Cello World Limited

(formerly known as 'Cello World Private Limited')

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August 14, 2026

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**

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 10, 2026 at 10:00 a.m. (Indian Standard Time) on the audited financial results for the first quarter ended June 30, 2026, 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 Pragnesh Trivedi
Digitally signed by Hemangi Pragnesh Trivedi
Date: 2026.08.14 16:21:47 +05'30'

Hemangi Trivedi
Company Secretary & Compliance Officer
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Encl: A/a

"Cello World Limited Q1 FY-27 Earnings Conference Call"

August 10, 2026

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 10, 2026, will prevail."

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

MODERATOR: **MR. MANAN GOYAL – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Cello World Limited Q1 FY27 Earnings Conference Call hosted by ICICI Securities.

Before we begin, a brief disclaimer:

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance, and it may involve risks and uncertainties that are difficult to predict.

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 this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manan Goyal. Thank you and over to you, sir.

Manan Goyal: Thank you. Good morning, everyone. On behalf of ICICI Securities, we welcome you all to Q1 FY27 results conference call of Cello World Limited.

Today, we have with us Senior Management represented by Mr. Gaurav Rathod – Joint Managing Director and Mr. Atul Parolia – CFO.

Now, I hand over the call to the management for their initial comments on the quarterly performance. Then, we will open the floor for Q&A session. Thank you and over to you, sir.

Gaurav Rathod: Thank you. Good morning, everyone, and a very warm welcome to our Earnings Conference Call.

Joining me today is our CFO – Mr. Atul Parolia, and our investor relations advisor; SGA. Our financial results and investor presentation have been uploaded to the stock exchanges and are also available on our website. I hope you had an opportunity to review them.

During Quarter 1 FY27, we reported revenues of Rs. 527 crores while maintaining healthy profitability. EBITDA and PAT margins stood at [Wrongly said, please read it as 22.2%] and 13.9% respectively. In our previous earnings call, we indicated that we would see a soft patch.

In response to the rising input cost environment, we implemented price increases across most of our product categories. These price revisions enabled us to fetch better gross margins in a weak demand environment. The Writing Instrument division delivered a healthy performance during the quarter, registering 52% year-on-year growth, driven by a healthy contribution from the Cello brand.

The Consumer Ware business, which is our largest product category, delivered a muted performance during the quarter due to multiple factors. Consumer demand continued to remain subdued as discretionary spending was impacted by inflationary pressures and the prevailing macroeconomic uncertainties. Steel bottle sales were not comparable with the corresponding period last year as we did not have the imported inventory to support demand this year. We have already commenced our in-house manufacturing of steel bottles at our Rajasthan facility. Currently, 8 manufacturing lines are operational, although they are yet to reach optimal utilization. We expect these lines to ramp up over the next few quarters, enabling us to gradually recover and cater to the demand in this category.

Capacity utilization in our Glassware business remained at about 60%. Customer response to our product quality has been encouraging. However, the scale-up has been slower than anticipated, primarily due to continued dumping from China. We also saw a weaker export demand for most of our products during this quarter.

Revenue from our Molded Furniture and Allied products business stood at Rs. 80 crores, broadly reflecting the prevailing industry demand trends. We also witnessed strong momentum across e-commerce channels. These channels now contribute around nearly 16.3% of overall revenues while continuing to deliver healthy profitability. In this dynamic environment and broader macroeconomic uncertainties, our focus remains on the factors within our control.

During Financial Year '27, we will continue to strengthen our operational efficiency, rationalize our product portfolio, realign our distribution strategy, deepen market penetration and improve our working capital discipline. With a focus on maintaining strong balance sheet health and a robust operational structure, we remain confident of steadily improving our performance as demand conditions normalize and the benefits of our ongoing strategic initiatives begin to reflect in the business.

With that, I would now like to handover the call to our CFO – Mr. Atul Parolia, who will take you through the financial highlights. Thank you.

Atul Parolia: Thank you Gaurav. Good morning to everyone.

I will be sharing the financial details for the quarter gone by:

Revenues from Q1 FY27 stood at Rs. 526.7 crores. Our gross margin for the quarter stood at a healthy level of 52.4%, a sequential margin improvement. EBITDA for the quarter was Rs. 117.1

crores, translating into an EBITDA margin of 22.2%. Profit after tax stood at Rs. 73.4 crores with a PAT margin of 13.9%.

