



Cello World Limited

(formerly known as 'Cello World Private Limited')

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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 November 12, 2025 at 09:30 a.m. (Indian Standard Time) on the unaudited financial results for the second quarter ended September 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
Q2 FY '26 Results Conference Call”
November 12, 2025**

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 12, 2025, will prevail.”



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

**MODERATOR: MR. RAHUL DANI – MONARCH NETWORK CAPITAL
LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to Cello World Limited Q2 FY '26 Earnings Call hosted by Monarch Network Capital Limited. 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 begin, please note that 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 date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Rahul Dani. Thank you, and over to you, sir.

Rahul Dani:

Yes. Thank you, Saisha. Good morning, everyone. On behalf of Monarch Network Capital, we are pleased to welcome the management of Cello for the Q2 FY '26 earnings call. We have with us today Mr. Gaurav Rathod, Joint Managing Director; and Mr. Atul Parolia, CFO; and we also have SGA, IR Advisors.

And now I hand the call to Mr. Gaurav for his initial comments, and then we'll move to Q&A. Thank you, and over to you, sir.

Gaurav Rathod:

Thank you, Rahul. 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 results and presentations are available on the stock exchange and on our website. I hope you had a chance to look at the same.

During Q2 financial year '26, we recorded a healthy 20% top line growth to reach revenues of INR587 crores. With this, we crossed the INR1,000 crores revenue mark on a half yearly basis for the first time and achieved revenues of INR1,165 crores [Wrongly said, please read it as 1,116 crores].

We saw a healthy uptake across key categories ahead of festive season. The GST rate has been reduced from 12% to 5% for approximately 10% of our product portfolio, primarily within the hydration category. GST rates for all of the other products remain unchanged.

Before we delve into our category-wise performance, we are very excited to update you about our agreement with respect to Cello brand for writing instruments and stationery. We are very excited to bring this back into our company soon.

Many years back, we had divested this brand to a global company. Recently, they exited this business in India and the promoter group of Cello World Limited found an opportunity to get the brand back into our hold.

CPIW, a member of the Promoter Group of Cello World Limited, the umbrella entity holding the Cello brand in other classes as well will acquire the trademark for stationery and writing instruments. That is Cello brand from the big group.

One of the subsidiaries of Cello World Limited has entered into an agreement to lease the trademark for Cello brand for stationery and writing instruments from CPIW. Upon execution of this agreement with CPIW, Cello World Limited will operate stationery and writing instruments portfolio among two brands, namely Cello and Unomax.

The Cello brand continues to enjoy a strong consumer recall and trust in the writing instruments segment, and our focus will be on enhancing operational efficiency, optimizing costs, and leveraging our established manufacturing and distribution infrastructure to unlock the full potential of the business.

Now coming to category-based performance. During our quarter, our Consumerware segment maintained a healthy year-on-year growth of 23%, supported by good festive demand. The festive season particularly benefited the Consumerware segment the most, driving strong sales across our key product lines.

Year-to-date, our glassware plant had a utilization close to 55%, whereas we saw about 60% utilization levels in Q2 of this financial year. I'm pleased to share that our glassware plant has achieved breakeven during this current quarter.

Despite active dumping pressure from Chinese suppliers, we have successfully scaled up production and gained market share. Our focus now is on continuing expanding our market share in the coming quarters. Currently, we have around 110 SKUs in this vertical, and we plan to expand the portfolio to about 150 SKUs going forward.

We are also undertaking solar-based cost optimization initiatives at the plant, which will further enhance operational efficiency and reduce energy costs. Strategically, our focus remains on import substitution in categories such as tumblers and storage. We have witnessed strong consumer acceptance in these segments with our products now being priced at par with imported alternatives, underscoring the quality and competitiveness of our offerings.

Our steel category experienced a decline during the current quarter due to supply constraints. We had to source steel wares from other OEM manufacturers at a slightly higher cost, which affected profit margins during this quarter.

