July 30, 2026

CCL Products (India) Limited: [ICRA]AA(Stable)/[ICRA]A1+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term Fund-based Term-loan	29.20	[ICRA]AA (Stable); assigned	RBI
Long-term Fund-based Others	1,125.80	[ICRA]AA (Stable); assigned	RBI
Short-term Non-fund-based Others	45.00	[ICRA]A1+; assigned	RBI
Total	**1,200.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings assigned to CCL Products (India) Limited (CCL) factors in its established position as a leading exporter of instant coffee, supported by a long operational track record and the extensive experience of its promoters in the coffee industry. Over the years, the company has successfully scaled up its operations, diversified its product portfolio and established long-standing relationships with a geographically diversified customer base, enabling it to maintain a healthy market position in the global business-to-business (B2B) instant coffee segment.

CCL exports to over 110 countries, resulting in a diversified customer base with the top 5 customers contributing to around 15% of the revenues in FY2026. While continuing to strengthen its position in the B2B segment, the company is gradually expanding its business-to-consumer (B2C) operations in India and select international markets, with B2C sales contributing ~10% to the total sales in FY2026. CCL has an installed capacity of ~77,000 MTPA across spray-dried, agglomerated and freeze-dried coffee. Further, its manufacturing presence across India and Vietnam provides operational flexibility in raw material sourcing and order execution, while supporting its competitiveness in the global markets. Although the consolidated capacity utilisation remained moderate at ~60% in FY2026, the utilisation is expected to improve with a gradual ramp-up of the newly commissioned facilities.

The ratings derive comfort from the company's healthy scale-up in operations, reflected in the increase in the consolidated operating income to Rs. 4,457 crore in FY2026 from Rs. 3,106 crore in FY2025, driven by healthy volume growth and higher realisations amid elevated green coffee prices. The ramp-up of the recently commissioned capacity and improving utilisation is supporting volume growth for the entity. The operating profitability remained comfortable with OPBDITA margins of 14.7% in FY2026 with the absolute operating profits improving to ~Rs. 656 crore. Consequently, the financial profile remains comfortable, with the total debt/OPBDITA improving to 2.0x in FY2026 from 3.4x in FY2025 and the interest coverage remaining comfortable at around 5.1 times. The OPBDITA/kg has improved significantly in recent years, at around ~Rs. 140/kg in FY2026, supported by a favourable shift in the product mix towards value-added offerings, particularly higher contribution from freeze-dried coffee, which carry higher margins than spray-dried coffee. Additionally, the company's back-to-back order arrangements with customers provide partial insulation against the volatility in green coffee prices.

ICRA expects CCL to maintain its growth momentum in FY2027, supported by a volume growth of 10-12%, backed by a ramp-up in the recently commissioned facilities and continued expansion of its branded sales. The margins (OPBDITA/kg) are likely to remain range-bound with a gradual improvement driven by a better product mix. The healthy profitability along with scheduled debt repayments is likely to further improve the leverage and coverage indicators with an expected TD/OPBDITA of

1.7x and interest coverage of 6.6 times in FY2027. Given the adequate available capacity, no large debt-funded capital expenditure is envisaged over the near to medium term.

However, the ratings are constrained by CCL's exposure to volatility in green coffee prices and foreign exchange fluctuations, given the export-oriented nature of operations. The company's operation also entails high working capital intensity owing to the large inventory requirements, although ICRA notes that the working capital management has improved in recent years, resulting in a moderation of working capital intensity, which is expected to sustain. The ratings also remain constrained by the risk of changing consumer preferences towards alternative beverage formats, competitive intensity in the global coffee industry and macroeconomic conditions in key export markets, which could impact the demand and profitability.

The Stable outlook reflects ICRA's expectation that CCL will continue to benefit from its established market position and diversified customer base, supporting stable revenues and earnings. The outlook also factors in an expected steady scaling up of operations and maintenance of comfortable credit metrics, despite the exposure to commodity price volatility, competitive pressures and demand risks in the export markets.

