

Cello World

10 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Cello World Ltd 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 of the date of this call. These statements are not guarantees of future performance and may involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in 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 the operator by pressing star and zero 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 – ICICI Securities: Thank you. Good morning, everyone. On behalf of ICICI Securities, we welcome you all to the Cello World Ltd Q1 FY27 results conference call. 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 the Q&A session. Thank you, and over to you, sir.

Gaurav Rathod – Joint Managing Director: Thank you. Good morning, everyone, and a very warm welcome to our earnings conference call. Joining me today are 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 Q1 FY27, we reported revenues of 527 crores while maintaining healthy profitability. EBITDA and PAT margins stood at 22.9% 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 instruments division delivered a healthy performance during the quarter, registering 52% year-on-year growth, driven by a healthy contribution from the Cello brand. The consumerware 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 optimum 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,

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primarily due to continued dumping from China. We also saw weaker export demand for most of our products during this quarter.

Revenue from our moulded furniture and allied products business stood at 80 crores, largely reflecting the prevailing industry demand trends. We also witnessed strong momentum across e-commerce channels. These channels now contribute nearly 16.3% of overall revenues while continuing to deliver healthy profitability.

In this dynamic environment and amid broader macroeconomic uncertainties, our focus remains on the factors within our control. During FY27, we will continue to strengthen our operational efficiencies, 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 hand over the call to our CFO, Mr. Atul Parolia, who will take you through the financial highlights. Thank you.

Atul Parolia – CFO: Thank you, Gaurav, and good morning to everyone. I will be sharing the financial details for the quarter gone by. Revenue for Q1 FY27 stood at 526.7 crore. Our gross margin for the quarter stood at the healthy level of 52.4%, a sequential margin improvement. EBITDA for the quarter was 117.1 crore, translating into an EBITDA margin of 22.2%. Profit after tax stood at 73.4 crore, with a PAT margin of 13.9%.

In terms of revenue mix, consumerware contributed 63.6% of the total revenue, followed by writing instruments at 21.2%, while moulded furniture and allied products contributed 15.2% of revenue. General trade sales contributed 71.1% of the total sales. The online channels increased their contribution to 16.3% from 10.4% in Q1 FY26, with profitability remaining in line with the general trade segment. Exports accounted for 7.3% of sales, while modern trade contributed 5.3%.

On the profitability front, consumerware reported a gross margin of 55%, writing instruments delivered a gross margin of 53.8%, and moulded furniture recorded a gross margin of 39.5%. With this, I would like to open the session for questions and answers.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Rakshit Desai from IIFL Capital. Please go ahead.

Rakshit Desai – IIFL Capital: Good morning, management team.

Percy Panthaki: Hi, sir, this is Percy Panthaki here. I just wanted to understand the glassware unit. At the time of making the capex, was the expectation that the China dumping would be a short-lived phenomenon?

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Management: Percy, I think while we were making this investment, the conditions were a little different. The dumping was not as much. But in any case, the ramp-up of the plant has been good. The revenues of the glassware plant have been constantly increasing. At another 10–15% utilization, we will reach healthy profitability. So 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: How much were the sales in the current quarter from the new plant?

Management: They have increased substantially. There has been an increase of about 30–35% over the last quarter.

Percy Panthaki: Over Q4?

Management: Over Q1 of last year.

Percy Panthaki: Okay. And what would be our capacity utilization at this point in time?

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

Percy Panthaki: When can we expect—sorry, what can we expect in terms of sales from this unit for the full year FY27?

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

Percy Panthaki: Would we be touching about 150 crore or not?

Management: A lot more than that. That was last year. So it will be quite a lot more than that.

Percy Panthaki: Okay, understood. Secondly, on the rest of the consumerware division other than glassware, 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 year-on-year basis, if you can give some idea?

Management: Sure. As I mentioned, on the consumer side, the major problem has been the steel products because we have had stock-out situations. While we have been producing at our new plant, it takes time for the plant to start producing all kinds of items.

When we were at our peak and still importing, we had about 150 SKUs. Today, we are working with 20, and this will increase to about 50–55 over the next couple of quarters. So I think that is how the ramp-up is happening.

Because we are left with very limited SKUs, the SKUs create a bigger issue. But at the end of the day, that is the only way things are going to move, as we have access to no other product line.