Our steel plant will commence production from December of 2025. Once operational, it will significantly strengthen our supply chain. We expect this expansion to enhance our cost competitiveness, support margin improvement and contribute to the overall growth of our steel business in the coming years.

With a top line of INR81 crores, the writing instrument segment recorded a year-on-year growth of 16%. This growth is supported by encouraging signs of revival driven by new product launches in mechanical pencils, arts stationery and internationally licensed kids' products.

With the addition of the Cello brand under this portfolio, we are highly optimistic about the growth prospects of this business. Upon completion of the transaction, the company will issue a separate communication, outlining the subsequent course of action, strategic initiatives and other relevant details.



The furniture business also had a decent quarter with an 8% year-on-year growth in revenue, which reached INR84 crores. The growth is primarily driven by product addition into this category. These efficiencies across segments were also reflected in the working capital position. The inventory is on a reducing trend with channel stock easing out. E-com and quick com both saw a major shift in terms of channel mix, which is also helping us in this respect.

Overall, we remain on track to achieve double-digit revenue growth for the year, with EBITDA margins around 22% to 23%, underpinned by strong execution, disciplined cost control and the benefits of our capacity expansion. With the ramp-up of our glassware plant and the steel plant, we look ahead to a stronger financial year '27.

I will now hand over to our CFO, Mr. Atul Parolia, for the financial highlights. Thank you very much.

Atul Parolia:

Thank you, Gaurav, and good morning to everyone. I will be sharing the financial detail for the quarter gone by. In Q2 FY '26, we achieved a revenue of INR587.4 crores, that is 20% year-on-year growth. EBITDA stood at INR141.3 crores with a healthy EBITDA margin of 24%. Our PAT stood at INR85.7 crores with a margin of 14.6%.

Speaking of the revenue mix, over 71.9% of revenue came from the consumer ware, 13.8% from the writing instrument and the remaining 14.3% from moulded furniture & allied products. Sales contribution of both the general trade and exports are on the downturn at 73.3% and 6.7%, respectively.

Contribution of online sales was about 11.6% and modern trade at 8.4%. In terms of segment-wise margin, writing instrument led by a 55% gross profit margin followed by consumer ware at 50.2% and moulded furniture at 40.9%.

Now coming to H1 financial year '26 performance, revenue was in INR1,116.5 crores with a year-on-year growth of 13%. EBITDA stood at INR267.6 crores with a margin of 24%. PAT was at INR158.7 crores with a margin of 14.2%. Our cash flow from operations stood at INR261.7 crores **Wrongly said, please read it as 130.8 crores**. On the balance sheet side, we continue to maintain a healthy net cash position.

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

Moderator:

The first question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi:

Congrats to the entire team for acquisition of Cello Pens brand. So just certain clarifications here. Authum Group has also purchased the business from BIC Cello as per the BIC announcements.

So, if you can elaborate a bit more on the transaction of the deal, how it will be done, whether the brand only will be purchased by Cello and the rest of the business by Authum? Or how is it working out? If you can throw more clarity on this?



Secondly, what will be the revenue addition, like the softer assets, for example, distributors, retailers, all other designs in a way, all other corporates, etcetera. Everything is purchased by Cello or anything is gone to Authum? If you can clarify a bit more on that.

And eventually, how do we build the acquisition in terms of numbers? Like where do you see the acquisition panning out in, let's say, FY '27? How many months will be required for the transaction completion. So how do we see the revenues building up for Pens business in FY '27?

And then last question, what will be strategy on Unomax brand because anyway, we have an established brand in pens?

Gaurav Rathod:

Thank you, Aniruddha. So basically, for us, we are basically entering into an agreement with BIC for the pen brand itself. So it is basically the trademark, copyrights and the brand itself will be acquired by CPIW, which will be then leased to Cello World in a separate subsidiary.

On all the other numbers, I think it is a little premature for me to give you out revenue numbers and things because once we close everything, we will issue a note on what will be the revenue potential? What is the kind of capex that will be required? And overall, that's how we will be issuing a separate note on this a little later.