Key rating drivers and their description

Credit strengths

Established position in global instant coffee industry with experienced promoters – CCL's long operating track record in the instant coffee industry and the extensive experience of its promoter group have enabled it to scale up the operations and build long-standing relationships with a diversified global customer base. The company has established itself as a leading private label supplier to global customers, while also catering to institutional and branded segments. Its presence across multiple export markets and ability to service varied customer requirements offers revenue visibility and supports its competitive position in the global instant coffee segment. While continuing to strengthen its position in the B2B segment, the company is gradually expanding its B2C operations in India and select international markets, with B2C sales contributing ~10% to the total sales in FY2026.

Healthy volume growth supported by capacity addition - The company has demonstrated a healthy growth in scale, with the operating income increasing to ~Rs. 4,457 crore in FY2026, translating into a ~29% CAGR over the last five years. The growth has been driven by steady volume growth, higher realisations amid elevated green coffee prices, continued capacity expansion and improving utilisation levels. The increasing contribution from branded products, in addition to its established private label segment, has helped diversify the revenue stream. Over the last 2-3 fiscals, the company has increased the capacity in both the spray and freeze-dried coffee segments to 77,000MT in FY2026 from 55,000MT in FY2023. With the expanded capacities becoming fully operational in FY2026 and currently undergoing ramp up, the company is expected to report healthy volume growth over the medium term.

Comfortable financial profile with improving leverage and healthy coverage metrics - The financial profile remains comfortable, characterised by improving leverage (total debt/OPBDITA ~2.0x in FY2026) and adequate coverage metrics (interest coverage ~5.1x). The OPBDITA/kg has improved significantly in recent years, to around ~Rs 140/kg in FY2026, supported by a favourable shift in the product mix towards value-added offerings, particularly higher contribution from freeze-dried coffee, which carry higher margins than spray-dried coffee. Additionally, the company's back-to-back order arrangements with customers provide partial insulation against the volatility in green coffee prices.

ICRA expects CCL to maintain its growth momentum in FY2027, supported by a volume growth of 10-12%, backed by a ramp-up in the recently commissioned facilities and continued expansion of its branded sales. The margins (OPBDITA/kg) are likely to remain range-bound with a gradual improvement driven by a better product mix. The healthy profitability, along with the scheduled debt repayments, is likely to further improve the leverage and coverage indicators with an expected TD/OPBDITA of ~1.7x and interest coverage of 6.6 times in FY2027. Given the adequate available capacity, no large debt-funded capital expenditure is envisaged over the near to medium term.

Strong export presence, diversified geographic footprint and operational flexibility – CCL has established a strong position in the export markets, with overseas sales accounting for ~87% of its revenues and a presence across more than 110 countries.

The company benefits from a diversified geographic profile, reducing dependence on any single market. CCL has an installed capacity of ~77,000 MTPA across spray-dried, agglomerated and freeze-dried coffee. Further, its manufacturing presence across India and Vietnam provides operational flexibility in raw material sourcing and order execution, while supporting competitiveness in the global markets. Although the consolidated capacity utilisation remained moderate at ~60% in FY2026, the utilisation is expected to improve with a gradual ramp-up of the newly commissioned facilities.

Credit challenges

Moderate working capital intensity and capital-intensive operations - CCL's credit profile continues to be constrained by the working capital-intensive nature of its operations, primarily driven by elevated inventory holdings requirements and moderate receivable cycles, resulting in reliance on short-term borrowings. Given the volatility in green coffee prices, the company periodically procures larger quantities of raw coffee beans at elevated prices to secure raw material availability, resulting in higher inventory levels and increased working capital borrowings. However, CCL operates on a cost-plus pricing model, enabling it to pass on a significant portion of the raw material cost escalations to customers, thereby supporting the profitability despite the higher inventory levels and the associated debt. Additionally, the capital-intensive nature of the business, with periodic capex for capacity expansion and product mix upgrades, may temporarily moderate the leverage and cash flows, as seen during FY2023 to FY2025.

Exposure to raw material price volatility and foreign exchange risk - The company's profitability remains exposed to fluctuations in global green coffee prices, which are determined by global supply-demand dynamics and weather conditions. However, back-to-back order arrangements with customers provide a partial insulation against the volatility in green coffee prices. Further, given its export-oriented business model, CCL is exposed to foreign exchange rate volatility, although this is partly mitigated by the natural hedging through imports and currency risk management.