Percy Panthaki: 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 shareholding that you would like to sell, etc.?

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Management: As we have already explained on the NSE and BSE, there is nothing as of the present.

Percy Panthaki: Sorry, I could not hear you.

Management: There has been a clarification that has already been put out. You can refer to that. Currently, there is no other comment on this that we would like to make.

Percy Panthaki: Okay, that is all from me. Thanks, and all the best.

Management: Thank you.

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

Praveen Sahay – PL Capital: Hi, sir. My first question is related to the consumer opalware business. How has the opalware business been? How has the growth been, and how much has the contribution been?

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

Praveen Sahay – PL Capital: Okay. In the overall consumer business, how much of the price hikes have you taken, and is that enough for commodity inflation?

Management: I think the price increases have been different across product lines, starting from 7% to almost 20%. The price hikes have been quite significant. That is also one of the reasons volumes have dropped in this particular quarter, because it takes a little time for these price increases to take effect. But we have seen significant increases in input costs, and we have no other choice but to increase our prices.

Praveen Sahay – PL Capital: But these price hikes have been absorbed in the market?

Management: Yes, they have now been absorbed. Over time, that is why you see a little dip in demand because of the price hike. But now I believe it has been absorbed in the market.

Praveen Sahay – PL Capital: Secondly, on the in-house manufacturing of steel bottles, you have already highlighted that it will take time for the ramp-up. By when do you expect the sales that were impacted because of the non-availability of imported products to be compensated through in-house manufacturing?

Management: We are ramping up. As I said, we are currently at only about 20-25 products, whereas we used to work with around 150 SKUs. We will reach the 50-55 SKUs that contributed to our major sales, and it will take another couple of quarters to really see the full impact of regaining the entire sales that we had lost due to the non-availability.

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Praveen Sahay – PL Capital: Okay. Lastly, on moulded furniture, over the last 3–4 quarters we have been seeing a decline in the numbers. What is the exact reason for that, and when do you expect the outlook to improve?

Management: We have always said that we do not expect much growth in this particular segment, as it is a heavily crowded segment. For us, preservation of current revenue and good profitability are the keys. We do not see significant future growth in this particular category, but we would like to maintain our revenues and profitability in this segment. This segment is not going to be a revenue driver for us even in the future, as I have always said.

Praveen Sahay – PL Capital: So will this declining mode continue for the entire year?

Management: No, it is not declining; it comes back. In moulded furniture, across years, we have always seen a similar number. It goes down in one quarter but picks up in the next quarter because there are a lot of other institutional sales that also come in. It depends on the timing of those sales as well. So it is not that it is going to be a declining trend. I think we should try to, or we will, maintain the topline.

Praveen Sahay – PL Capital: Okay. Thank you, sir, and all the best.

Management: Yes, thank you.

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

Anu Parekh – Anand Rathi: Hi, sir. Am I audible?

Management: Yes, you are.

Anu Parekh – Anand Rathi: My first question is on the writing instruments segment. Our gross margins have contracted after the Cello acquisition. What steady-state margins can we assume going forward?

Management: I think you are right that they have gone down a little bit. That is because we are realigning our complete product range in the Cello portfolio. When we bought it, there were a lot of items that were not making money for the company. We are rationalizing those products and introducing newer products in their place. So this is a transitional effect. We should see numbers similar to the Unomax brand that we have been operating in. At least in the next couple of quarters, we should see similar numbers for both brands.

Anu Parekh – Anand Rathi: Understood. On glassware and opalware, how much, if you can quantify it, was the year-on-year growth or de-growth in revenue in Q1 FY27? And has the gas issue affected us, or does the issue still persist?

Management: In terms of numbers, on the opal glass side, there has been marginal growth; it has not degrown. Gas is now available, but at a very high price. It is almost 80% higher than the price we were getting in March. Of course, there has been 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

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has helped negate some of the input cost increases. The gas price increases have been extremely substantial.

Anu Parekh – Anand Rathi: Is the issue still there, and are we planning more price hikes?

Management: More price hikes? No. I do not think we will be able to take any more price hikes. I do not expect prices to go above this level at this point in time. We cannot take any more price increases because many of the products coming from China have not seen price increases there. Their input costs remain pretty much the same, while they have increased substantially for us. Hopefully, prices will not go up beyond this. I believe they have already reached their peak.