I think on the third piece, we will be running both the brands simultaneously, Unomax and Cello. And even today, they continue to exist, though, we were not managing the brand, Cello, they continue to exist in the market. And I think both have established themselves. Of course, Cello has a much higher brand equity.

We'll, of course, do justice to both by having separate teams working on this, although there will be shared infrastructure and other efficiencies that are to be gained from this transaction. So of course, we will be issuing a separate note out clarifying everything. For now, it is a little premature for me to comment on that. Thank you.

Aniruddha Joshi:

Okay. Surely. Any -- just one question, still hoping on that. But any royalty to be paid to BIC Cello for the brand or to even Authum Group, anything of that or nothing as such, one -- that question. And lastly, with the glass plant now stabilizing, should we see that probably the initial costs are over and we should build in a steady margin expansion, starting with FY '27? That's it from my side.

Gaurav Rathod:

So basically, in terms of the brand, CPIW, which is the entity that holds the Cello brand as well. We'll be acquiring it. So it's -- there is no royalty post that and it will be leasing it out to Cello World at no additional cost as with other -- and no royalties as well. So there will be no royalty in this case to Cello World at all.

Secondly, in terms of the glass utilization levels, as I mentioned that it has come to about 60%. We will be most likely maintaining it as we grow our sales over the next 2 quarters, this utilization levels will grow slightly, but not by much because I think currently now we have reached a good utilization levels.



And now as our revenue will increase, then the utilization will keep increasing. But for now, the good part is that they are no longer losing money. It is now broken even. So now it will start generating some amount of profit, though not very significant for at least the next couple of quarters, but it has started generating a very nominal profit for now.

Moderator: The next question is from the line of Rahul Dani from Monarch Network Capital Limited. Please go ahead.

Rahul Dani: Congratulations on a good set of numbers. Just a couple of questions from my end. Just wanted to get some sense as to what kind of utilization have we reached for the Opalware division right now. And incrementally, would we be kind of looking to increase capacity here?

Gaurav Rathod: Right. So, in the Opalware, we're about close to about 85% utilization levels. And I think post this, we will now be a little circumspect trying to basically -- because currently putting up a new plant is basically adding a significant amount of capacity. So Opalware, because it's a furnace, we need to add a significant capacity to make it viable.

So I think for now, we will try to first utilize 100%. That will be our first priority. And post that, if the market is also aligned and we think that this category can grow at that pace. And of course, we are open to expanding this capacity going forward.

Rahul Dani: So, what kind of growth would we have seen in the Opalware division for the quarter, if you could just quantify the percentage?

Gaurav Rathod: So, we do not give out separate contributions for each category. Maybe if there's a question on that, I can answer it offline later.

Rahul Dani: Would that be double-digit kind of growth with the Opalware division?

Gaurav Rathod: Yes, yes.

Rahul Dani: Okay. Sure. And just wanted to get some sense on the moulded furniture business. Just wanted to get some outlook here because margins have contracted quite a bit. So, just how are we looking at this division in the future?

Gaurav Rathod: So moulded division, as we have already maintained that it's going to be up and down kind of a path because we don't see too much growth potential in this business in terms of revenue. So the only thing is to keep premiumizing, adding outdoor furniture, which is a little premium and slowly increase that to increase our EBIT margins.

We do not see very high revenue potential here. But having said that, we are always looking out here to add newer categories apart from moulded furniture and which we are still thinking on and eventually, there'll be something else that will also come up here. I think in future, there will be some expansion here into different foray, into different categories.

Moderator: The next question is from the line of Praveen Sahay from P L Capital. Please go ahead.

Praveen Sahay: Many congratulations for a good set of numbers.