Sensitive to competitive intensity, demand risks and changes in consumer preferences - The company operates in a highly competitive global instant coffee market, exposing it to pricing pressures from domestic and international players. Further, its performance remains sensitive to adverse macroeconomic developments in key export markets, which could impact demand. The company also faces the risk of evolving consumer preferences, which may impact the demand for traditional instant coffee products.

Geopolitical risks - CCL's operations remain exposed to ongoing geopolitical uncertainties, which could result in trade disruptions, logistics challenges, volatility in freight costs and supply chain constraints. Given its significant export dependence, such disruptions may impact the realisations, working capital cycle and overall demand in the key markets.

Environmental and social risks

Environmental considerations – CCL remains exposed to physical climate risks, given its dependence on coffee as an agricultural commodity, with variability in crop yields potentially impacting raw material availability, input costs and realisations. The company is also exposed to evolving environmental regulations relating to waste treatment and discharge from manufacturing operations, which could entail incremental capex and compliance risks.

Social considerations – The company is exposed to risks related to product quality, health and safety standards, and evolving consumer preferences, which could impact its market position and lead to reputational or financial implications. Further, the business has a moderate dependence on human capital and supply chain linkages (including plantation ecosystem participants), making labour availability, employee relations and adherence to quality standards important for uninterrupted operations.

Liquidity position: Adequate

CCL's liquidity position is adequate, supported by healthy operating cash flow generation of around Rs. 650 crore in FY2026, cash and liquid investments of approximately Rs. 218 crore as on March 31, 2026, and access to working capital banking lines.

The debt repayment obligations remain moderate at Rs. 191 crore in FY2027 relative to the expected cash accruals, while the completion of a major capex cycle is expected to support gradual deleveraging and improve the financial flexibility over the medium term. However, the liquidity profile continues to be influenced by the inherently working capital-intensive nature of the business, with funding requirements remaining sensitive to movements in green coffee prices, inventory levels and receivable cycles.

Rating sensitivities

Positive factors – ICRA may upgrade the company's ratings if it is able to significantly scale up its operations and profitability along with an improvement in liquidity, while maintaining comfortable credit metric. A higher contribution from the branded segment, supporting margin improvement, would also be a positive trigger.

Negative factors – Pressure on the ratings could arise if there is any sustained pressure on the earnings or any large debt-funded capex, which would adversely impact the debt protection metrics and liquidity. A specific credit metric for downgrade would be total debt/OPBDITA of more than 2.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of CCL, the details of which have been enlisted in Annexure II

About the company

Incorporated in 1961, CCL Products (India) Limited (CCL) is engaged in the manufacture and export of instant coffee and primarily operates in the B2B/private label segment. In addition to its private label business, CCL has established a presence in the branded coffee segment through its own brands. The company has an aggregate installed manufacturing capacity of 77,000 MTPA across facilities in India and Vietnam. The company offers a wide range of instant coffee products, including spray-dried, agglomerated and freeze-dried coffee.

Key financial indicators (audited)

CCL Products (India) Limited (consolidated)	FY2025	FY2026*
Operating income	3,105.7	4,457.4
PAT	310.3	388.1
OPBDITA/OI	17.2%	14.7%
PAT/OI	10.0%	8.7%
Total outside liabilities/Tangible net worth (times)	1.2	0.8
Total debt/OPBDITA (times)	3.4	2.0
Interest coverage (times)	4.7	5.1

