Cello World Limited

(formerly known as 'Cello World Private Limited')

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May 29, 2025

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

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 May 26, 2025 at 09:00 a.m. (Indian Standard Time) on the audited financial results for the fourth quarter and year ended March 31, 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 Pragnesh Trivedi

Digitally signed by Hemangi Pragnesh Trivedi
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"Cello World Limited
Q4 FY '25 Results Conference Call"
May 26, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 26, 2025, will prevail."

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

MODERATOR: **MR. KARAN BHUWANIA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good morning, and welcome to the Cello World Q4 FY '25 Earnings Conference Call, hosted by ICICI Securities Limited. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bhuwania from ICICI Securities Limited for opening remarks. Thank you, and over to you, Karan.

Karan Bhuwania: Good morning, everyone. It's our pleasure at ICICI Securities to host Q4 FY '25 Results Conference Call of Cello World. From the management, we have Mr. Gaurav Rathod, Joint Managing Director; and Mr. Atul Parolia, CFO.

I'll hand over the call to management for their opening remarks, post which we can open for the Q&A. Over to you, sir.

Gaurav Rathod: Thank you. Good morning, everyone, and a very warm welcome to our company's earnings call. Joining me is our CFO, Mr. Atul Parolia; and 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 it.

Financial year '25 brought with it a unique set of challenges that tested industries, economies and business across the globe. In the Indian consumer space, specifically saw subdued demand environment. However, Cello World, we delivered a 7% year-on-year growth, backed by a healthy business model and resilient margins.

We are proactively adapting to the challenging situation in a timely manner and have started making strategic modifications in our product portfolio and distribution strategies. We have added some new SKUs and discontinued a few products, which were not performing well in terms of volumes, margins and ROCE perspective.

We have also relooked at our distribution strategy, as we see a major shift towards quick commerce and e-commerce. This is expected to bring down share of general trade. We have also tied up with most of the quick commerce players and added products that can do very well in this channel.

I'm pleased to share that we delivered a healthy performance in Q4, achieving the highest ever quarterly revenue of INR589 crores with a growth of 15% year-on-year, while EBITDA and PAT margins remaining stable at 26% (Please read this as 25% EBITDA margin)and 16%, respectively.

This quarter was better as compared to the previous quarters in terms of consumer demand as well as we continue to benefit from reduction in input costs. Both of these, along with a boost in our glassware also contributes towards healthy business growth. Additionally, some correction has also happened during this quarter, hopefully leading towards better upcoming months.

Our Consumerware business did exceptionally well with a year-on-year growth of 24%. The glass drinkware products manufactured in-house are well accepted by the customers, and we are getting a good response, especially for the quality of these products. Currently, we are pricing these products on par with the import prices and are able to maintain a similar margin profile.

As we are passing through a learning curve this quarter, we primarily focus on improving our cost efficiencies and are aiming to reach to about 75% efficiency levels in the next 2 to 3 months. This year, our target is to break even in the glass space, as we expect to exhaust our capacity by financial year '27.

Similarly, our Opalware business also performed pretty well, reaching almost 80% of our furnace that is sold until financial year '25. We hope to exhaust the capacity of this furnace in the financial year '26. There was a change in BIS norms for stainless steel vacuum flasks bottles, due to which import of such products from China has been banned. This resulted in elimination of lot of unorganized players from the market. And there is a huge gap that I see now, which we'll be able to take advantage of in the longer term.

For the time being, we have built up 5 to 6 months of inventory for these products and have already ordered machines to be used for manufacturing of such vacuum steel bottles in-house. This is a massive opportunity in the long term, as I mentioned. We might see short-term stockouts that could affect sales in the near short term.

Now coming to the writing instruments vertical, we continue to face challenges in terms of export demand slowdown, due to which the segment revenue stood at INR78 crores as against INR87 crores in Q4 last year. However, we see some signs of recovery in demand scenario from exports as well as domestic markets and are hoping for things to improve in the coming year.

To better manage this situation, we are working towards diversifying our Unomax product baskets by adapting new product lines such as art-related products, geometry boxes, etcetera. Finally, coming to the furniture business, the performance was in line with the trends of the industry, but we managed to deliver growth of 8%, which is slightly better than the overall industry growth. We are planning to add up some products into this category, which can help us grow at a faster rate than the industry.

We continue to have a premium approach towards our products and focus on expanding our reach and penetrating deeper into all the states of India. On the back of a strong balance sheet position and healthy operating cash flows, the company is well positioned to grow faster as the demand scenario improves.

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'm happy to announce that Board of Directors has recommended a final dividend of INR1.5 per share, which is 30% of the face value of INR5 each for financial year '24-'25.