Anu Parekh – Anand Rathi: Understood. What was the sales contribution from steel bottles in Q1 FY26, and what was it in Q1 FY27?

Management: In Q1 FY27, it has dropped substantially, and that is the main reason why you see de-growth in the consumerware segment. In Q1 FY26, we had a lot of material and were working with about 100-110 SKUs. Today, we are down to about 25. So there has been substantial de-growth in the steel segment, which has contributed to de-growth in the consumerware segment overall.

Anu Parekh – Anand Rathi: Understood. In terms of the capex plans for FY27?

Management: There is nothing major coming this year in terms of capex. It will only be maintenance capex that we will undertake. Having said that, there could be an addition of a few lines in the steel segment, which we will plan soon. That is the only capex, but it will be very small.

Anu Parekh – Anand Rathi: We have set up 8 lines, and 2 more are pending?

Management: We are planning 2 more, yes.

Anu Parekh – Anand Rathi: And when can we expect them, sir?

Management: They will come by next year. We will be placing orders soon because we wanted to first ramp up production on the existing lines. While we are doing that, we are also planning for the future, where we will have to add lines. These should be commissioned early next year.

Anu Parekh – Anand Rathi: Lastly, how has demand been in July, and what is the channel inventory level now? Is it below normal, normal, or above normal?

Management: I think the channel inventory correction has happened this quarter. Primary sales from the company have dropped, but secondary sales have improved, although it was not a very good environment for demand. There has still been slightly better secondary sales. I think that is going to help us this quarter.

Anu Parekh – Anand Rathi: Thank you, sir.

Management: Yes.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Karan Gupta

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from Ajit Mehta Investment. Please go ahead.

Operator: Mr. Gupta, your line has been unmuted. Please go ahead with the question.

Karan Gupta – Ajit Mehta Investment: Hi. Am I audible?

Management: Yes, absolutely.

Karan Gupta – Ajit Mehta Investment: I have a couple of questions. On the demand side, you are saying that it is not a very good environment. Are you also facing some competition from domestic players in your consumerware segment?

Karan Gupta – Ajit Mehta Investment: How has the competition been in the consumerware segment for steel bottles, glassware, and opalware? That is one question. The second question is on glassware and opalware: what is their contribution to overall consumerware in Q1, and how was it in Q1 FY26? You can also share the capacity utilization. I think you said glassware is at 60% currently. You can also share the capacity utilization for opalware. These are two questions, and if you allow me, I have one more.

Management: On the glassware and opalware side, opalware is at 80–85% this year, and glassware stands at about 60% utilization. On the overall consumerware side, there has always been competition. It is not that there has not been any. When demand becomes worse, the competition intensity increases a little bit. But given that this is transitory, and the next couple of quarters should be good when secondary sales have been better than primary sales, I feel there is a place for every competitor. That is how consumerware is positioned at this point in time.

Karan Gupta – Ajit Mehta Investment: Okay. What was the percentage of sales from glassware and opalware in Q1 FY26?

Management: I think it has increased slightly from last year, as it contributed a little more than the other segment. It is only a marginal increase, I would say—roughly 30% for opalware and glassware.

Karan Gupta – Ajit Mehta Investment: Okay. For FY27–28, broadly, is the target to ramp up glassware and opalware capacities? What is the target for FY27–28? Also, what was the marketing spend in Q1 FY27?

Management: There are two major factors. In opalware and glassware, we want to keep increasing our share of the market, which we are already doing. We are doing so even more significantly in glassware than in opalware. In opalware, we are almost at complete capacity, so not much capacity is left.

Apart from that, steel is one area that we want to ramp up because it is going to give us the maximum revenue increase and profitability. While we have started production, at lower efficiency levels the margins are lower, and as efficiency increases, we should see better margins in that category as well. So we are working toward two definite things this year: glassware ramp-up and steel plant ramp-up.

Karan Gupta – Ajit Mehta Investment: What is the steelware capacity utilization?

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Management: No, there is no—

Karan Gupta – Ajit Mehta Investment: Hello?