- Gaurav Rathod:** Thank you.
- Praveen Sahay:** The first question, sir, related to the -- your commentary, you had mentioned that the new capacity coming on stream across plasticware and the steel bottle. So if you can give some color on that, how much is the potential increase in the capacity and the impact on the revenue because of that?
- Gaurav Rathod:** Right. So in this quarter also, I think our major pain point was steel category because we saw a little contraction there because -- mainly due to the demand was there, but the contraction was due to shortage -- supply shortages because as you all know that there is no more imports that are possible.
- And we have to rely on some of the OEM manufacturers that have already started capacities in India. But even after that, they are not able to fulfill all the demands or all the SKUs. So I think with the expansion that we have done already in this category, we are starting that facility in next month, and that should basically stabilize in the next 4 to 5 months.
- And I think then that will fulfill that well. So this is more substitution of the imports rather than expansion of capacity that will happen. In terms of plastic houseware, we are starting a very small amount currently.
- We are just adding some amount of capacity with the steel ware, not very significant, but for the potential is to add more in that particular area, whereas glass plant also is at -- in Rajasthan. So as revenues grow there, we will keep adding the capacity further.
- Praveen Sahay:** Okay. And secondly, that you also highlighted related to the steel prices which has actually impacted your margin. So with the opening of -- or with the opening of this such kind of capacities, you are hopeful the margin to come back?
- Gaurav Rathod:** Yes. See, basically, currently, we are trading, right? And so trading margins, whatever the OEM suppliers also have, with manufacturing, we'll be able to bring it down a little bit. So, I think that's where the margin growth will happen because currently, we've lost a little margin there because previously, when the imports were on, everyone -- the pricing was much better.
- In India, the pricing is a little higher for every manufacturer. So I think whatever the trading margins are that we'll be able to gain through manufacturing. I think that's why the margin profile should improve.
- Praveen Sahay:** Okay. And also on the guidance, 12% to 15% of our growth with the 23% to 23.5% of a margin for this year. Where it is now?
- Gaurav Rathod:** So currently, in H1, we are at 13.5% for the first 6 months of growth, and we are at about -- 12.7%, my bad. And in terms of EBITDA margins, we are at about 24%, which is with the other income as well. If I remove that, we are about 22%.
- So I think we want to be in the 22%, 23% range is without the other income portion of it, I think operational income is what I'm talking about. So I think we are on track to achieve this 12% to



15% and for the year. If this kind of momentum continues, which we have seen in the last quarter, we should reach there pretty easily. Yes.

Praveen Sahay: Got it, sir. So, also on the brand acquisition, that's a BIC Cello Group brand. And so with these brand acquisition, do you see the, whatever the revenue in the BIC Cello must be do you can able to garner such numbers?

Gaurav Rathod: See, I think BIC already has a certain amount of revenue that is there. And I think we understand this category very well and with the Cello brand, if Unomax is garnering these kind of margins, with Cello having a stronger brand equity, I think we can turn this around in the next -- of course, it will take some time, but in the next 1- 1.5 years, we should be looking at similar numbers like Unomax.

Praveen Sahay: Okay. Do you have a capacity for the, you know, this kind of revenue?

Gaurav Rathod: Yes. So already, we had about 30%- 35% capacities that were empty in our Unomax facility. And these -- this is not very difficult to expand. It's more expansion of machines. If you have a little bit of space also in your facility, by just expanding some machines and production lines, you are able to -- because these are all 7x- 8x asset turn kind of product lines. So you are able to increase capacity pretty swiftly.

So I think we will -- the idea would be to use our current infrastructure and as we grow, we will add infrastructure. So with that, we will come up with a separate note on what will be needed, at least for the next year or so to achieve the growth or at least have the number that currently they are doing.

Praveen Sahay: Right. And the major focus would be on the domestic market?

Gaurav Rathod: Yes. So, Cello, of course, has a much higher base when it comes to the domestic demand, more than Unomax also currently and traditionally, also, it has been a leader in this category. So I think by doing some tweaks, getting some good products and in the market, I think we will be able to gain a little bit of market share in this particular category.

Praveen Sahay: Right, sir, right. And coming to your export business because this quarter, we had seen a good 12% of a growth you had given for a quarter in the export. So is that export, especially in the writing and -- segment has revived come back or such kind of momentum to continue?