In terms of revenue mix:

Consumer Ware contributed 63.6% of the total revenue, followed by Writing Instrument 21.2%, while Molded Furniture and Allied products contributed revenue 15.2%.

Channel wise:

General trade contributed 71.1% of the total sales. The online channel increased its contribution to 16.3% from the 10.4% in Q1 FY26, with profitability remaining in line with the general trade channel. Export accounted for 7.3% of the sales, while modern trade contributed 5.3%.

On the profitability count:

Consumer Ware reported a gross margin of 55%, Writing Instrument delivered a gross margin of 53.8%, and Molded Furniture recorded a gross margin of 39.5%.

With this, I would like to open the session for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rakshit Desai from IIFL Capital. Please go ahead.

Percy Panthaki: Hi sir. This is Percy Panthaki here. I just wanted to understand on the Glassware unit. At the time of making the CAPEX, was the expectation that the China dumping is going to be a short-lived kind of a phenomenon?

Gaurav Rathod: So, Percy, I think while we have made this investment, the conditions were a little different. The dumping was not as much. But in any case, the ramp-up has been good. The revenues have constantly been increasing of the Glassware plant. And at another 10%-15% utilization, we will reach healthy profitability. I think we still stand by the whole idea of putting up the plant and the CAPEX, and we should see the fruits pretty soon.

Percy Panthaki: And how much was the sales in the current quarter from the new plant?

Gaurav Rathod: It has increased substantially. It is in the tune of about 30%-35% increase over the last quarter.

Percy Panthaki: Over Q4?

Gaurav Rathod: Over Q1 of last year.

Percy Panthaki: And what would be our capacity utilization at this point of time?

Gaurav Rathod: Capacity utilization still stands at 60% only because we have been using older stock as well. So, we had a lot of stock that we had built up as well. So, we have been eating up that stock and that is why the capacity remains at 60%.

Percy Panthaki: And what can we expect in terms of sales from this unit for the full-year FY27?

Gaurav Rathod: Sales should be a healthy growth. As I said, we have already seen 30%-35% growth in the first quarter. So, I think that should be the number hopefully for the entire year.

Percy Panthaki: Would we be achieving about Rs. 150 crores or no?

Gaurav Rathod: A lot more than that. That was last year. So similar, it will be quite a lot more than that.

Percy Panthaki: Understood. Secondly, on the rest of the Consumer Ware division, other than the Glassware, I mean, how has the growth been? What does the festive season look like? Is there going to be any kind of phasing between Q2 and Q3 on a YOY basis, if you can give some idea?

Gaurav Rathod: Sure. As I mentioned that on the consumer side, the major problem has been the steel products because we have had stock-out situations. And while we have been producing at our new plant, it takes time for the plant to start producing all kinds of items. So, while when we were actually at our peak, when we were still importing, that time we had about 150 SKUs. Today we are playing with 20. And this will increase to about 50-55 over a period of the next couple of quarters. I think that's how the ramp-up is happening. We are left with very limited SKUs. The SKU is a bigger issue. But at the end of the day, that's the only way things are going to move as we have access to no other product line.

Percy Panthaki: And lastly, can you comment on news items regarding a promoter stake sale? What is the thought process behind that? What are the timelines? What is the extent of sort of shareholding that you would like to sell etc.?

Atul Parolia: See, already as we have explained in the NSE and BSE that we have nothing at present.

Gaurav Rathod: There has been a clarification that has already been put out. I think you can refer to that. And currently, there is no other comment on this that we would like to make.

Percy Panthaki: That's all from me. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Praveen Sahay from PL Capital. Please go ahead.

Praveen Sahay: My first question is related to the consumer Opalware business. So how has been the Opalware business? How has been the growth? How much the contribution has been?

Gaurav Rathod: It's been a tough quarter overall for the Consumer Ware category. So of course, there has not been much of a growth in the Opalware category for this quarter. But it is one of the worst quarters anyway for Opalware because the first quarter is the slowest. Opalware really picks up from the second and third quarter. I think it looks like a good festive season ahead. But the growth has been muted for this quarter, at least for Opalware.