Now I will be sharing the financial details for the quarter gone by. In quarter 4 financial year '25, we achieved a revenue of INR589 crores and EBITDA of INR148 crores with a healthy EBITDA margin of 25%. Our PAT Stood at INR88 crores with a margin of 15%. Speaking of the revenue mix, over 69% of revenue came from the Consumerware, 13% came from the Writing Instruments and remaining 18% from the Moulded Furniture & Allied Products. General

Trade channel contributed 77% of the sales, while export and online sales made up to around 9% and 8%, respectively.

Modern Trade growing at a faster rate accounted for the remaining 7%. In terms of segment-wise margin, Writing Instruments led with a 58% gross margin, followed by Consumerware 53% and Moulded Furniture at 42%.

Now coming to the financial year '25 performance, revenue was INR2,136 crores with a year-on-year growth of 7%. EBITDA stood at INR555 crores with a margin of 26%. PAT was INR339 crores with a margin of 16%. Our cash flow from operations stood at INR262 crores. During the year, we have reduced our entire debt. And as on March '25, we are at net cash position. For the full year, we incurred a capex of around INR166 crores, which mainly includes investment for the glassware facility. Going ahead, for financial year 2026, we expect to do a capex of around INR100 crores.

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

Moderator: Thank you. The first question comes from the line of Percy Panthaki from IIFL Securities. Please go ahead.

Percy Panthaki: Can you just give some idea what is the sales from the new plant that you have recorded this quarter?

Gaurav Rathod: Right. So it's a INR20 crores turnover, basically because the plant got commissioned in February. It's only 2 months data. So we have grown -- we have doubled the sales over last year for the 2 months. So net-net, it's a INR10 crores increase.

Percy Panthaki: Okay. It was INR10 crores -- sorry, I didn't understand that because this is a new plant, so...

Gaurav Rathod: So the idea is that in the first quarter, because we only got about 2 months of selling from the new plant, which was February and March, so basically, for the 2 months. For the quarter, we got a INR10 crores increase net-net in the glassware. So we were doing imports, right, before. So those got substituted as well. So that is why net-net, it was a INR10 crores increase in the glass segment.

Percy Panthaki: Okay. Okay. So I was actually looking at what would be your Homeware segment growth adjusted for this new plant because it's 24% that way. So I was just looking for that number.

Gaurav Rathod: From that perspective, you can just minus about INR10 crores, and then, you would get the growth of the Homeware segment overall.

Percy Panthaki: Okay. Okay. So that's still a decent double-digit growth, right?

Gaurav Rathod: Correct. Correct. Of course. Absolutely.

Percy Panthaki: Okay. So there has been a significant improvement versus what we've seen in the last 2, 3 quarters. So just trying to understand what's the reason behind that. Is that just a presale or a pipeline issue or there's some real underlying improvement in demand?

Gaurav Rathod: So there was improvement in the last quarter for the demand, of course. There is a slight shift, which is why we see a better growth. But of course, it is not a continuous growth. It has just been the last quarter that we've seen this. So it doesn't kind of -- because the overall year was a little challenging. But yes, quarter was good, let's hope it continues.

Percy Panthaki: Okay. And secondly, you mentioned that you have taken some portfolio rationalization decisions. So if you could give some idea that the part that you are rationalizing, what is the annualized sale and annualized EBITDA of that part so that we can sort of try and understand the impact on the FY '26 financials?

Gaurav Rathod: No. So the idea is overall rationalization across categories. So normally, we all do an 80-20 kind of a product analysis. And through that, we found a lot of products that don't need to be a part of inventory because a lot of these products are very similar to our current products. So they're probably cannibalizing sales of other products that are doing very well because either we are not producing them because we are producing the other products and there are orders that were pending for those particular items.

So in effect, it's not really going to hurt any revenue because at the end of the day, these are products that have either become obsolete or they are products that have just cannibalized other good running products. So I think the rationalization comes from the fact that some SKUs are not needed anymore in the portfolio, and that is why they have been removed. So I think the underlying basis is only that.

Percy Panthaki: Okay. So basically, you're saying no impact on top line or margins on account of this. Any impact on working capital or any sort of one-time provision or charge that you will be taking if these items are obsolete?

Gaurav Rathod: No. When I talk about obsolete, this is not inventory that is obsolete. These are products that have become old in our portfolio. So there is no inventory hit that we take for this because that inventory doesn't exist. We are just taking it off our price list so that we are not offering this to our customer anymore. So that's about that.