Management: Hello? Yes, steelware capacity utilization in Q1? There is no peak utilization in steelware at this point in time because the efficiencies are not fully in place. As the efficiencies ramp up, I think we should be at peak efficiency in the next couple of quarters.

Karan Gupta – Ajit Mehta Investment: Okay. Thank you.

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

Achal Lohade – Nuwama Group: Hi. This is Achal Lohade from Nuwama. I have a couple of questions. First, if we look at the results of kitchen appliance companies for the last 2 quarters, particularly the last quarter, they are showing very strong growth. While we are adjacent to that segment to an extent, we have not really seen as much growth. Is there a disconnect here? Is there any specific product, region, or competition aspect that is impacting growth in general?

Management: Kitchen appliances are not completely comparable to us because they are more of a planned purchase. There are cycles in that business, and it is quite cyclical. If you see, while it has improved, the entire industry has done well. You will have to see it from an industry perspective for us as well.

We are right in the middle. We are not luxury, and we are not planned consumer durables; we are somewhere in the middle. When there is inflationary pressure, we initially get squeezed, but later it starts doing better. I would look at this from the perspective that the overall industry is discretionary. It is not a planned purchase or a consumer durables industry.

On the durables side, there is a cycle playing out, and that is why you see increased demand there. We also do appliances, and we saw a fantastic quarter in appliances and cookware. While we are very small in that category, we saw a significant uptick. So I think it is more from the industry category perspective that things have happened on that side of the business.

Achal Lohade – Nuwama Group: In terms of electrical appliances, is there any update? Are we expecting anything in the next couple of quarters, or is it still some time away?

Management: Sorry, electrical appliances?

Achal Lohade – Nuwama Group: Yes, kitchen appliances, electrical appliances such as mixers and similar products.

Management: We are already operating in that segment, although we have very niche products there. That is what I was telling you about: we also saw decent growth in that particular category. Although it is a small category for us, it is growing at a decent pace. We are trying to remain on the profitable side of things there; we do not want to enter very mass-market products. That is why we have taken our own niche in that product line.

Achal Lohade – Nuwama Group: Is there any guidance on overall growth and margins for FY27?

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Management: It is too early. I would not like to provide guidance at this point. We will have to see how things improve in the next quarter. I am very hopeful that things will improve quickly, but I think I will be in a better position to give you guidance next quarter rather than this quarter, considering what has 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 – Nuwama Group: Just a clarification: you mentioned that inventories are normal in the channel, right? Or are they slightly higher than usual?

Management: No, I think inventories have actually dropped. Our primary sales have not happened to the same extent this quarter, but there was old stock at lower prices, and that has started clearing. So our channel partners are in a comfortable position at this point in time.

Achal Lohade – Nuwama Group: That is all from me. Thank you, sir.

Management: Thank you.

Operator: Thank you. The next question is from the line of Akhil Parekh from 361 Capital. Please go ahead.

Akhil Parekh – 361 Capital: Hi, thanks for the opportunity. My first question is on the consumer segment. If I look at the last 3 years, I am not talking about the last few quarters but from FY23 to Q1 FY27, sales have been largely flat for the last 3 years, including the declining sales in the first quarter. What has changed? I am sure there would have been some internal introspection by the management. Is there something that has changed in the last 3 years?

At the same time, what we have seen in the last year is that Quick Commerce sales have gone up across categories. Is it a channel issue, a brand issue, or a category issue that is hurting our growth rate? That is my first question.

Management: Consumerware has not been flat. It has grown over the last 3 years. Writing instruments and moulded furniture have been flat, and that is why you see a very flat number. Consumerware as a segment has been growing.

There have been different challenges at different times. For the last 2–3 quarters, it has been steelware. Before that, it was the glassware ramp-up issue and the dumping that we saw, and continue to see, from China.

Apart from that, this is a growing channel. The last 2 years for most consumerware categories have also been slow, as it has been an industry problem rather than a problem specific to us. We saw phenomenal growth from 2021 to 2023. 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. We have taken a big bet on glassware. As we ramp up steelware, it will contribute very well to the topline because a lot of imports have now been curbed. Earlier, anyone could import, so I think we are going to see a market share gain there over the next couple of years.