Gaurav Rathod: I think export has actually come back to its previous levels where it was. It had declined a little bit. But having said that, I think we will continue at this level. It should -- it will not dip, I feel, for the year, it doesn't seem like unless the US kind of -- because we have not been hit by the tariffs as yet. The orders have not slowed down. But we have a decent amount that we sell to the US as well. So if nothing gets hurt there, I think we should continue to do these numbers.

Moderator: The next question is from the line of Jay Doshi from Kotak. Please go ahead.



Jay Doshi:

Congratulations on acquiring back the Cello brand. My first question is on demand. You know, if we sort of -- you've seen a good uptick in demand this quarter and partly probably attributable to early festive or strong festive.

So how do you see the demand environment continuing post festive? And is there an improvement in the underlying sort of demand across your categories across markets? Or what we've seen in September quarter? Was it a function of early festive? Or is there improvement per se?

Gaurav Rathod:

Jay, so basically, yes, there was an uptick for sure. You know, though this actually could have been slightly better if the GST announcement had not come in because we have not really benefited a whole lot from the GST side of things. But of course, from the sentiment we have, of course, benefited, I feel.

But other than that, it seemed like this thing is back, as we have seen in the last -- because this has been by far the best quarter in terms of demand. It seems -- still we don't -- the festive demand, I feel, we got a bit of October also. Early festive had a certain role to play. But even the most part of October was pretty good. The traction seems good.

But we have to wait and watch how things will pan out in terms of the overall demand. Across categories, across geographies, we've seen a growth. That's definitely there, in the consumer ware side for sure. But what we need to see is the demand stay where it is.

Of course, it has also helped that a lot of channel stock has been clear. So we are hopeful that this demand will continue to see growth or at least this demand will be steady for the next few quarters.

Jay Doshi:

Sure. That's helpful. Second is on a sequential basis, the gross margins have come off sharply even in consumer ware segment. And I think with scale-up of glassware business, we thought that gross margins would be stable if not better. So what's driving that? And how should we think about the trends there?

Gaurav Rathod:

So, I think because we -- in the glassware side of things, the costs are still high, right? Because utilization levels are still low. And utilizations are low also because of sales catching up. So as revenue -- because we are not making money in the glassware business.

So if glassware would have contributed to the overall margin, then you would have seen a 1.5% extra margin growth. So though it has contributed to revenue, it has not contributed to the overall margin profile. Second of all, I think the product mix also in our kind of categories just play a role. So sometimes 1% or 2% here and there could be there in terms of what kind of products have been sold.

And also, as we have -- in the last quarter also, I have mentioned that we have still not been able to raise prices as the costs have gone up. Because every year, of course, the costs are going to go up, and we were able to pass it on.



This year, though, hopefully, from now onwards, if the demand stays good, we will be able to see an improvement there in terms of lesser discounts that we would have to pass on. So I think this is a function of two to three things. It is not that it is going to be like this. It should improve only from here.

Also, this steel ware, as I said, also had something to do with it because the margins there have also contracted because of supply shortages, because of OEM manufacturers that are selling to us at a slightly higher cost today.

So with manufacturing coming in there, those efficiencies should also kick in and lead to slightly higher gross margins there. So I think all these factors, once they are back on track, we should see a good number there again coming back.

Jay Doshi: Sure. And the final one, I know you cannot disclose everything or all details on Cello writing instruments yet. But first is, when do you expect to close this transaction following which you indicated that you'll come out with a detailed press release? So, is it expected very soon in a week or 2? Or could it take more time?

Gaurav Rathod: So they're very close. I think this should close within this month itself. And we should ideally start seeing revenues in Cello World by January, so by the last quarter, we should see revenues in Cello World. So that is what we are currently looking at. Of course, there are some details to be closed, post that we'll have a better idea of things.

Jay Doshi: Sure. And you did mention that in 1.5 years' time, Cello World should be at a similar level as Unomax. Were you referring to profitability? Or were you referring to top line?

Gaurav Rathod: Profitability.

Jay Doshi: Top line, I feel, that Cello World should be ahead of it, right? Cello World is already clocking better top line than Unomax as of today?

