



Cello World Limited

(formerly known as 'Cello World Private Limited')

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August 20, 2025

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 544012	National Stock Exchange of India Limited Exchange Plaza, C-1, Block - G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: CELLO
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Sub: Transcript of Investor Call

Dear Sir(s)/ Madam(s),

Pursuant to Regulation 30 of the Listing Regulations, copy of transcript of the Investor call held on August 13, 2025 at 09:00 a.m. (Indian Standard Time) on the audited financial results for the first quarter ended June 30, 2025, is enclosed.

The said transcript is also available on the Company's website.

This is for your information and records.

Thanking you.

Yours faithfully,

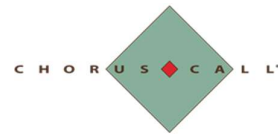
For Cello World Limited

Hemangi Trivedi
Company Secretary & Compliance Officer
M.no. A27603
Encl: A/a



**“Cello World Limited
Q1 FY '26 Earnings Conference Call”
August 13, 2025**

“E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 13, 2025, will prevail”



**MANAGEMENT: MR. GAURAV RATHOD – JOINT MANAGING DIRECTOR
– CELLO WORLD LIMITED
MR. ATUL PAROLIA – CHIEF FINANCIAL OFFICER –
CELLO WORLD LIMITED**

MODERATOR: MR. ANIRUDDHA JOSHI – ICICI SECURITIES



Moderator:

Ladies and gentlemen, good day, and welcome to the Cello World Q1 FY '26 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Before we move on to the conference, I would like to give a small disclaimer. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Aniruddha Joshi from ICICI Securities. Please go ahead sir.

Aniruddha Joshi:

Yes. Thanks, Manav. On behalf of ICICI Securities, we welcome you all to Q1 FY '26 Results Conference Call of Cello World Limited. We have with us today senior management represented by Mr. Gaurav Rathod, Joint Managing Director; and Mr. Atul Parolia, CFO.

Now I hand over the call to Mr. Gaurav for his initial comments on the quarterly performance. Thanks, and over to you, Gaurav sir.

Gaurav Rathod:

Thank you, Aniruddha. Good morning, everyone, and a very warm welcome to our company's earnings call. Joining me is our CFO, Mr. Atul Parolia; and our Investor Relations advisor, SGA. The investor presentations are available on the stock exchange and on our website. I hope you had a chance to look at it. We had a decent start for the year with a year-on-year revenue growth of 6%, reaching at INR529 crores.

The growth was primarily driven by our Consumerware segment, which grew by 12% year-on-year. Having said that, we are yet to experience a full consumer demand recovery across categories. The growth has also been hit by a slightly earlier onset of rains, particularly in May and -- which affected the hydration category, which saw dip in sales in that particular month.

For the quarter, we have achieved the highest ever gross profit margin at 54%, reflecting our manufacturing excellence, strong positioning as a premium brand in the market and enduring relationships with our distributors and channel partners. Our partnerships with quick commerce platforms are also gaining traction and sales from these channels are on the rise. Nevertheless, general trade remains our leading contributor, both in terms of volume and profitability.

Looking ahead, our strategy is to strengthen our omnichannel presence across general trade, online channels, modern trade, e-commerce and quick commerce to broaden our product reach across India and outpace the industry slow consumer demand trends.

Coming to category-wise performance. Our Consumerware category delivered a year-on-year growth of 12%. Within the Consumerware category, the glassware business delivered a solid growth of 50%, driving the overall growth of the segment. As I mentioned, the hydration category was a dip though it grew year-on-year, but could have been better. And due to the onset



of overall earlier rains, it got affected. Other Consumerware categories also delivered a decent growth of around 10%.

Writing instruments continued to face challenges in terms of export demand slowdown, which got further impacted by a slowdown in our domestic sales. Hence, the segment revenue stood at INR74 crores against INR83 crores in quarter 1 last year. We are working on strengthening our Writing Instruments brand Unomax and to grow this segment in a more sustainable manner.

Having said that, Unomax remains the highest margin product line in quarter 1 of financial year '26. To overcome slower demand in this segment, we have already introduced a few products and continue to introduce new product lines like mechanical pencil, which was introduced in quarter 1 of financial year '26.

Coming to the furniture business. The performance remains subdued with revenue of about INR90 crores. The performance is in line with the industry trends. And as previously mentioned, we are working towards premiumization of product range here and expect slightly better growth trends in the coming quarters. We anticipate strong demand surge in the upcoming quarter, driven by the festive season and good traction in the last month, resulting in a better Q2 compared to quarter 1 of financial year '26.

Cello is well positioned to capitalize on this uplift with its premium and innovative product portfolio and deliver faster growth with healthy profitability and return ratios. I will now hand over to our CFO, Mr. Atul Parolia, for the financial highlights. Thank you.