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These categories are also trend-based. As we go along, we have always said that we will enter newer and synergistic categories, which are all high-margin categories and will also fuel growth. Every 2-3 years, the consumerware category needs a refresh, and smaller niches need to be added. That is where you see good margins in this particular category.

If it were a run-of-the-mill commodity product, you would have seen very low margins and very high revenue. That is not the play in the consumerware segment. Consumerware is a very specialized segment, and I think we should look at it from that perspective. We should look at it from a brand-building perspective over the years rather than focusing on very short-term quarter-on-quarter or year-on-year growth.

While many companies have not grown and have not maintained margins at all, we are at least trying our best to maintain a healthy bottom line while maintaining our topline. That is how I and the entire management view this particular category. We will grow. There are good years and bad years in this category, and the last couple of years have not been that great. Hopefully, the next few years will be much better.

Akhil Parekh – 361 Capital: As you highlighted, online sales are 16% of our total revenue. Would you be able to share how Quick Commerce has scaled for us over the last year?

Management: Quick Commerce has also done extremely well over the last year or so. This channel is bound to increase quite significantly over the next few years, as I have always mentioned. We are also taking a good amount of share in that market.

These are good signs. We are reaching the consumer directly rather than having the dealer in the general trade channel act as the influencer. The product itself is reaching the consumer directly. We are trying to promote more and more of our products through this channel. As this channel improves, customer loyalty and customer brand equity will continue to increase.

Akhil Parekh – 361 Capital: Lastly, on glass and steel, at prevailing prices, what would be the peak sales from the glass facility and the steel facility? That is my last question. Thank you.

Management: Glass would generate about 250-275 crore of revenue from the plant, and we also have other allied products. At peak state, the steel plant currently with 8 lines should generate about 300 crore. Of course, it is a brownfield expansion after that, so we will continue adding lines as we go along.

Akhil Parekh – 361 Capital: We expect that to be completed by FY28, hopefully?

Operator: Mr. Parekh, may we request you to return to the question queue for a follow-up question. Thank you. The next question is from the line of Utkarsh Nopany from Anand Rathi. Please go ahead.

Utkarsh Nopany – Anand Rathi: Good morning, sir. My first question is: if we remove the stainless steel bottle contribution, what would be the revenue growth in the houseware category in the June quarter compared with the previous June quarter?

Management: If I exclude the steelware category, it would be modest growth in the consumerware category, still in the low {? single ?} digit range. Overall, if we had grown in that category, it would

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have been decent growth in the overall category. I think there would be modest growth of 4-5% without the steel category.

Utkarsh Nopany – Anand Rathi: What I was asking was, excluding steel, opalware, and glassware, what would be the revenue growth in the houseware category in this June quarter?

Management: We do not provide those numbers separately, so I cannot answer that on this call.

Utkarsh Nopany – Anand Rathi: Okay. Despite taking a good amount of price hikes, our consumerware gross margin contracted by 120 bps year-on-year in this June quarter. I wanted to understand the reason for that. Do you expect the gross margin to remain stable at around 55%, which we clocked in this June quarter, going forward? Or can it differ sharply because of the change in product mix in the coming quarters?

Management: You should actually look at it from quarter to quarter. Quarter-on-quarter, it has improved. Having said that, it has declined year-on-year due to the theme segments, which have not given us enough margin because they are now manufactured in-house and are not completely ramped up.

Similarly, the increase in glassware will also not give very good margins because currently that revenue is not fetching enough profitability. As the product mix changes, we see a difference of 1-2 percentage points, but it is always going to be within that 1-2 percentage point range. It is never going to be 4-5%. We are never going to see that.

Utkarsh Nopany – Anand Rathi: So you are saying that we should expect gross margins in a band of around {? 54-55% ?} in the coming quarters? Would that be a correct understanding?

Management: Yes, you should see that consistently. In fact, I would say it should be improving.

Utkarsh Nopany – Anand Rathi: Lastly, you mentioned that we have taken a 7-20% price hike across product categories. Can you specify the average price hike taken in houseware, opalware, and glassware, and when this price hike became effective?

Management: It became effective at different times. Houseware can again involve a 10-20% increase depending on the amount of polymer used and the different materials used. It is not a standard average that I can provide.

For opalware, it was about {? 12-14% ?} last year. It is different for different product lines, and I do not have an average for you here. Overall, if you want the company-level average for the consumerware business, it would be about 12-13%.