Praveen Sahay: And overall, in the consumer business, how much of the price hikes have you taken? And is that enough for the inflation in the commodity?

Gaurav Rathod: I think the price increases have been different across the product lines. Starting from 7% to almost 20%. So, the price actually has been quite significant. And that is one of the reasons also why volumes have dropped in this particular quarter, because it takes a little time for these price increases to take effect. But we have seen crazy increases in input cost, and we had no other choice but to increase our prices.

Praveen Sahay: But these prices are absorbed in the market.

Gaurav Rathod: Yes, now it has been absorbed because over time and that is why you see a little dip in demand a little bit because of the price hike. But now I believe it has been absorbed in the market.

Praveen Sahay: All right. Secondly, on the in-house manufacturing of steel bottles, already you highlighted it will take a time for a ramp up. So, by when you are expecting whatever the sales which got impacted because of non-availability of the imported product get compensated with your in-house manufacturing?

Gaurav Rathod: I think we are ramping up. As I said, we are at only about 20-25 products currently. And we used to play in around 150-odd SKUs. I think we will of course reach 50-55 SKUs which were contributing our major sale. And it will take another couple of quarters to really see the full impact of gaining the entire tailback of what we had lost due to the non-availability.

Praveen Sahay: And lastly, on the Moulded Furniture, from the last three quarters, we are seeing a decline in the number. What is the exact reason for that and when you are seeing this outlook to improve?

Gaurav Rathod: See, I think Moulded Furniture, we have always said that we don't expect much of a growth in this particular segment as it is a heavily crowded segment. So, for us, just preservation of current revenue and good profitability is the key. We do not see any great future growth in this particular category. But we would like to maintain our revenues and maintain our profitability in this segment. So, this segment is not going to be a revenue driver for us even in the future, as I have always said.

Praveen Sahay: So, is that a declining mode continuing the entire year?

Gaurav Rathod: No, not declining. It comes back. It's Moulded Furniture, if you see across years, it's always been a similar number. It kind of goes down in one quarter but picks up the next quarter. So, because there are a lot of other institutional sales also that comes in. So, it depends on the timing of that as well. So, it's not that it's going to be a declining trend. I think we should try to or we will be kind of maintaining the top line.

Praveen Sahay: Thank you, sir. All the best.

Gaurav Rathod: Thank you.

Moderator: Thank you. The next question is from the line of Anu Parakh from Anand Rathi. Please go ahead.

Anu Parakh: My first question is on the Writing Instrument segment. Our gross margin is contracted after the Cello acquisition. What would be the steady state of margins we can assume going forward?

Gaurav Rathod: I think you are right that it has kind of gone down a little bit. But that's because we are realigning our complete product range in the Cello portfolio. Because when we bought it, there were a lot of items that were not making money for the company. I think we have rationalized those products. We are introducing newer products in place of that. So, it is kind of transitionary, this effect. We should see similar numbers to the "Unomax" brand that we have been operating in. By at least in the next couple of quarters, you should see similar numbers for both brands.

Anu Parakh: On the Glassware and the Opalware, how much, if you can just quantify the year-on-year growth or degrowth in revenue in Q1 of FY27? And was the gas issue has affected or does the issue still persist?

Gaurav Rathod: In terms of numbers, on the Opal-Glass side, it's been a marginal growth. It's not de-grown. And the availability of gas is now there. But it is of course at a very high price, which is about almost 80% higher than the price that we were getting in March. So of course, there is an impact on margins due to that as well. Because a lot of it could not be passed on during the quarter. But we have taken price increases and that has kind of helped negate some of the input cost increases. But the gas price increases have been extremely substantial.

Anu Parakh: Is the issue still there and are we planning more price hikes?

Gaurav Rathod: More price hikes, no. I don't think we will be able to do any more price hikes. I don't expect it to go above this level at this point of time. But I don't think we can do any more price increases because a lot of the products that are coming from China, the prices have not increased there. The input cost for them remains pretty much the same while it has increased substantially for us. But hopefully it will not go up beyond this. It already, I believe, has reached its peak.

Anu Parakh: Understood. And what was the sales contribution for SS bottles in Q1 FY26 versus Q1 FY27?