Atul Parolia:

Thank you, Gaurav, and good morning to everyone. I will be sharing the financial details for the quarter that has gone by. In Q1 FY '26, our revenue grew by 6% year-on-year to INR529 crores compared to INR501 crores in Q1 FY '25. Gross profit for the quarter stood at INR286 crores and gross profit margin at 54%.

During the quarter, employee costs and other expenses increased primarily due to the new glassware facility in Falna. EBITDA margin for the quarter was 24%. PAT for the quarter came in INR73 crores with a margin of 14%. Our revenue mix for the quarter comprised 69% from the Consumerware segment, 14% from the Writing Instruments and balance 17% from the Moulded Furniture and Allied Products.

Among these, Writing Instruments delivered the highest gross profit margin at 59%, followed by Consumerware at 56% and Moulded Furniture and Allied Products at 41%. General trade stays the largest revenue contributor at 75.8%, followed by growing share from the online segment at 10.4%. Modern trade and exports contributed 5.4% and 8.4%, respectively. With this, I would like to open the session for questions and answers.

Moderator:

Thank you very much sir. We have our first question from the line of Jay Doshi from Kotak Securities. Please go ahead.

Jay Doshi:

My first question is, could you call out the revenue contribution of glassware business? And more importantly, what's the drag on profitability in this quarter, which will help us appreciate margins of rest of the business better?



Gaurav Rathod: Jay, can you hear me?

Jay Doshi: Yes, I can.

Gaurav Rathod: So Jay, basically, in the glassware segment, it's still in the negative. So there is a loss in the quarter for that particular segment, which has dragged the profitability a little bit, but which was expected. As I had mentioned that this year is we are building capacity, and we are at about 65% efficiencies at this point of time, which ideally, we would want it to be upward at 85%, which will happen over the course of the year, which will definitely reduce our cost of production.

Having said that, basically, the drop has been primarily in this segment and the revenue growth has been there. So I think this will continue for a couple of quarters before which we breakeven for the year. So the idea is that we have to be breaking even by the end of the year in this particular segment, which we anticipate we will be able to do given reducing cost and rising revenue trends in this particular segment. But overall, yes, it will be a drag on profitability by a percentage point or so for this entire year.

Jay Doshi: Sure. So Gaurav, what we are not able to sort of understand is that 100 basis points, 150 basis points Y-o-Y decline in profitability was expected from glassware, but this quarter, it's dropped 525 basis points at EBITDA margin level. So is there additional pressure over and above the drag from glassware in the core business that we should be aware about?

Gaurav Rathod: Right, right. So I think there has been a lot of margin pressure as well due to the demand pressures and the sales revenue pressures. So overall, demand has been slow, and that is why sales promotion activities have increased in terms of schemes and some discounts. So I think from that perspective, and we have not been able to raise prices.

So our energy costs, if you see have gone up for the year because there was a rate change in Daman specifically, where the energy rate went up. The wages have gone up as well. But we are not able to increase prices from last year because of the environment. And I think that has also contributed to that margin decline.

Also, coupled with -- because there is a degrowth in the Writing Instruments segment, the costs have still remained the same. Though revenue has gone down, the fixed costs have eaten up some bit of profitability there as well. So I think overall, as the revenue comes back on track, which should be growing a little faster than what we anticipated this quarter, this should mitigate, right?

And of course, festive season, these are biggest jump in because the product mix kind of changes a little bit. So we have better or higher premium gifting segment products that sell which sell with better profit margins. So I think that has been the reason for the drop. It increased costs, and we have not been able to pass that in the market. That is our major reason for this quarter.

Jay Doshi: Sure. And last one is on writing instruments. Now after a weak FY '25, we thought it will be back to growth this year, but it has again started with a 10% plus decline in 1Q. So could you give us some outlook for what should we expect for rest of the year? And basically, is this



domestic -- pressure in domestic business or exports or both? Again, some color on outlook for exports as well as domestic for that segment.

Gaurav Rathod:

Sure. So I think in the Writing Instruments segment, yes, it's been disappointing. We would like to be ideally growing this segment at about 10% year-on-year. But it has been challenging from the export side of things. We have had more of a challenge coupled with domestic demand also not growing much.

The industry also overall -- if you look at only the pen segment, which we are majorly in though we have introduced newer products, but they still haven't gained that much traction. So I think from the pen front, it has been lackluster. But having said that, end of June, some parts of July have seen a decent traction. So we are still hopeful, though for the rest of the year, we'll see how it goes in terms of export demand specifically.

And also, we are trying to gain more market share in the domestic side of things. It's not been easy. And it's not a -- we've started spending some money on advertisement here also because being slightly newer brand, it is -- at a certain level, it grew, but now we'll have to put in a lot more effort to grow this further, so which we are committed to do, and hopefully, we'll grow at least this year by a little bit.

Moderator:

We have our next question from the line of Praveen Sahay from Prabhudas Lilladher Capital.

Praveen Sahay:

The first question is related to your guidance, the last quarter, what we had given related to the growth of Consumerware business, which is quite higher like 17%, 18%. So where it holds right now?