And in terms of the products, there is, of course, going to be newer products that are going to come in while we replace these. But if we are replacing -- if we are getting rid of 10, we'll probably add only 2. Also, this is from the perspective of the channel as well that lower inventory in the channel will also help the debtor days come down. So the idea is to kind of cleanse the pipeline as well to a certain extent where we can bring down our debtor days further.

Moderator: Percy, have your questions been answered by the management? Since there is no response from Percy, we move on to the next question.

The next question comes from the line of Ankur Sharma from HDFC Life Insurance.

Ankur Sharma: First, on the Glassware segment, if you could help us what was the full-year sales in FY '25? I think you were earlier guiding to somewhere around that INR450 crores to INR470-odd crores number for the full year. And how do you kind of see this shaping up over the next year or so as you ramp up this new plant?

Gaurav Rathod: Right. So I think for the financial year '26, our aim is to reach about INR450 crores, INR475 crores, around that figure, which will exhaust our glassware capacity by about 65% to 70%, and we still have some capacity left for next year, which we want to exhaust. So the idea is to grow this to that level. And plus we have our Opalware capacity, which is about 80% utilized, and we would like to exhaust this within this year. So that's where we stand in terms of the overall glassware scenario.

Ankur Sharma: Sorry, so what was the number for FY '25? Where did you close on Glassware?

Gaurav Rathod: So I think we do not disclose numbers separately for Glassware. So I'm not in a position to give you that on the call.

Ankur Sharma: Okay. Fair. Second, you spoke about the stainless steel bottles with this whole BIS coming through, and of course, imports getting banned, and therefore, the unorganized kind of moving out. Could you help us how large is the unorganized as per you? What percentage of the market would be unorganized? What would be your share in this segment? And what could be the market share gains that could happen over the coming quarters?

Gaurav Rathod: Right. So stainless steel, of course, is a pretty big category in India and a lot of sales has been hit due to unavailability of the stock industry wide. So I think even a small retailer would be able to order a container, so you can see how fragmented the sale actually was. So we -- so talking about our numbers, we were about 12% to 13% of this segment. And top 3 players put together would be about 35%, 40% of the business and the rest was unorganized. So I think there is significant gains in the long term that we can expect. But having said that, we will be putting up our facility in the next 4 to 5 months.

And in the short term, we might actually see some reduction in sales due to non-availability of this particular item. But in the long run, we have a lot to gain. And even though there will be some OEM players who will also come into the foray, which have already started. But I still feel brands overall will really benefit from this BIS implementation.

Ankur Sharma: Okay. And I'm assuming the top 4, 5 brands would be the largest player -- largest gainer, I'm sorry, including yourself. That's how we should think about.

Gaurav Rathod: Yes. Yes. Absolutely.

Ankur Sharma: Okay. Fair. Just a third question. You spoke about this shift away from GT and more towards q-com, e-com. So if you could just help us what would be that share at this point? How does that affect profitability in a positive, negative way? Just some color there to understand how it affects our overall business.

Gaurav Rathod: Right. So I think online, we have increased by about a percentage overall. Though it is -- in percentage terms, it's pretty small, but overall, it has -- sorry, 2 percentage points we have increased revenue. But in real terms, the quick commerce sale has really helped us to increase this part.

And going forward, I see a faster growth in these channels compared to GT. So though GT is also growing, it's not that it is not growing, but I think the pace of growth on these alternative channels, quick-com, e-com will be a lot faster. So I wouldn't be surprised if we have 2 percentage point gains every year in the next coming few years.

Ankur Sharma: And profitability versus GT?

Gaurav Rathod: Profitability, we maintain pretty much similar levels. We do this primarily by differentiating the product line online and offline.

Ankur Sharma: Got it. And just last one, if I may. Clearly, when I look at the Q4 numbers and if I adjust for the Glassware sales, Houseware clearly has done quite well, likely in that low mid-teen kind of growth. So if you could just help us understand, is this more of channel filling before the summer? Is this real demand pickup and secondaries have also been equally strong?

And if yes, which pockets is this lunch boxes or is it bottles? Just some more color as to what's driven that growth for us in Q4 and how sustainable. So basically trying to understand as we get into '26, do you think we can get back to maybe the high single, low teen kind of growth?

Gaurav Rathod: So I think, yes, it has been good overall. Consumerware demand was pretty good actually in Q4. But having said that, we have not seen continuous growth. Even we experienced this growth in the last quarter as well for a couple of months. And then the December month kind of died down a little bit. So we're not seeing consistency here. We are seeing spurts of growth, but that consistency still is not back. So it's tough to say that we continue on this ramp.