Utkarsh Nopany – Anand Rathi: Okay. And so—

Operator: Sorry to interrupt, Mr. Pani. May we request you to return to the question queue for a follow-up?

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

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Management: It has mostly been reflected in the June quarter. There were delays on some product lines that did not see an increase in April but saw an increase in May, for example. Some channels also saw an increase in May. So it could be partially reflected in both quarters. I would not say the full impact, but 90% of it is there, I would suggest.

Utkarsh Nopany – Anand Rathi: Thank you, sir.

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

Sumant Kumar – Motilal Oswal: My question is about Cello Pens. How is the business ramping up?

Management: Cello Pens is ramping up well. Although we have not seen the full revenue impact as of today, there is a reason for that. When we took over the brand, there were a lot of product lines that were making losses for the company. We have rationalized those products and started introducing newer product lines.

Overall, it is a good and profitable ramp-up. Although we might not see the full numbers that our previous erstwhile company was achieving, we will see decent revenue growth this year and good margins.

Operator: Mr. Kumar, do you have a follow-up question? As there is no response, we are moving on to the next question. The next question is from the line of Rajakumar Vaikunthanathan from RK Invest. Please go ahead.

Rajakumar Vaikunthanathan – RK Invest: Good morning. Can you hear me?

Management: Yes, I can.

Rajakumar Vaikunthanathan – RK Invest: Thanks for the opportunity. I have two questions. First, you mentioned that there is not much capex planned in the medium term. What is the plan for the cash on the balance sheet? Are you looking at any inorganic opportunities, or are you looking at doing any buybacks?

Management: We have always said that we would look at inorganic opportunities, and we continue to do so. Currently, there is nothing on the table, but we keep looking for opportunities. If we find something, we will deploy that cash for that reason. We want to grow, and we do not want to make ineffective use of this cash by buying back shares. We would rather deploy it in a new business, which we will do when we get the right opportunity.

Rajakumar Vaikunthanathan – RK Invest: The second question is, do you use PVC as a raw material?

Management: Sorry?

Rajakumar Vaikunthanathan – RK Invest: PVC.

Management: I missed your question.

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Rajakumar Vaikunthanathan – RK Invest: Do you use plastic resins as a raw material? I want to know the current inflationary impact of that.

Management: Yes, of course, we use polymers in our plastic product lines. That has had an impact of 12–20% across different products. There are PE, PP, and PVC, so there are different polymers, and they have had different inflationary impacts.

Rajakumar Vaikunthanathan – RK Invest: Is it coming down, or do you not see it abating?

Management: It had come down temporarily. However, there has been another rise because of the continuing conflict, and as crude prices go up, it impacts us directly. So it all depends on crude prices.

Rajakumar Vaikunthanathan – RK Invest: Thank you very much.

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

Nilesh Doshi – Prospero Tree AMC: Thanks for the opportunity. Good morning, sir. Am I audible?

Management: Yes, you are.

Nilesh Doshi – Prospero Tree AMC: Thank you, sir. My first question is regarding the writing instruments segment. What particularly contributed to the 52% revenue growth in the writing instruments segment? I think the GP margin for this segment has come down by 3–4%, but GP has increased by 39%. So at the company level, this segment might have increased its contribution at the EBITDA or profitability level. Is that the correct understanding? Also, did we succeed in increasing the prices of pen products because there was a sharp increase in the price of crude oil-based raw materials? That is all.

Management: As I mentioned, the Cello brand contributed this year. That is why you see growth that was not present in the last quarter of last year or the first quarter of last year. That is the increase you are seeing.

The contraction in GP is transitional. 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. As we ramp up revenue, we should see GP increasing in this particular product line.

Consumerware GP has gone up, so it has compensated for that particular decline. Regarding raw material prices, as crude oil prices have gone up, raw material prices have gone up, and our prices have also gone up. That is why you see that GPs have not contracted; instead, they have become slightly better quarter-on-quarter.

Nilesh Doshi – Prospero Tree AMC: Thank you.

Operator: Thank you. The next question is from the line of Satish Panchal from Onyx Asset Management. Please go ahead.

Satish Panchal – Onyx Asset Management: Hi. Am I audible?