Gaurav Rathod:

So I think this quarter, again, as I said, a few things did not work. For example, the hydration season, as I said, was not very good. Plus on the steel flask business, which we are going to start producing from November, December, that bit -- so we saw some stock-outs in those kind of product lines which also did not help, right?

So I think overall, yes, from a company perspective, we still guide for about 12% to 15% overall, given that the glassware business is growing pretty well. Also, the consumer side of things, we still see a decent traction. It's been dragged down by Writing Instruments and the Furniture business. But the consumer business still remains healthy and it remains on the growth path.

Praveen Sahay:

Okay. Second question is related again to the margin front, sir. So whether this employee expenses increase or the other expenses, it's all because of your -- the glass business where you ventured out.

Gaurav Rathod:

So employee is majorly due to the glass business because we had started manufacturing, so we employed new people. So I think that is just because of that reason. Other expenses, as I said, sales promotion expenses for the quarter have increased due to sales pressures because it's been a tough quarter overall.

So a lot more discount, a lot more schemes have been passed on. And ideally, we -- every year, we kind of raise prices in April. But unfortunately, we were unable to do that this year, given



that there was very aggressive pricing by a lot of competition for this quarter to try to gain traction in sales. So I think from that perspective, is where we see a slightly dip in margin, which we will -- a little bit we would, of course, cover over the period of a year.

Praveen Sahay: Okay. Next question is related to the furniture business. Last 2 quarters, we are seeing the gross margin contraction is continuing. So where you will see the gross margin of furniture business will settle?

Gaurav Rathod: So I think the gross margin has been -- because of the product mix, it keeps changing a little bit throughout the year. It depends on what product sells during the year. So I think it remains flat. There will be no expansion in the margin. But overall, as the product mix changes throughout the year, this will stabilize at a flat margin of last year.

So I think going forward, in the furniture category, as we have already mentioned that we are in the premiumization part. So once those synergies also click in, though it grows slowly, it doesn't grow by 10%- 15%, the premium segment. It grows by a percentage point every year or a couple of percentage points that keeps adding to the gross margins as well. So I think it should be stable as per last year as well.

Praveen Sahay: Okay. And do you see that your writing export business to improve in the next 9 months?

Gaurav Rathod: Yes, it is because I think July for us was decent, and we hope it should continue, the overall growth trend should continue. We have a good pipeline of orders and now things seem a little better also after the Middle East war has now -- is almost over. So the trade routes are now pretty open. There are no shipping delays, so I think that should definitely help the business.

Praveen Sahay: And this majorly coming from where geographically?

Gaurav Rathod: Majorly, it's still Middle East, Russia, Latvia, a little bit from the U.S. We will not be much hit by the tariffs, though, because the orders are still in place, but -- and our exposure is limited.

Praveen Sahay: Okay. Lastly, sir, capex for this financial year. What was it?

Gaurav Rathod: So capex for this financial year is majorly going to be the steel flask, which is in the tune of about INR40 crores to INR50 crores, which is the new capex, which is going to happen. And otherwise, it's just maintenance capex. So it will be around INR50 crores- INR60 crores. So about INR100-odd crores for the year.

Moderator: We have our next question from the line of Lakshmi Narayanan from Tunga Investments.

Lakshmi Narayanan: Sir, do you actually give the breakup of the Consumerware into glassware, opalware and the hydration?

Gaurav Rathod: No, we actually report only Consumerware figures. We do not do a breakup.

Lakshmi Narayanan: Got it. And in terms of your distribution, do you actually give the distribution mix for Consumerware? Like I mean, how much is modern trade, how much is general trade?



- Gaurav Rathod:** Yes, we can definitely share those numbers with you. Currently, in front of me, I'm only having the numbers for the entire company. But it's -- so just to give you an idea, it is -- of course, online in the Consumerware segment is the highest because the stationery and the furniture business is almost very limited. So I guess if you look at the numbers, it will be like about a couple of percentage points here and there. And exports majorly comes from our stationery business. So for a detailed breakup, of course, we can share that with you any time.
- Lakshmi Narayanan:** And how seasonal is your Consumerware business? Is it high on Q2 and then low on Q4? Can you just give some thoughts on that?
- Gaurav Rathod:** Yes. Consumerware business typically picks up in Q2. So festive season for Consumerware business is slightly larger. So it's about 1.2x or 1.3x of a normal month sales. So it definitely is slightly on the higher side, which is Q2 majorly.
- Lakshmi Narayanan:** And how has been your distribution expansion in Consumerware?
- Gaurav Rathod:** So I think distribution-wise, we have, of course, been present all over India. So we do have a pan-India presence. Overall, it is more deeper penetration is what we are looking at. And deeper penetration comes from opening new retail outlets or going -- or our people visiting more outlets, which, unfortunately, in India is not rising at this point of time. So the number of outlets for us is still remaining the same.
- But what we are seeing is more shelf space on those same outlets is what we are gaining. And of course, the other channels of sale, which is online, quick commerce has seen good traction for us. So I think going forward, general trade will be, of course, a slower growth overall compared to the other channels of growth, which is online and quick commerce kind of channels.
- Lakshmi Narayanan:** Got it. And how are you handling the channel conflict with respect to online in the Consumerware?
- Gaurav Rathod:** So we typically have to differentiate the products on each platform because of the wide area of product lines that we have to about almost 17,000 SKUs (Please read as 19,500 plus SKUs). So we are able to play around with a little bit of product mix is different for different channels. And also the end product is slightly differentiated as much as possible. Of course, not 100%, but about 60%- 70% of our portfolio is a differentiated product itself.
- And now we have a strategy to kind of make for e-commerce. So I think now that has completely changed. In the past, we used to make for general trade and sell on e-commerce, but now it's made specifically for e-commerce. So I think that from a mindset change has also happened within the company.
- Moderator:** We have our next question from the line of Percy Panthaki from IIFL Securities.
- Percy Panthaki:** So last year, you had given some data about the new plant that INR20 crores of sale has come from the new plant, out of which INR10 crores was import substitution. So can you give the similar figures for this quarter, please?