Gaurav Rathod: I think in Q1 FY27, it has kind of dropped substantially and that is the main reason why you see a degrowth in the Consumer Ware segment. Because Q1 of '26, we had a lot of material. We were playing in about 100 and 110 SKUs and today we are down to about 25. I think it's a substantial degrowth in the steel segment which has contributed to a degrowth in the Consumer Ware segment overall.

Anu Parakh: Understood. And in terms of the CAPEX plans for FY27?

Gaurav Rathod: I think CAPEX plan, there is nothing major coming in this year. It's only going to be maintenance kind of CAPEX that we would be maintaining. Having said that, there could be an addition of a few lines in the steel segment, which we will plan soon. So that is the only CAPEX, but it will be very small.

Anu Parakh: So, we have set up 8 lines and 2 more are pending?

Gaurav Rathod: We are planning a few more, yes.

Anu Parakh: And when can we expect?

Gaurav Rathod: That will of course come by next year. So, we will be placing orders soon for that and because we wanted to first ramp up the production on these lines. So, while we are doing that, we are also planning for the future where we will have to add lines. So, these should be commissioned early next year.

Anu Parakh: And, lastly on how has been the demand in July and what is the channel inventory level now? Like is it below the normal or above normal level?

Gaurav Rathod: I think the channel inventory correction has happened in this quarter as primary from the company has dropped, but secondary has improved. Though it was not a very good environment for demand, but still there has been a slightly better secondary that is coming. So, which is going to help us in this quarter.

Anu Parakh: Thank you sir.

Gaurav Rathod: Thank you.

Moderator: Thank you. The next question is from the line of Karan Gupta from Asit C Mehta Investment. Please go ahead.

Karan Gupta: A couple of questions. On the demand side that you are saying not very good environment. Are you also facing some bit of competition from the domestic players in your Consumer Ware segment? How has been the competition in that segment for steel bottles, maybe for Glassware, Opalware. And that is one thing. And the second one is on the Glassware, Opalware. What is the contribution of overall Consumer Ware in Quarter 1 and how it has been in the Quarter 1 FY26? And you can also share the capacity utilization, I think, for Glassware, you said 60% right now. So, for the Opalware also you can share. So that's two questions and then you allow me to ask one more.

Gaurav Rathod: I think on the Opalware is at 80%-85% for this year and Glassware stands at about 60% utilization. And overall, Consumer Ware side, there has always been competition. It's not that there has not been and of course, when demand becomes worse, the competition intensity increases a little bit. But given that that is transitionary, I think as demand situation improves and I believe the next couple of quarters should be good when secondary sales have been better than primary. So, I feel that overall, there is a place for every competitor. So that's how Consumer Ware is stacked at this point of time.

Karan Gupta: And the percentage of sales, Glassware, Opalware in Quarter 1 FY26?

Gaurav Rathod: I think it is slightly increased from last year as it has contributed a little more than the other segments. So partially, marginally, I would say.

Karan Gupta: So around 30%?

Gaurav Rathod: No, we did not report it separately.

Karan Gupta: So, for FY27-28, just broadly, the target is to ramp up Glassware, Opalware capacities for the FY27-28 target. And what's the marketing spend that you have done in Quarter 1 FY27?

Gaurav Rathod: I think two major factors. I think Opalware, Glassware, we want to keep increasing our share of the market, which we are doing already. Glassware, even more significantly than Opalware. Opalware, we are almost at complete capacity, not much capacity is left. Apart from that, steel is of course, one thing that we want to ramp up because that's going to give us the maximum revenue increase plus profitability. Because while we have started production, at lower efficiency levels, margins are lower. And as it increases, we should see better margins also in that particular category. I think we are running for two definite things this year. One is Glassware ramp up and steel plant ramp up.

Karan Gupta: And Steelware capacity utilization in Quarter 1?

Gaurav Rathod: Steelware, there is no fixed utilization at this point of time because the efficiencies are not fully there. As the efficiencies ramp up, I think in the next couple of quarters, we should be at peak efficiency.

Karan Gupta: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Achal Lohade from Nuvama Group. Please go ahead.

Achal Lohade: this is Achal Lohade from Nuvama. Team, I have a couple of questions. First, if we look at the kitchen appliances company's results for last two quarters and particularly last quarter, they are showing actually very-very strong growth. So, while we are to an extent adjacency, we haven't really seen as much. So, I am just curious, is there a disconnect out here? Is there any specific product or region or competition aspect which is impacting the growth in general?

