Twitter Thread by Raghav Chaudhary



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#TataCoffee - Concall Snippet !

Expects Margin Expansion in India Coffee.

(Only For Educational Purpose)

#Q1FY22 29 July

TATA COFFEE LTD.

MrRChaudhary

Business Highlights

- Well integrated Coffee cultivation and processing company
- Products- Indian Origin Green Coffee Bean, Instant Coffee, Pepper and Tea
- Exclusive supplier of premium roasted and ground Arabica beans to Tata Starbucks stores in India
- Rising coffee prices have increased profitability but freight charges and container availability issue remain
- Overall, plantations have been decent and no major impact due to climatic changes
- Net Buyers of coffee till Q1FY22

Financial Highlights

- Coffee prices have increased due to lower global supply
- Pepper prices have also been increasing
- Last year was good for plantation of Tea led by higher prices
- Brazil Frost Impact- Still not sure about the quantum of crop damage so can't estimate the actual extent of the production. Need a month or two to comment and analyse the situation.
- Experienced a similar situation in early 90's which led to a boom in coffee prices for 5-6 years
- Vietnam plant capacity utilization at 98%. Excellent sales with higher volumes especially in premium value-added products. Growth visible due to better product mix and diversification in plantation (planted avocados recently)

Outlook

- 15-18% top-line comes from Plantation
- Brazil produces 70% of Arabica so production impacted
- Expects margin expansion in Indian Coffee business due to enhanced product mix
- Strong pipeline of expanding and innovative products in Eight O'Clock brand
- Impact of Brazil's damage in production can't be analysed and commented on yet but prices may increase if the quantum of damage is big