- Gaurav Rathod:** So about -- around about INR15 crores to INR16 crores came again from our sales -- from our factory. And the rest was still traded items, which will further go down. So about 60% now is the factory product line and about 40% is the import product line, which will keep -- the ratio will keep changing. It will keep going down.
- Percy Panthaki:** Understood. And the new plant, what was the sales from the new plant this quarter? INR15 crores, INR16 crores.
- Gaurav Rathod:** Yes, yes, yes. So about INR5 crores, INR5.5 crores average sales.
- Percy Panthaki:** So why is it lower than Q4? Q4, you had done INR20 crores of sales from the new plant?
- Gaurav Rathod:** Yes. But normally, the first quarter is always slightly weaker. It is always going to start from the second, third quarter is stronger demand trends. So it is -- the first quarter will always be a little subdued for the glassware category.
- Percy Panthaki:** I understand that would be the case normally, but like we are starting from almost scratch. So that should not be affected by seasonality, the ramp-up because we are like significantly below the capacity of the plant, right?
- Gaurav Rathod:** No. What happens is basically what kind of product line sell is also important. So say, there was a surge in, say, bottle demand. The bottles do much better, which is a traded item for us. It's not a manufactured item. So those kind of items do pick up.
- So the overall sales still grows, but some of the sales that -- the product mix that we are making has not grown in this quarter, which -- again, which is the next few quarters that is growing. So overall because we had started -- also, you have to realize that we had started the last quarter. So it was a launch. So the product has just gone into the market. So now it is repeat demand also.
- Percy Panthaki:** Understood. So how do we think about the total top line from this new plant for the full year basis?
- Gaurav Rathod:** So for the full year basis, we are anticipating about INR110 crores to INR120 crores of sales and -- which is at the current capacity levels that we are producing, we will have sold out about 65% to 70% of our capacity because, of course, our capacity expansion will happen over a period of time. All the efficiency gains will happen over a period of time. So by next year, we will produce about a lot more. But currently, what we have produced, we'll sell about 70% of it.
- Percy Panthaki:** Understood. So the sale for this new plant at full capacity, that works out to how much? About INR200 crores, roughly.
- Gaurav Rathod:** INR200 crores to -- it depends again on the product mix, but it anywhere starts from about INR200 crores to INR250 crores. So when I say INR250 crores, it's because of value additions. So we say we do little printing on it. We do some colored glasses and all of that. So that will add more in terms of the revenue.
- Percy Panthaki:** So do we reach that INR200 crores level FY '27 or it might be one more year for that?