Gaurav Rathod: I think kitchen appliances are not completely comparable to us because it's more of a planned buy. There are cycles in that business and it is kind of cyclical. If you see, while it has improved, the entire industry has done well. So, you will have to see it from an industry perspective for us as well because I think we are right in the middle. We are not luxury. We are not planned consumer durable. We are right in the middle somewhere. And I think when there is inflationary pressure, initially, we get squeezed. But I think later on, it starts doing better. So, I think I would look at it from that perspective that the industry overall is a discretionary industry. It's not a planned buy or a consumer durable industry. And I think in the durable side, there is a cycle that is playing out and that is why you see increased demand. We do appliances as well. We saw a fantastic appliances quarter, appliances cookware. While we are very tiny in that category, we saw significant uptick. So, I think it's more from the industry category perspective that things have happened in that side of the product line.

Achal Lohade: Got it. In terms of the electrical appliances, any update on that? Are we expecting anything on next couple of quarters or it is still some time away?

Gaurav Rathod: Electrical appliances?

Achal Lohade: Kitchen appliances, the electrical appliances like the mixers and all that.

Gaurav Rathod: We are already doing that segment, though we do very niche products there. That is what I was telling you about that. We saw decent growth in that particular category. Though it's a small category for us, it's growing at a decent pace. And we are trying to be on the profitable side of things there. We don't want to get into very massy products. So, I think that is why we have taken our own niche in that particular product line.

Achal Lohade: Got it. And any guidance on the overall growth and margins for FY27?

Gaurav Rathod: I think it's a tough year. At this point, I would not like to guide for anything. I think we will have to see how things improve in the next quarter. And I am very hopeful of things improving quickly. But I will be in a better place to give you guidance in the next quarter rather than this quarter. Because of what things have transpired, we are positive on the next quarter. But I think I will be in a better position in a couple of months.

Achal Lohade: Got it. Just a clarification, you mentioned the inventories are normal, right, in the channel or they are slightly higher than usual?

Gaurav Rathod: No, I think it has actually dropped. Because if you see, our primaries have not happened as much this quarter. But because there was old stock and which was priced at a lower price, that had started clearing off. So, I think our channel partners sit at a comfortable position at this point of time.

Achal Lohade: Got it. That's all from me. Thank you, Gaurav.

Gaurav Rathod: Thank you.

Moderator: Thank you. The next question is from the line of Akhil Parekh from 360 One Capital. Please go ahead.

Akhil Parekh: Thanks for the opportunity. My first question is on the consumer segment. If I look at last 3 years and I am not talking about last few quarters, but FY23 to say first quarter of '27. Sales are largely flat for last 3 years, including the declining sales for first quarter. So, what has changed, I am sure there would have been some kind of introspection internally with the management. There is something which has changed in last 3 years. And at the same time, what we do see in last year is the sales of quick commerce has gone up across the categories. So, is it to be with the channel issues there or there is a brand issue or is there a category issue, which is kind of hurting our growth rate? That is my first question.

Gaurav Rathod: I think Consumer Ware has not been flat. It has grown over the last three years. While Writing Instruments and Molded Furniture has been flat, and that is why you see a very flat number. I think Consumer Ware as a segment has been growing. There have been different challenges at different times that we have faced. One, of course, for the last two-three quarters, it's been the Steelware. Before that, it was the Glassware kind of ramp up issue and the dumping that we saw from China and continue to see. But apart from that, this is a growing kind of a channel. Last 2 years, for most Consumer Ware categories has been low. So, it has been an industry problem rather than our problem alone. Because we saw phenomenal growth from 2021 to 2023, the growth was almost upwards of 30% in this category, which dropped to about 8%-10% over the last 3 years. So, I think it will improve overall. We have entered the right categories. Glassware, we have taken a big bet on. Steelware, as we ramp up, it will contribute very well to the top line because a lot of imports have now been curbed. So, before anyone could import. So, I think we are going to see a market share gain there over the next couple of years. And I think these categories are something that are also trend-based. As we go along, we have always said that we will enter newer categories and synergistic categories, which are horizontal categories, which will also fuel growth. So, I think every 2-3 years, the Consumer Ware category needs a refresh, needs smaller niches to be added. And that is where you see good margins in this particular category. If it was a run-of-the-mill commodity product, you would have seen very low margins, very high revenue. So, I think that's not the play that is there in the Consumer Ware segment. Consumer Ware is a very specialized segment. And I think we should look at it from that way. And we should look at it from brand building perspective over years rather than a very quarter-on-quarter or a year-on-year growth. I think while a lot of people have not grown, they have not maintained margins at all. We are at least trying our best to kind of maintain a healthy bottom line while still maintaining our top line. So, that's how I and the entire management kind of use this particular category. And we will grow. There are good years and bad years in this category. And somehow, the last couple of years have not been that great. But hopefully, the next few will be much better.