Gaurav Rathod: No, it is actually not clocking currently because that also includes their exports which will be kind of dual exports. So they do exports in a BIC name as well. So that is why it also includes export. They have significantly gone down, but of course, still doing better than Unomax.

But I think what we are going to be more concerned about is to bring back revenues with profitable growth. So that is why, you know, of course, we are still thinking about how we are going to be going about it.

And that is why once we are fully aligned and fully know the numbers, we'll be in a better -- I'll be in a better position to tell you what exactly we are looking at for the next year and post that also, what we are thinking of -- what numbers are achievable with the same kind of margin prospect as Unomax.

Jay Doshi: One final question. You started Cello writing instruments business in 1995 and then exited in 2015. So it's practically a 30-year-old brand. And if I remember correctly, in 2015, that scale was INR600 crores plus top line and 25% margin. Is that correct understanding?



Gaurav Rathod:

Correct. Absolutely. Yes.

Jay Doshi:

Is there any structural change in the market or brand equity in the last 5, 10 years after you sort of -- that we should be aware about? Or you think that the brand equity is still as strong and structurally from a distribution standpoint, it's still a very solid brand or trademark that you acquired?

Gaurav Rathod:

So I think the equity is very strong. I think there were managerial inefficiencies that were the leading cause of the contraction in revenue. Even if you go 2, 3 years back, the revenue was still pretty good. Their last 2, 3 years has been very bad, right? I think. So 2, 3 years of, you know, does not underscore the entire brand equity. And I think the brand equity still remains very strong.

We have spoken to a lot of the channel partners of Cello as well. And we feel that operationally, how things were done and whatever the product mix and the product innovation was not there, which was -- which has really caused the contraction. So I think just doing some things right will lead to good numbers here.

And I think we understand this category extremely, extremely well. So turning it around should not be very difficult. Of course, but we'll, of course, we will look at the details of how we are going to get around it. But we are pretty confident.

Moderator:

The next question is from the line of Mr. Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade:

Two questions. One, I couldn't follow the explanation what you gave with respect to the gross margins. You know, the gross margin on a Q-o-Q basis, I'm talking from first quarter to second quarter, like consumer ware is down from 56% to 50%, and writing is down 58.8% to 55%.

So, I was just curious to figure out what has driven this? And how do we see it going forward? You did indicate your guidance on the EBITDA margin, but I'm just trying to figure out first on the gross margin level, please.

Gaurav Rathod:

So gross margin, when I spoke about the contraction, there are two to three factors, as I said. One is that the glass plant -- the glass sales are higher, which is from the new plant, which currently has higher costs. So that basically is captured here.

Second is also the steel ware, which are -- which is basically -- which there is a contraction of gross margin there for the moment, which will come back. And the third is discounts. So the discounting has still been there basically and the costs have gone up, right? The costs have gone up from June itself, but now -- and the product has also changed.

So a lot of our products actually -- so 2% to 3%, I would attribute basically to glassware and steel ware. The rest 1% to 2% will always be varying because of what sells, because we have such a wide portfolio of products, sometimes the more -- sometimes the premium sells a little more.



Sometimes the more cost -- products that are more priced more sensitively sells more. So 1, 2 percentage variation will always be there. But this 6%, as I said, is a temporary effect, which we'll, of course, see coming back in the next few quarters.

Achal Lohade: Fair point. So, is it fair to say that on an annual basis, if I look at across these three segments, they should be maintained or we should see some contraction at each of these segment level gross margin on an annualized basis?

Gaurav Rathod: For this year, we still maintain that it will, you know, the overall margin profile will be at about 22% to 23% EBITDA, mainly because that we still need a couple of quarters for the glass to scale up because we cannot increase utilization levels until our revenue catches up because if we start increasing that, we'll only increase stock levels, and this is a continuous plant. And you cannot afford, in a continuous plant, to keep stocking up.