- Gaurav Rathod:** I think '27. I think '27, we should definitely reach that.
- Percy Panthaki:** Got it. My second question is on the total company EBITDA margin. So earlier, you had said that they might dip by about 150 bps Y-o-Y on account of the glassware plant. But now you mentioned that there are some other costs also which are inflating. So how do we look at the company level EBITDA margin for this year?
- Gaurav Rathod:** I think for this year, you should look at an EBITDA margin of around 23-odd percent for the entire year. Could be better, but I think given the environment and given that there is too much aggression by a lot of players in the market, we are hoping to end this year at about 23% EBITDA margins.
- Percy Panthaki:** Okay. So overall basis, 12% to 15% top line and 23% EBITDA margin?
- Gaurav Rathod:** Correct. Correct.
- Moderator:** We have our next question from the line of Achal Lohade from Nuvama Institutional Equities.
- Achal Lohade:** First question I have is if you could give some sense about what is the revenue and the EBITDA level loss for the new plant?
- Gaurav Rathod:** So EBITDA level loss, we don't put it here. If you need that information, we'll share it to you a little later.
- Achal Lohade:** Right. And revenue, you said it's INR15 crores, INR16 crores from the new factory?
- Gaurav Rathod:** Correct. From the new facility.
- Achal Lohade:** Right. The second question I had, if we look at the gross margins for the houseware -- for the Consumerware, right, it was 55% in 1Q '25, and it is 56.2%. So ideally, with the in-house manufacturing of the glassware, the margins should have expanded. So if you could give some better sense about how do we see this margin -- gross margin for the Consumerware?
- Gaurav Rathod:** So I think since it is the beginning of a facility, the costs are a little higher and also the efficiencies are lower at this particular point in time. So glassware is going to be -- as I said, it's going to be -- because once we started the plant, it's a 10-year story. So the idea is that we are, of course ramping up production, ramping up new products as well. So as and how we improve efficiencies, cut costs and increase revenue, you will start seeing those numbers kick in terms of profitability.
- Achal Lohade:** Right. So I think, Gaurav, you're mentioning from an EBITDA perspective, at the gross margin, is there a case of heavy discounting because we are still trading in the channel with our brand, our product and hence, the margin improvement is less than what we were earlier expecting -- at the gross profit level, which is realization and the raw material cost.
- Gaurav Rathod:** Absolutely. Absolutely. Because I think there has been margin pressure definitely for this quarter.



Achal Lohade: Got it. Another question I had, in terms of the demand scenario, you mentioned in a passing remark that things have improved in the month of July. Have I understood right?

Gaurav Rathod: Yes. So we are seeing good traction in month of July for all categories. Basically, that's what I mentioned.

Achal Lohade: Across categories, right?

Gaurav Rathod: Across categories.

Achal Lohade: And in terms of the channel inventories, how are these channel inventories as we speak? Because I presume earlier we had a challenge with respect to higher inventories in the channel? And what is the situation now? Has it normalized? Or it still continues to remain high?

Gaurav Rathod: Yes. I think it's better than before. I wouldn't say it's the best because, again, we saw a great quarter last March for Consumerware specifically, but again, having slowed down demand this year, this quarter again in terms of the secondaries also, there would be a certain amount of inventory, but it's still much better than what it was last year. That's for sure. So it has been an improving trend because -- and we see that in our collections also. So our collections have been better for the quarter.

Achal Lohade: Right. And how do you see the competition? Because we see numerous brands actually also grading into our category. So does that mean that in terms of the margins, we have kind of peaked in terms of margins? And from here on, you will have -- either you will have to sacrifice margins or growth?

Gaurav Rathod: I think for certain categories, we have peaked, and we will now have to innovate and probably expand into the other channels of growth because, as I said, we are not seeing very great demand in the general trade channel. So our other channels will cause be the growth drivers for the next few maybe years, right? And of course, as I said, we are now looking at consolidating our portfolio, which I had mentioned in the last call as well in terms of the product so that we control our inventory better.

Second point is that, of course, we'll also be -- we are having a sharp eye on costs as well. And we would like to cut costs as well, so that we still maintain our margins. So from the cost perspective, also, we will see certain things that we are focusing on, which is probably -- employee cost is one of them. Our promotional strategies is another one where we will try to save as much this year so that we still end up at a good EBITDA level.

Achal Lohade: Understood. And last question with respect to the acquisition. Anything on that front? Can we expect in next 1, 2 quarters? Or it is still some time away?

Gaurav Rathod: No. So in terms of -- what acquisition, sorry?

Achal Lohade: No. As in we -- looking at different companies from a acquisition perspective, you are -- because last, if I remember right, in the last quarter, you had said, earlier, we were evaluating certain acquisition and it is off the table now?



- Gaurav Rathod:** Yes, yes. So it was definitely off the table. So there is nothing on the table at this point of time in terms of any acquisition. So last time, as I mentioned, we had done some due diligence of the target entity. We were not satisfied. And that is why it was off the table. But there is no new entity as such that we're looking at.
- Achal Lohade:** Got it. And just one more question, if I may, with respect to the electrical appliances. Any thoughts on the same? Like how soon can we expect? And what kind of spend you will require to get into that particular category?
- Gaurav Rathod:** No. So we are present in that category. Though our focus has never been to expand it in a very big way, though it is a good market in terms of revenue, the margins there have eroded a lot for all people. It's a very cluttered category. For us, that is a supplementary category because we are going into the same retail outlet. So it just occupies more shelf space. For us, it's not a category driver.
- It is more going to be a supplementary product, and we sell it at our price. If we start selling at prices which other competitors are doing by cutting quality, we don't wish to do that. And we wish to grow this at a 15%, 20% year-on-year kind of CAGR and slowly give out good products. So I think our strategy in this category is very clear. It's not about a lot of disruptive growth.
- Moderator:** We have a next question from the line of Bharat Gianani from Moneycontrol Pro.
- Bharat Gianani:** Sir, first question, you said the exposure -- I just wanted to get a sense of overall exposure to the United States, what would be that as a percentage of writing instruments? I presume that it's mostly -- the export is on the Writing Instruments side. So just wanted to get a sense of what's the exposure to the United States?
- Gaurav Rathod:** I think it's not a lot. It's about 5% to 7% of our export sales is the United States. So we don't have major reliance on them. And currently, we have not seen any cut in orders or any of that sort at this particular point in time. So I don't think it really affects us much.
- Bharat Gianani:** Okay. Yes. Sir, next question from my side is that in quarter 1, we have seen 6% growth and that would be probably lower than what we would expect. And for the full year, you're guiding 12% to 15% growth. So probably in your view, 9 months should see a very healthy double-digit kind of a growth.
- So just wanted to check on like what factors you are banking on to have a double-digit growth - - strong double-digit growth for the 9-month period. So is it the -- are you expecting the market to rebound in a much better manner? Or is there any company-specific intervention that you expect will drive this kind of a growth?
- Gaurav Rathod:** So I think one is, of course, the glassy category, which is going to add new revenue. So that is definitely going to drive growth. Secondly, overall, of course, the next couple of quarters because of the festive season as well, normally, we have seen that things improve drastically. And we've already started seeing signs of that.