Akhil Parekh: So, you highlighted online sales as 16% of our total revenue. Will you be able to share how QuickCommerce has scaled for us for the last 3 years?

Gaurav Rathod: I think QuickCommerce has done also extremely well in the last one-odd year. I think this channel is bound to increase quite significantly over the next few years, as I have always mentioned. And I think we are also taking a good amount of share of that market. So, I think it's good signs. We are reaching directly to the consumer rather than the dealer in the GT channel being the influencer. The product itself is reaching directly to the customer. So, we are trying to promote more and more of our products in this channel. And I think as this channel improves, customer loyalty, customer brand equity keeps increasing.

Akhil Parekh: So, lastly, on the glass and steel, at a prevailing price, can you peak sales from the glass facility and the steel facility? That's the last question.

Gaurav Rathod: At peak, glass would be at about 250 to 275 crores revenue, which is from the plant, of course. And then we have other Allied products as well. And at peak, Steelware plant currently with eight lines should be at about 300 crores. But of course, it's a brownfield after that. So, we will be adding, we will keep on adding our lines as we go along.

Akhil Parekh: Sure. And that we expect, hopefully, to get completed.

Moderator: Thank you. The next question is from the line of Utkarsh Nopany from Anand Rathi. Please go ahead.

Utkarsh Nopany: Good morning, sir. My first question is like, if we remove the stainless-steel bottle contribution, what would be the revenue growth in the houseware category in this June quarter versus previous June quarter?

Gaurav Rathod: So, I think, if I exclude the Steelware category, it will be a modest growth in the consumer category, still a low digit. But overall, if we had grown in that category, it would have been a decent growth in the overall category. So, I think a modest 4%-5% growth would be there without excluding the steel category.

Utkarsh Nopany: What I was asking, excluding steel, excluding Opalware and Glassware, what would be the revenue growth in the houseware category in this June quarter?

Gaurav Rathod: So, I think we do not get those numbers out separately. So, that I cannot be answering that on this call.

Utkarsh Nopany: And like, despite we have taken a good amount of price hike, our Consumer Ware growth margin has contracted by 120 bps on a YOY basis in this June quarter. So, just wanted to understand what is the reason for the same? And do you expect the gross margin to remain stable at around 55% level, which we have clocked in this June quarter going forward, or it can differ sharply because of the change in the product mix in the coming quarter?

Gaurav Rathod: So, you should actually look at it from quarter-to-quarter. Quarter-on-quarter, it has actually improved. Having said that, there it has declined year-on-year due to, of course, one is the steel segment, which has not given us enough margin because it is our in-house manufacturing now, and it is not completely ramped up. Sales increase in Glassware will also not give very good margin because currently that revenue is not fetching enough profitability. So, as you rightly said, the product mix as it changes, we see a little difference of 1-2 percentage points, but it's always going to be in that 1-2 percentage point. It's never going to be like 4%-5%. We are never going to see that.

Utkarsh Nopany: So, you are saying that the gross margin we should expect in a band of around 54%-55% in the coming quarter's time. Will that be the right understanding?

Gaurav Rathod: Yes, you should see that constantly. It should be improving rather, I would say.

Utkarsh Nopany: And lastly, like you have mentioned that we have taken 7%-20% price hike across the product category. So, can you just specify what would be the average price hike we have taken in the houseware, Opalware and Glassware, and when this price hike has become effective?