But having said that, what we can expect in the Houseware business is, you are right, about at least a high single-digit number should be possible and achievable in this coming year. And overall, we think that having Glassware also in the portfolio, but that will be slightly offset by the steel flasks demand. But we still expect about a good 12% to 15% kind of growth in the next coming year.

Moderator: The next question comes from the line of Grishma Shah from Envision Capital.

Grishma Shah: A couple of questions. If you could also help us understand, one, the INR100 crores capex that we've announced includes the glass -- the BIS-related product capex also? That is one. Second is the raw material outlook. Those are the first 2 questions.

Gaurav Rathod: So, yes, the INR100 crores capex includes the steel, the new facility that we are putting in Rajasthan. So that is a part of it. And -- sorry, I did not get your second question.

Grishma Shah: Overall, for the business, what's the raw material pricing outlook for FY '26? You said there were some benefits of lower raw material prices in quarter 4 compared to quarter 3. So that -- continuing that, what does the outlook look like in FY '26?

Gaurav Rathod: So I think we are pretty much at our lowest point in terms of raw material prices because due to subdued crude prices. So I believe that the crude prices will continue being like this. And that is why I think the raw material prices will be at this level. So don't see too much of fluctuations. I think it will clearly be at this level for this financial year.

Grishma Shah: Okay. And this line, how much time would it take to come on stream, the steel bottle plant? And will it like take until the end of the year? Or what does it look like?

Gaurav Rathod: So I think we'll only know once we start. So I think our idea is to start in the next 3 to 4 months, the facility, and it might take a few months to stabilize. But having said that, you can start production, but maybe the efficiencies might be low initially. But it is going to be a learning curve because we still don't make the best bottles in India, as good as China.

So we'll, of course, take some time to get to that quality. But having said that, we are all in the same boat, so no one has an advantage as such. So, yes, we'll try our best to make sure we are up and running very quickly.

Grishma Shah: And in terms of OEM tie-ups, we've not tied up with any OEM in the interim. Is that a stopgap arrangement that we have in place?

Gaurav Rathod: Yes, we have some bottles coming from OEM, but it is very limited because India, the production itself is extremely limited at this point of time. So even the OEM production is going to a lot of people. So it's not only coming to us, it's going to a lot of people. So for that reason, that is why we might see some gaps that might come in, in the next few months. But yes, we were trying to plug that gap as soon as possible with our production.

Grishma Shah: Okay. The other question was on the opalware side. What gives you confidence to exhaust the capacity in FY '26 given that there would be a fourth place who would enter, who also is a formidable player in the other category? So what are the positive demand trends that you're picking up due to which you think that the opalware capacity would be exhausted, right?

Gaurav Rathod: No. I think we have taken a lot of initiatives to kind of exhaust the capacity, including some additions to a range. So our idea is though there is a fourth player entering, I feel until then -- and the entry is a little away, it's not going to be pretty soon. So I think for this year, we are pretty confident of exhausting that capacity out. And I think we are pushing for that pretty aggressively. So I think the idea is to exhaust and be at a good position for next year. Though, of course, capacity additions now have taken a back seat for the time being, but at least exhaustion is our first priority.

Moderator: The next question comes from the line of Akshat Mehta from Seven Rivers Holding.

Akshat Mehta: Sir, I just wanted one clarification. These BIS norms that have come out for consumer appliances as well, sir. Those BIS norms, a few days back, there was a notification where they said that they have expanded the deadline by another year, till March 2026. So are those norms still applicable for consumer appliances? Or what is the scenario there?

Gaurav Rathod: So consumer appliances actually had the BIS implementation about a couple of years back only. So most of the manufacturing that is happening today in India, it's not really happening in China anymore. So consumer appliances, the entire bit is actually local now. It's not -- you're not allowed to import finished product from China. So that has happened about a couple of years ago. It's not something new.

Moderator: The next question comes from the line of Aniruddha Joshi from ICICI Securities.

Aniruddha Joshi: Yes. Sir, I missed the initial part of the call, but in terms of exports of Writing Instruments, is that the only export suffering? Or is there exports in other segments, too, and that is also suffering? That is question number one.

Also, when do we see the, in a way, export normalization? It's already 4 quarters are over, and we still continue to see decline in the exports business. So what is the outlook here? In a way, I mean, if we are not present in that market, probably we will lose the market share permanently itself. So how are we thinking on those lines?

Gaurav Rathod: So in terms of export, our major export actually comes only from stationery and writing instruments. Everything else is pretty meager. It's not a lot of exports in other categories. So writing instruments has, of course, been taking a hit. Having said that, it's not that we are losing markets because these market demands have dropped, but we are still exporting to all of these markets.