So I think, of course, Consumerware from that perspective will be the highest growth lever. And then we would, of course, by the end of the year, still going to grow a little bit in the stationery segment also, which kind of degrew this quarter. So I think having both of these perform at a decent level would definitely make us reach that 12% to 15% kind of growth platform.

Bharat Gianani:

Okay, sir. And sir, last question from my side. So I mean, you said in your earlier comment that in some of the categories, the margins have kind of peaked in the Consumerware space. So I understand this year, the margin pressure is there because the glassware facility we have just kind of started and it would be loss-making until the end of the quarter 4.

And there has been pressure on the Writing Instruments side and furniture business has also not performed well. So in FY '27, probably should we kind of pencil in that the margin would come back to the trajectory it earlier used to be like, say, FY '24, '25 levels? Or is that a different take on that?

Gaurav Rathod:

I think, of course, that will require a lot of interventions from our side. And hopefully, if demand also surges, then everyone sells in a good market, right? When the market is slightly subdued, everyone tries to sell. So then there is margin pressure. So overall, that is to be seen. I don't want to project anything for the future because I really don't know.

It will have to -- of course, from our end, what we can do is we can change the product mix a little bit, start introducing more premium products, start introducing more margin, which can give us better margins, products like that and which we've always been working on.

Of course, as I said, that we are also having a sharp eye on cutting costs at different level as well. So that will also kind of help in terms of helping with the margin to come back a little bit. But overall, for the year also, I think it will not be this bad. It will somewhere stabilize at about 23% to 23.5% of EBITDA margins. And which in the next year or so, of course, by interventions, it can happen. So there is nothing -- but yes, of course, there's a lot of work to be done for that.

Moderator:

We have our next question from the line of Sumant Kumar from Motilal Oswal Financial Services.

Sumant Kumar:

Yes. So in this quarter, in Writing Instruments, we have seen a 12% degrowth. So can you talk on how is the domestic market and as well as export? Is it because of the realization degrowth because of correction in raw material prices or volume degrowth also?

Gaurav Rathod:

No, I think it is volume degrowth also and also a little bit of value degrowth. But the idea is that overall, yes, domestic kind of was still -- almost flattish and major degrowth was still exports. So I think domestic is also in line because we are majorly in the pen segment. We are not into the art crafts and other segments, though we have introduced them, they've still not gained traction. So I think that is the reason why you see the degrowth in this segment.

Sumant Kumar:

And in domestic market, I have seen all the -- our competitor is doing good and shown good numbers. And they have launched and they are doing good in INR5 pen segment also. So how is the competitive intensity? And what are the key steps we are taking to combat the challenges?



Gaurav Rathod: So of course, the competitive environment is intensifying in this category. There is no doubt about that. But having said that, the major growth for all these players have come from art crafts and stationery product lines, which we have still not seen an uptick in. So if you look at purely the pen segment for all these guys, it's very limited. So the idea is that, of course, by more product introductions, covering more and more geographies -- or more and more outlets.

We have covered geography, but more and more outlets is the way to go in the market. So for - as I said, slightly lesser-known brand still. And in an environment like this, it's more challenging for a lesser-known brand to grow faster. But we are taking all measures to grow this as fast as possible. And also as export comes back, we should still start seeing better numbers.

Sumant Kumar: And in export market changing global scenario, how do you think about the export business, say, Russia, we have exposure. We have also exposure in U.K. and other European countries. So in this scenario, how it is? And going forward, any changes and also U.K. FT, how it is going to benefit anything else? Can you talk on that?

Gaurav Rathod: U.K., we really don't have too much exposure to. So I think U.K. will not -- there will be not much of a benefit. But overall, if you see right now, things are okay. All shipping routes or demand everywhere is all right. So I don't see anything at this particular point in time. But yes, it's a very crazy world out there. I don't know what's going to happen in the next few months. But right now, it all looks okay. It looks good.