Gaurav Rathod: So, I think it became effective at different times. Again, houseware can be from 10% to 20% depends on the amount of polymer used, the different materials used. So, it's not a standard average that I can give you. Opalware and Glassware has been about 12%-14%. So, I think it's different for different product lines. I don't have an average for you here. But yes, if you want an overall average, it would be about 12% to 13% overall company level or the consumer level.

Utkarsh Nopany: Just a follow-up on this one. The reason why I wanted to understand is that the benefit of price hike, whether that full impact would be visible in the September quarter or that that impact was visible in the June quarter number?

Gaurav Rathod: So, I think it has been mostly it's there in the June quarter. There were, of course, delays on some of the product lines which did not see a rise in April, we saw a rise in May, for example, or there were some channels that saw a rise in May. So, I think it could be partially in both quarters. I wouldn't say it's a full impact, but it's 90% there, I would say.

Utkarsh Nopany: Thanks a lot.

Gaurav Rathod: Thank you.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: My question is for Cello Pen. How is the business ramping up?

Gaurav Rathod: So, I think Cello Pen is ramping up well. While we have not seen the full revenue impact as of today, and there is a reason for that, because when we took over the brand, there were a lot of product lines that were making losses for the company. So, we have rationalized those products. We have started introducing newer product lines. And overall, it's a good ramp up. It's a profitable ramp up. And I think though we might not see the full numbers that our previous company was doing, but we will see a decent revenue growth this year and a good margin.

Moderator: The next question is from the line of Rajakumar Vaidyanathan from RK Invest. Please go ahead.

Rajakumar V: Thanks for the opportunity. So, just two questions. The first question is, you mentioned that there is not much CAPEX planned in the medium term. So, I just wonder what is the plan you have for the cash on the balance sheet? Are you looking at any inorganic opportunities or are you looking at doing any buybacks?

Gaurav Rathod: So, I think we have always said that we would look at inorganic opportunities and we continue to do so. Currently, of course, there is nothing on the table that we have got, but we keep looking out for opportunities. If we get something, I think we preserve that cash for only that reason, that we want to grow. We don't want to have ineffective use of this cash, buying back or we rather deploy it in a newer business and which we will do so when we get the right opportunity.

Rajakumar V: And the second question is, do you use PVC as a raw material?

Gaurav Rathod: Can I get your question?

Rajakumar V: No, do you use this plastic resins as a raw material? Because I just want to know what is the current inflation impact of that?

Gaurav Rathod: Yes, of course, we use polymers in our plastic product lines. So, that has had an impact of 12% to 20% across different products. So, there is PPP, PVC. So, there are different polymers and have had different inflationary impacts.

Rajakumar V: But is it coming down or you don't see it waiting?

Gaurav Rathod: It had come down transitionally, but there has been another rise because of the continuing conflict at this point of time and as crude goes up, it impacts us directly. So, so it all depends on crude prices.

Rajakumar V: Got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Nilesh Doshi from Prospero Tree AMC. Please go ahead.

Nilesh Doshi: Thanks for the opportunity. Good morning, sir. My first question is that regarding the Writing Instrument segment, what particularly attributes to the 52% revenue growth for the Writing Instrument segment? And I think the GP margin for this segment has come down by 3% to 4%, but GP has increased by 39%. So, overall, at the company level, this segment might increase the contribution at EBITDA level as the profitability level. Is it my correct understanding? And do we succeed to increase the finished product price because there was a sharp increase in the crude oil based raw material price? That's all.

Gaurav Rathod: I think the Writing Instrument, as I mentioned, the Cello brand contributed this year. That is why you see a growth, which was not present in the first quarter of last year. So, I think that is the rise that we have seen. The contraction in GPis because it is transitionary. We are introducing newer products in Cello. As I mentioned, there were products that were not profitable for us. So, we have rationalized those products. And as we ramp up revenue, we should see GP is increasing in this particular product line. Yes, while having said that, consumer ware GPshave gone up. So, I think it has compensated for that particular decline. And raw material prices, you mentioned, of course, as the crude oil prices have gone up, the raw material prices have gone up, so have our prices gone up. And I think that is why you see the GPs have not contracted, instead has become slightly better quarter-on-quarter.

Nilesh Doshi: Thank you.

Gaurav Rathod: Thank you.