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Management: Yes.

Satish Panchal – Onyx Asset Management: My first question was regarding the merger with Wim Plast. Has the process been completed? The shares do not seem to have been credited to investors yet.

Management: We have not completed the allotment of shares because of some technical glitches that we are facing. Perhaps we should complete that process in the next few weeks.

Satish Panchal – Onyx Asset Management: My next question was regarding inventory gains. Since there was a significant spike in oil prices last quarter, I am sure the company had a lot of low-cost inventory. Can you quantify the inventory gain, especially on polymers and PVC? Was there any effect on any other products in our consumerware business?

Management: We had some inventory gains when polymer prices increased. However, prices in channels such as modern retail and e-commerce did not increase. Prices had not increased in those channels until almost mid-May. A lot of that gain was already passed on rather than being retained by us. We could not retain it.

The gains that occurred were nullified by maintaining lower prices in some channels. That is how things unfolded in this quarter.

Satish Panchal – Onyx Asset Management: In the future, since we are seeing significant volatility in crude oil prices, will any price increases also be passed on to the customer?

Management: Yes, they will. However, the situation is currently very volatile because we are seeing prices fall and rise practically every day. Gas prices, for example, on the glass side, have also been very volatile. Today, prices are up by about 60–70%, or almost 80%, from where they were in March. So there is significant volatility at this point in time.

Satish Panchal – Onyx Asset Management: All the very best. Thank you very much.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Karan Gupta from Ashit C. Mehta Investments. Please go ahead.

Karan Gupta – Ashit C. Mehta Investments: My question is on marketing spend. What percentage of revenue did you spend in Q1 FY27? Going forward, for the consumerware segment, the Cello brand name is mostly associated with the plastics segment and not with kitchenware or kitchen appliances, as we see in malls or stores. How are you positioning the brand in terms of marketing for kitchenware and overall consumerware?

Management: We have always mentioned 2.5–3% as the advertising and marketing cost, and that continues to be the case in this quarter. Our spending is about 3% of overall revenues.

Karan Gupta – Ashit C. Mehta Investments: Do you think you should be a little more aggressive on the brand-building side in kitchenware, given that there are multiple brands?

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Management: In our category, most brands focus more on in-shop and ground-level marketing than on above-the-line marketing. That is a little cheaper than above-the-line marketing. It works better for us because we have seen that above-the-line marketing is more of a wasted marketing effort than something with a direct impact.

Recently, we have also increased our focus on digital marketing. It is a good and much cheaper medium to operate in, and it is very effective. We should focus on the effectiveness of marketing and advertising rather than pure spending. That is how we are looking at it.

Karan Gupta – Ashit C. Mehta Investments: In terms of distribution channels, do you see growth in modern trade or online channels rather than general trade, which forms the major portion at 70-75% or so?

Management: E-commerce has been picking up much more than general trade. I would not say modern trade, but on the e-commerce side, things are growing more aggressively than in general trade. General trade is growing modestly, while e-commerce is growing more aggressively. I think that is the case for everyone.

There is a slight shift in buying patterns. We are present in every channel, and whichever channel grows is good for the company.

Karan Gupta – Ashit C. Mehta Investments: What was the percentage of online sales through the distribution channel in Q1 FY27?

Management: Online sales, as I mentioned, are about 16% of our total revenues, and 70% remains general trade.

Karan Gupta – Ashit C. Mehta Investments: Okay. That is a significant pick-up from—

Operator: Thank you. The next question is from the line of Anup Parikh from Anand Rathi. Please go ahead.

Anup Parikh – Anand Rathi: You mentioned that we have seen a volume decline in the hardware category due to the impact of price hikes and weak consumer demand. Do you expect a similar trend to continue in the coming quarters?

Management: The coming quarters should improve because channel inventory is lower than it used to be. Due to the price increases, our channel partners bought less material because they were liquidating their older material at lower prices. Since that has happened to a significant extent, I think we should now see better momentum.

Operator: Thank you. Ms. Parikh, your line has been unmuted. Please proceed with your question.

Anup Parikh – Anand Rathi: That is all from me.

Operator: 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.

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Management: Thank you very much for the call. We look forward to some fantastic quarters ahead. Thank you very much.

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

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