Moderator: We have our next question from the line of Jay Doshi from Kotak Securities.

Jay Doshi: Just a follow-up question and a clarification on your margin guidance. Now when we look at the presentation, EBITDA margin in the presentation is computed -- EBITDA includes other income and the denominator only includes operating revenues. So FY '25 was 26%, whereas the Street has a different way to look at -- we look at it in a different way. We look at operating EBITDA. So are you indicating or guiding for a 300 basis point Y-o-Y decline? So what was 26% for you in FY '25 will be 23% or so in FY '26. Is that right understanding?

Gaurav Rathod: That is right. That is right. So 23% would be what we are projecting given the intensifying competition in some of the categories is what we would like to do better, 100% and hopefully, we will. But given what the situation is right now, that is what we are guiding, yes.

Moderator: We have our next question from the line of Karan Bhatelia from Asian Market Securities.

Karan Bhatelia: Yes. Just wanted to understand the capacity utilization on our opalware expanded capacities. So can you help me out with that?

Gaurav Rathod: Yes. So opalware, we are at about 80%, 85% of utilization, and we have about 15% capacities yet to fill. So I think, yes, that's pretty much what opalware stands at.

Karan Bhatelia: And how do we understand the pricing scenario and the margins compared to a Y-o-Y basis?

Gaurav Rathod: So I think, again, opalware has also seen a dip in margins as all other categories as well, primarily because our energy costs have gone up, our wages and salaries have gone up. But again, we are



not able to increase price. So I think that is the reason why opalware has also seen a little dip. And opalware is one segment that will -- in this year, at least will have margin pressure because there's new people entering this segment as well. So I guess the competition is going to be a little intensified.

Karan Bhatelia: Right, right. And on the writing stationery part, we mentioned about expanding the other stationery ware in art category. While during the IPO days, we also mentioned of very strong addition to the channel partners on a pan-India basis because there was a lot of headroom for growth. So where do we stand now? And how do we see this portfolio 2 years down the line?

Gaurav Rathod: So I think we have expanded in terms of geography, but we have not seen those kind of growth from this channel, right. So overall -- and that time also, the growth in the first 2, 3 years was very good, as I said, because the environment was also very conducive. Currently, it doesn't look like that.

But having said that, we are trying our best in terms of the other stationery products that we've introduced to kind of have an uptick there because we've still not seen that coming. Though the products have been launched, a lot of them have been launched. And even this quarter, we launched mechanical pencil which was a new product for us.

So that also has still not seen the kind of volumes that we would like to see. So I think having said that, I think about -- though we were -- we have always been guiding about 10-odd percent increase every year. We will have to see this next couple of quarters how things perform, though July seemed decent and had good traction for this category. So we'll see how it goes in the next couple of quarters and then probably we'll have a better idea on things.

Karan Bhatelia: Right. And on this INR50 crores of capex on flask, what would be the asset turns and the margin profile at peak? Is it better than the other Consumerware category or better than glass opal? So how do we read through?

Gaurav Rathod: Yes, of course. So I think steel flask as a category would be about 5x asset turn is what we are looking at in this category. Glassware is very different, glassware is 1:1. But all our other Consumerware categories, including our plastic houseware is about almost 7x asset turn. So these are 5 to 7x asset turn kind of product lines.

Karan Bhatelia: And just to continue on this, can we achieve peak utilization in the very first year given the fact that BIS is in place?

Gaurav Rathod: Yes. So I think 100%, we should be able to achieve full utilization. But only -- of course, only one factor is how fast we produce good quality because it is not something that happens on day 1. It takes a few months to get a hang of it because it's not a very easy product line to just start and start selling. But initially, of course, maybe our wastage and other things because it's a steel product would be higher. But eventually, of course, we will achieve pretty good utilization in this new facility.

Karan Bhatelia: Right. And margin profile could be in line with other Consumerware category or could be in line to our opalware?



Gaurav Rathod: No, I think margin would be pretty as per the other Consumerware category, not opalware, but other houseware and plastic category.

Moderator: We have our next question from the line of Ashok Shah from Eklavya Invesco Family Office.

Ashok Shah: Very best wishes for future. Sir, my question relates to the -- our another business, furniture business, which is in subsidiary and also listed. There, we have shown very good results with other income, but other income is not elaborated in the notes. So can you explain? It's a 100% increase.

Gaurav Rathod: Sorry, I didn't get your question.

Ashok Shah: No. My question is regarding Wim Plast Limited, which is our other business in the 55% subsidiary where our profit has increased and everything has increased, but this is due to the other income. But other income, there is no footnote is given. What is the other income, which has been arrived?

Gaurav Rathod: Other income is invested income, which is basically investments in financial instruments. So other income is only derived from that. And that's it. There is no other reason for the other income.

Ashok Shah: So it's a 100% increase. So if the footnote is given, it will be much better in next -- from next quarter?