Moderator: Thank you. The next question is from the line of Deepesh Sancheti from Maanya Finance.

Deepesh Sancheti: My first question was regarding the merger with Wim Plast. Has the process been completed because the shares seem to have not credited into the investor's account?

Atul Parolia: We have not completed the allotment of the shares because of some technical glitches we are facing. Maybe in the few weeks, we will complete that process.

Deepesh Sancheti: My next question was regarding the inventory gains. Now, since the oil that we saw that last quarter, there were huge oil price increase. I am sure the company had a lot of low inventory. And so, if you can quantify how much was the inventory gain, especially in polymers and PVC? And also, if there's any effect on any other products on our Consumer Ware business?

Gaurav Rathod: I think while we had some gain of the inventory in terms of when the polymer price increased. But a lot of the prices in channels like modern retail, e-commerce did not increase, the prices have not increased, almost till mid-May. So, a lot of that was already passed on rather than we holding it with ourselves. We couldn't do it. So, the idea is that while the gains have happened, the gains were nullified by still lower prices in some of the channels. I think that's how things panned out in this quarter.

Deepesh Sancheti: If in future also, since we are seeing a huge volatility in crude oil prices, will any price increase will also be transferred to the customer?

Gaurav Rathod: Of course, there has been a very volatile situation right now because we are seeing falls and rises in prices pretty much every day. Even gas prices, for example, in the glass side of things has been very volatile. We are almost 80% today, the prices up from where it was in March. So, I think there is huge volatility at this point of time.

Deepesh Sancheti: All the very best. Thank you so much.

Moderator: Thank you. The next question is from the line of Karan Gupta from Asit C Mehta Investments. Please go ahead.

Karan Gupta: My question on the marketing span, how much percentage of revenue that you have done in Quarter 1 FY27? And going forward, for the Consumer Ware segment, mostly the brand name Cello is for the plastic segment, not in the kitchenware and kitchen appliances that we can see in the malls or maybe in the stores. So, for the kitchenware and overall Consumer Ware, how do you now position your brand in terms of marketing?

Gaurav Rathod: I think we have always maintained about 2.5% to 3% as advertisement marketing cost. And that continues to be the case even in this quarter. So, our spends are about 3% of overall revenues.

Karan Gupta: And do you think you should be a little bit aggressive in that brand building side in terms of kitchenware? Because we have multiple brands also.

Gaurav Rathod: I think in our category, most brands are more than above-the-line marketing. We focus more on in-shop, we focus more on the ground level. And that is a little cheaper than above-the-line marketing. And I think that works out better for us. Because above-the-line marketing, we have seen, is more of a wasted marketing effort rather than having any direct impact. So recently, we have also upped our game when it comes to digital marketing. And though it is a good medium and it's a much cheaper medium to operate in, and it is very effective. I think we should see effectiveness of marketing and advertisement rather than pure spend. And that's how we are looking at it.

Karan Gupta: In terms of distribution channel, do you see the growth in the modern trade or online side rather than the general trade that you have a major portion, 75% something?

Gaurav Rathod: I wouldn't say modern trade, but on the e-commerce side, things have, it's picking up a lot more than GT. While GT is growing modestly, e-commerce is growing more aggressively. I think that is across for everyone. I think that is the case. And there is a little shift in buying patterns. I think we are present in every channel, whichever grows is good for the company.

Karan Gupta: The percentage of online sales distribution channel for the Quarter 1 FY27?

Gaurav Rathod: I think online sales, as you mentioned, is about 16% of our total revenues and 70% remains GT.

Karan Gupta: Significant pickup from FY26.

Gaurav Rathod: Correct.

Karan Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Anu Parakh from Anand Rathi. Please go ahead.

Anu Parakh: One more question. You mentioned that we have seen volume decline in the houseware category due to the impact of price hikes and weak consumer demand. So, do you expect a similar trend to continue in the coming quarters?

Gaurav Rathod: I think the coming quarters should actually improve, basically because the channel inventory is lower than what it used to be. Because the price increases our channel partners bought less material because they were liquidating their older material at lower prices. I think since that has happened to a significant level, I think now we should see better momentum.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Gaurav Rathod: Thank you so much for the call and hopefully we will have fantastic quarters coming up. Thank you so much.

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