So I think that is one thing that will -- that is going to play a part. Having said that, the trend is, of course, upwards, right? In the steel ware plant, it will take about 5 to 6 months, as I said, to stabilize and give those efficiencies. So I think post that, you will be able to see things improve a lot more. In the next -- in the first quarter itself, I think, of financial year '27, you should see a lot of improvement.

Achal Lohade: Just to clarify this 22%, 23% EBITDA margin, is it including or excluding other income?

Gaurav Rathod: It's excluding other income.

Achal Lohade: Okay. Understood. And if you were to club September plus October, what that growth would be at the company level? Would that still be 20%? Or would that be more of 10%, 12%. I'm just trying to get to a sense about the early festival impact and the GST impact that will put together, everything?

Gaurav Rathod: So early festival, of course, has played a little bit of a part. Having said that, yes, of course, it cannot be in the same lines as what it was last year. It has come down from there a little bit. But having said that, the secondary sales has improved a lot on the ground. So channel stock is very low. So that itself should hopefully lead to a good November, December.

Achal Lohade: Understood. Any quantification you could do? How much was earlier and how much is now, secondary channel stocking?

Gaurav Rathod: I don't have a specific number for it, but the overall sense is that it has improved a lot more because overall, the cash flow has also improved. The payment profiles, our outstandings have also been cleared very quickly. So I think these are all indicators of a much better thing.

And plus, we have been talking to a lot of our channel partners. And we see that the stock levels have been quite low on their side as well. And their secondaries have been much higher than their primaries.



- Achal Lohade:** Understood. Understood. Yes, I think those were my questions. Just a clarification on the Cello brand acquisition. Is it right that you have not acquired the plant and machinery, you've just bought back the brand. Have I understood right?
- Gaurav Rathod:** Absolutely. You're right.
- Achal Lohade:** And CPIW has actually bought the brand, and it is leased to us just the way for other categories?
- Gaurav Rathod:** We're in the process still. We haven't closed, but in the process very, very close to closing.
- Achal Lohade:** The mechanism is the same, right? The timing, I understand maybe a month away or something. But if I understood right that it is with CPIW and they will lease it to Cello World?
- Gaurav Rathod:** Correct. That is exactly how the other brands are leased, the same way, yes.
- Moderator:** The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.
- Sumant Kumar:** Can you talk on Opalware? How the Opalware is performing? How is the competitive intensity in the segment?
- Gaurav Rathod:** So, I think Opalware for us has performed decently well. Of course, we are no longer in Opalware looking at 30% plus growth. But having said that, it's a good growth for the quarter. And I think we haven't still -- there has been new entrants in this particular category. Currently, of course, it's been very premature. They have not really made any dent in the market as of now. But going forward, competitive intensity in this segment will increase a little bit.
- But having said that, we are already at about 85% utilization levels. So we are not very concerned. We are, of course, more concerned on when we can expand, which, of course, we know very soon in the next 5, 6 months, if there is any scope of expansion in this category.
- But we sit pretty good at the numbers that we are at today. And maybe by end of this year, we'll know that if we are able to add any more capacity or we'll continue for the time being with the capacity that we have.
- Sumant Kumar:** And can we expect the Q3 and Q4, we have a higher auspicious marriage day. So we can expect a better demand in across segment and Opalware will be higher growth trajectory in Q3?
- Gaurav Rathod:** I think the marriage season plays a part in Opalware, and it seems like a good marriage season. So hopefully, things will be good in the next couple of quarters.
- Moderator:** The next question is from the line of Praveen Sahay from PL Capital. Please go ahead.
- Praveen Sahay:** Thank you for the follow-up question. This Cello brand is largely for the pen?
- Gaurav Rathod:** Yes, it's pen and stationery. So it includes a lot of other things like pencil, crayon. It can be for use for anything, basically, anything in the stationery segment.