Gaurav Rathod: You will have the balance sheet next quarter anyways. So you will be able to see that.

Ashok Shah: Okay. And sir, secondly, are there any plan to merge it? And what's the plan because there was some news that merger is going to happen with our subsidiary in the parent company?

Gaurav Rathod: Yes, it is already out there. We are merging it, and we are almost through with it. So another couple of months, and we are -- the merger will happen.

Ashok Shah: So what would be the ratio? It is a complicated merger?

Gaurav Rathod: It's not a complicated merger. It is just -- we needed some permissions from SEBI. And I think that's already come and now we are in the phase of merging.

Ashok Shah: So how many shares of the Cello World would be allotted?

Gaurav Rathod: I think already the swap ratio.

Atul Parolia: It's there already in the exchange. It's 0.86.

Gaurav Rathod: 0.86 is the swap ratio.

Ashok Shah: But is it right that in a market, it's not favorable to the small shareholder of the 40% of the Wim Plast Limited compared to the financials of the Cello World?

Atul Parolia: So it will be beneficial to all actually.



- Moderator:** We have our next question from the line of Sucrit Patil from Eyesight Fintrade.
- Sucrit Patil:** Just a follow-up on the previous quarter. So in last quarter, you had spoken about expanding your product range and deepening your consumer network. As you look ahead, what is the boldest move that you are planning to grow Cello, especially if consumer habits or retail channels are changing fast? And how are you preparing for things that may not go ahead as planned? I mean talking with -- in you with the previous campaign, Har Ghar Cello.
- Gaurav Rathod:** So I think basically, as we see channel changes and see different channels growing and some channels not growing so fast, we are launching product as per the channel. So as I mentioned that in the e-commerce world, now things are looked at differently on each platform, say, an Amazon or a Flipkart.
- There are different kind of customers for each platform. So we look at it from that lens, and we launch products from that lens. And some of our products are basically just e-commerce first and then they go offline. So I think that entire bit has changed within the company. And that's how we have started approaching our product lines as well as per channel.
- Sucrit Patil:** Okay. Also, just to close the loop, is Cello thinking of going for any smart partnerships in the coming years to boost business growth?
- Gaurav Rathod:** What do you mean by smart partnerships?
- Sucrit Patil:** Would you be tying up with any other e-commerce platforms other than Amazon or Flipkart or going for any local brands?
- Gaurav Rathod:** So I think we are already -- the quick commerce also we have started. And I think whatever new comes in, we'll, of course, partner with all of those platforms. So we'll not leave any stone unturned there. So we'll be on all platforms.
- Moderator:** We have our next question from the line of Kansam Joshi from SKSM Retail. Kansam, are you there?
- Kansam Joshi:** Yes. Gaurav, first of all, congratulations to the whole team because all of us are aware about how the current market conditions are. I'm here to ask you more from a long-term trajectory, how I see the Cello will be growing in India. So how excited are you looking from a 5- to 10-year story?
- Because I understand glassware is definitely one of the area where we have a big thing to achieve in the market. Is there any other segment which you are discovering based on the changes in the consumer habit, which you feel that could be a growth engine and it could be a synergy for us also?
- Gaurav Rathod:** So I think, of course, we are always very excited about all the categories we are in, plus we are always looking at synergetic categories. Four years back, we would have never thought about glassware. We thought about it because it had synergies. It made sense to make it in India because no one was doing it.



So I think going forward, you should always look at Cello as a company that will keep getting into different things as well because there are a lot of things in India, a lot of things become very commoditized very soon. So you have to get out of things and you have to get into newer things. So I think that perspective we have always carried. And of course, some of our core businesses will always remain where the brand is extremely strong.

But we'll keep venturing into newer horizontal categories as the years pass by and as the opportunities come. Currently, there is not much. I think there is a lot on our plate at this point of time with the glassware plant, with newer channels of sales, which are becoming very disruptive. So I think there is a lot of stuff that we can still do with what we have.

And eventually, yes, we will keep entering different, different segments because in India, after a certain point, every vertical becomes very saturated very quickly because either there are too many players or there is saturation in terms of consumer demand. So I think as a company, we are always looking at growing into different verticals.

Kansam Joshi:

No, that is completely true. And I hope that brings value to the shareholder also because it has almost been 1 and 2 years, and I understand like we are currently in the expansion mode, and that's why we are feeling the heat and hoping and wish you all the best for the turnaround happening in the upcoming time.

Gaurav Rathod:

Great. Thank you so much.

Moderator:

Thank you. Ladies and gentlemen, that would be the last question for today. And I now hand the conference over to the management for closing comments.

Gaurav Rathod:

Thank you very much, everyone. Great questions this time. And hopefully, we'll have great quarters coming up. So thank you so much, and thanks for all the support that you guys have always extended. Thank you.

Moderator:

Thank you, sir. On behalf of ICICI Securities and Cello World, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.