*Source: Company, ICRA Research; *Result Number; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	July 30, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based-Others	Long Term	1,125.80	[ICRA]AA (Stable)	-	-	-	-	-	-
Fund based-Term loan	Long Term	29.20	[ICRA]AA (Stable)	-	-	-	-	-	-
Non-fund based-Others	Short Term	45.00	[ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Term loan	Simple
Long term - Fund-based - Others	Simple
Short term - Non-fund based - Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Fund based-Others**	NA	NA	NA	1,125.80	[ICRA]AA (Stable)	RBI
NA	**Fund based-Term loan**	NA	NA	FY2028	29.20	[ICRA]AA (Stable)	RBI
NA	**Non-fund based-Others**	NA	NA	NA	45.00	[ICRA]A1+	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
CCL Product India Limited	Parent company	Full consolidation
Ngon Coffee Company Limited	100% wholly-owned subsidiary	Full consolidation
CCL Food and Beverages Private Limited	100% wholly-owned subsidiary	Full consolidation
Continental Coffee SA	100% wholly-owned subsidiary	Full consolidation
Continental Coffee Private Limited	100% wholly-owned subsidiary	Full consolidation
Jayanti Pte Limited	100% wholly-owned subsidiary	Full consolidation
Mukkonda Renewables Pvt. Ltd	Associate – 26% stake	Equity method

Source: Company

ANALYST CONTACTS

Girishkumar Kashiram Kadam
+91 22 6114 3406
girishkumar@icraindia.com

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Sumit Jhunjhunwala
+91 33 6521 6814
sumit.jhunjhunwala@icraindia.com

Prerna Aggarwal 1
+91 124 4545 380
prerna.aggarwal1@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

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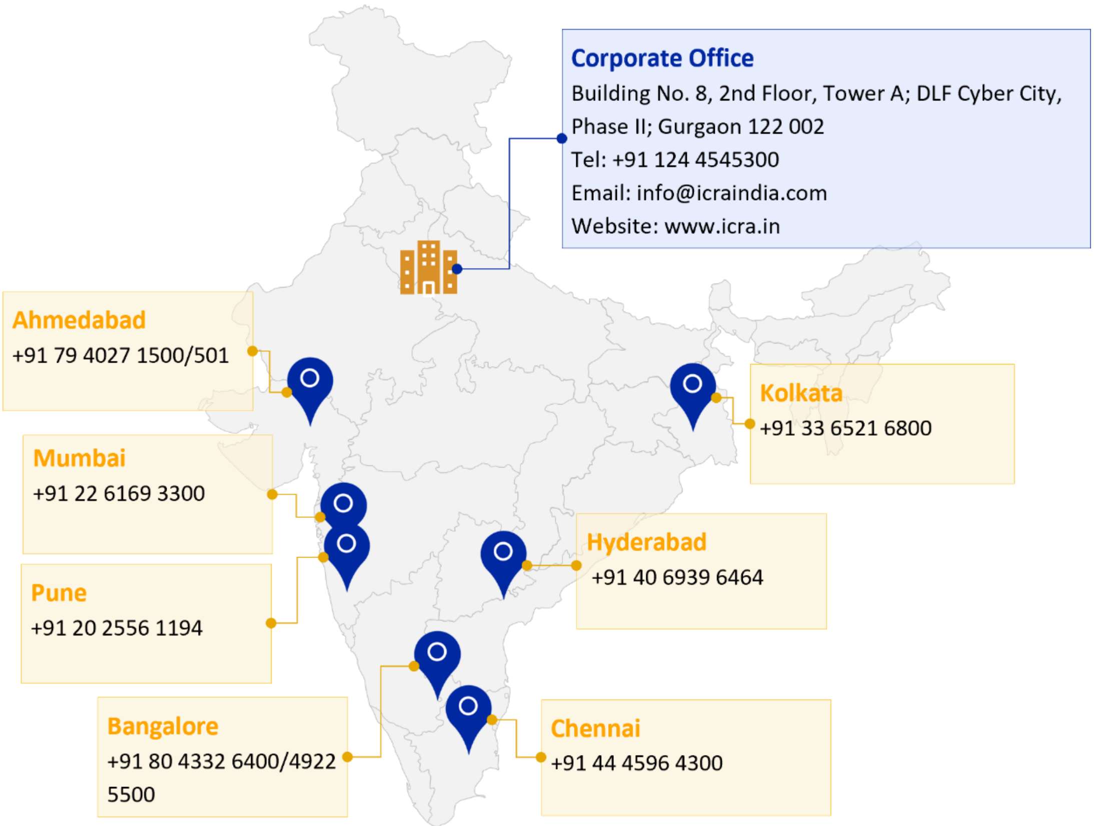
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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