	0.32	0.35	0.46
Debt/Ebitda	1.61	1.86	1.95	2.28	3.59
Debt/Capital Ratio	34%	34%	34%	38%	49%
Cash flow/Debt	0.19	0.31	0.18	0.19	0.03
Interest coverage ratio	13.55	14.85	16.97	9.87	4.55
Sales Change	5%	9%	18%	42%	28%
Ebit Change	12%	3%	10%	22%	4%
Operating Leverage	3.09	0.45	0.63	0.50	0.40
Financial Leverage	1.63	1.64	1.66	1.73	2.11

Efficiency ratios

Receivable days	86	88	80	78	68
Receivable turnover	4.25	4.16	4.58	4.69	5.34
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	3	3	2	3	3
Net Fixed assets turnover	1.57	1.56	1.66	1.65	2.12
Sales/capital employed	0.82	0.75	0.77	0.86	0.81
Total Asset Turnover	0.75	0.69	0.71	0.80	0.75

Profitability ratios

Ebitda	290.39	301.14	335.16	403.11	451.62
Ebitda margin	25%	24%	23%	19%	17%
Gross Profit	427.3	479.72	538.81	649.47	717.15
Gross Profit Margin	38%	39%	37%	31%	27%
EBIT	243.28	251.73	277.7	339.41	353.95
EBIT Margin	21%	20%	19%	16%	13%
ROE	18%	17%	16%	19%	15%
Net profit margin	15%	15%	14%	14%	9%
EPS	12.48	13.70	15.36	21.35	18.73
DU Pont ROE	18%	17%	16%	19%	15%
Net Profit Margin	15%	15%	14%	14%	9%
Sales/Total assets	0.75	0.69	0.71	0.80	0.75
Financial Leverage	1.63	1.64	1.66	1.73	2.11
DU PONT ROA	11%	10%	10%	11%	7%
Net Profit Margin	15%	15%	14%	14%	9%
Sales/Total assets	0.75	0.69	0.71	0.80	0.75

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	14%	13%	12%	13%	12%
EBIT Margin	21%	20%	19%	16%	13%
Sales/cap employed	0.82	0.75	0.77	0.86	0.81
NOPAT	179.17	195.42	217.15	316.00	320.43
Capital employed	1397.34	1646.47	1905.75	2416.9	3296.16
ROIC	13%	12%	11%	13%	10%

Valuation Ratios					
Price/Earnings	14.22	17.07	26.27	26.59	31.30
Price/Book	2.54	2.86	4.29	5.04	4.68
Marketcap	2,359.42	3,111.54	5,369.21	7,549.75	7,827.11
Enterprise Value	2,789.67	3,550.36	5,970.56	8,385.92	9,279.64
EV/EBITDA	9.61	11.79	17.81	20.80	20.55

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