- Praveen Sahay:** So no, just a clarification. It's like of 80% is of pen and the rest 20% is the stationery. Is it like that or different?
- Gaurav Rathod:** The brand revenues, we don't know that, how the split is. We will know that soon. But what I'm saying is this brand is for everything. It doesn't exclude any product.
- Praveen Sahay:** Right, sir. Second clarification on the glass plant, so which, impacting your margin. So at what level of utilization of the glass plant, do you see the impact of the higher cost will nullify?
- Gaurav Rathod:** So, I think at about 70%, 75%, we will start looking at good margins coming in. Before that, we might not have very good margins, though we are not going to lose any more money, we are going to make a little money. But having said that, 75% is what we are looking at. And that will -- that utilization will grow -- hopefully grow quickly.
- We are putting all our efforts to grow that quickly. But having said that, it does take a little time because we are building this demand from the scratch up. And this is a 10-year horizon because these plants don't require much capex after this now. And once we build that demand, we'll keep increasing our profitability margins also by, of course, also the product mix.
- Praveen Sahay:** Right, sir. Second, on the receivable days, which has increased and it's the nature of business. I understand that first half usually higher. So also, you had mentioned that you are getting a good payment profile improvement and all. So is that easing out very fast in the month of October?
- Gaurav Rathod:** So, October, we had a very good collection. So basically, that is why I was saying that September will, of course, show higher because the sale was higher. But in October, our collections were good. And based on that, we are seeing that the improvement in stock positions at our channel partner end as well.
- Because otherwise, you know, payments will always come in slightly slower after the festive season because even the other partners like the dealers pay a little later. But if the dealer profile improves, then our distributor channel payments also improve and which we have seen in October.
- Praveen Sahay:** Okay. Good to hear that. And last question, sir, related to the capex. Can you give '26 and '27 capex for the year?
- Gaurav Rathod:** Yes. So, I think this year would be a capex of about 150 crores around. That includes, of course, the steel plant expansion, which is close to about INR75-odd crores with land and building. And the rest is, of course, maintenance capex.
- Praveen Sahay:** Okay. And '27, sir?
- Gaurav Rathod:** Going forward, this will be -- I think next year, it should be around INR75-odd maintenance.
- Moderator:** The next question is from the line of Deepesh J. Sancheti from Maanya Finance. Please go ahead.
- Deepesh J. Sancheti:** Gaurav, congratulations on a great set of numbers and for the acquisition of Cello brand. Now my question was regarding BIC Cello. It has done -- on an average last 3 years, it has done a



sales of around INR400 crores. Do you think with this acquisition we'll be able to achieve that kind of sales in the next -- maybe by FY '27? And do we have the bandwidth in terms of our capacity utilization on our existing Unomax plant?

Gaurav Rathod:

So, basically, this -- a lot of their sales also covers exports that they were doing to their own clients. So, I think we'll have to look at that number very differently. We'll, of course, come up with all the details about it once the acquisition is done. Because the thing is that we want to grow this category. And hopefully, we are able to grow it very quickly, but we will grow it profitability.

We will not like to compromise on certain things and the quality, of course, because from what we hear, there was some things that were not the best, which we would like to improve and grow it sustainably for the future. So I'll come up with more details soon on that once the acquisition is done, and we'll also have a better insight.

Deepesh J. Sancheti:

So, what you mentioned about -- in the previous question about your capex, will that capex also increase in terms of the writing instruments also?

Gaurav Rathod:

So I think currently, we do have the capacities. Of course, some capex will be needed for the writing instruments, but will be very limited and within our own facilities. So, we'll be adding machines, we'll be adding, say, molds. we'll be adding, you know, some tip machines, some molding machines. So that could be the only thing that will be added. And with that, we'll come up with a capex that will be needed for at least a year in the writing instrument type.

Moderator:

As there are no further questions, I would now like to hand the conference over to management for closing comments.

Gaurav Rathod:

Right. Thank you very much for all your participation. If there are any further questions, you can please reach out to our IR advisors, SGA. And we're very excited to bring the Cello brand back. And I think it's a great journey, and I think we'll do our best to achieve the numbers that our shareholders wish. And hopefully, we'll be able to do a good job. Thank you so much.

Moderator:

Thank you very much. On behalf of Cello World Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.