So the idea is that, of course, the demand or the numbers has to improve for the exports. And probably one initiative that we have taken is to adding more countries. The countries that we are present in now we are adding some more to kind of stem this problem that we are facing in the other markets. So as the demand that there would increase, it would definitely have a positive impact.

And the Writing Instruments degrowth has pretty much probably been because of the exports only. So the export slowdown has really impacted the overall category. While domestic, of course, also did not grow, but it did not decline as well. So there, we actually want to push now domestic demand a lot more because that's where the growth avenue is more than exports.

Aniruddha Joshi: Okay. Sure, sir. Then secondly, at the time of we had also seen that there are some of the products where we are using the global cartoon character brands on -- let's say, on the lunch boxes, et cetera. Since we don't see that anymore, so is that in a way agreement over? Or is the company in process to, in a way, renew that? Or it's -- in a way, it adds a lot to the branding for the kid products, so what is the strategy further on that?

Gaurav Rathod: `No, we have actually -- so we have a renewal of these licenses every year. And even this year, we have renewed. What we tend to do is we tend to change the characters. So it's not that some characters you might not see, but there are others that have been added. So that keeps changing as per the demand scenario. So for example, one character might have become popular with kids during the last couple of years, so those are the characters that have been added and some that have been less popular are being removed. So that is just a rejig. It's not that we don't have licenses in place.

Aniruddha Joshi: Okay. Okay. Surely. Understood. And last question from my side. Post QIP, now the balance sheet is in a way flush with cash. And again, the company will also continue to generate a good amount of earnings as well. So what will be the plan with the cash which will get accumulated on the balance sheet, whether it will be paid out in terms of dividends or some money may be required in the capex that you indicated earlier?

But anything on the cash plans in terms of acquisitions because media news flows indicated that we were looking for acquiring in a way some brands definitely in the -- in a way, bags or something like that. So any further thinking on those lines?

Gaurav Rathod: So I think, yes -- sorry, so in a way, basically, the cash, we are always open to any acquisitions or mergers that come our way. And having cash on the books is always good in such a situation. So though we might be sitting on cash today, if there are good opportunities that come our way, we are quite open to kind of go that path.

And yes of course, if we don't find any opportunities in the next couple of years, there will be good payouts as well. So I think we're open both ways. We're not shutting down any opportunity that comes our way. So yes, open to everything. But not currently, as I had mentioned last time, we were looking at a potential buyout of a certain player in the plastic segment.

That is currently off the table because when we did the due diligence, we did not find it appropriate some of the things, and so we took a backseat on that. But having said that, we are still open to any kind of acquisitions in the future.

Aniruddha Joshi: Okay. Surely, sir. And last question. In the previous call, the Q3 call, you had slightly toned down the EBITDA margin guidance. Now obviously, revenue growth is coming back, so we will benefit from operating leverage, plus the key raw material, crude oil, has also in a way gone down now. So logically, glassware plant should stabilize, and it should also add to the profitability as the initial teething issues may get resolved. So any fresh guidance in terms of the EBITDA margins for FY '26?

Gaurav Rathod: No. I think EBITDA margins, I had guided, would be subdued because of the glassware itself because glassware in the first year, as you know that, it takes a little time to stabilize. And even now we are still at only about 55% efficiency levels. So the idea is that we might not see any good profitability overall.

We might -- we want to -- we would be able to break even for the year, and that is why the revenues might rise, but it might not add to the profitability. And that is the reason why I guided that the profitability could take a percentage point hit for the year. But having said that, of course, we'll try not to have that kind of a situation. But just in case, these efficiencies, the earlier we achieve, the better the position will be, of course.

Moderator: The next question comes from the line of Ashutosh Khetan from AMSEC.

Ashutosh Khetan: I just needed one clarification, the 12% to 15% growth that you said that in FY '26 is for the consumer segment, right?

Gaurav Rathod: No, this is for the overall company.

Ashutosh Khetan: Okay. And segment-wise, if you could just break down this growth...

Gaurav Rathod: Yes. So Consumerware would be a little higher at about 17%- 18%, owing to the fact that we are also adding revenues of glassware in this. And the Writing Instruments segment, we are targeting about 10% to 12% growth. And Furniture, as it is, at about 7% to 8%. So overall, 12% to 15% is the kind of number.

Moderator: The next question comes from the line of Akhil Parekh from B&K Securities.

Akhil Parekh: I have 3 questions. The first question is on the products which we have discontinued or we are planning to discontinue. Would you be able to highlight which are those some of the products? And was the ROCE lower because of the heightened competitive intensity in those products?

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

Akhil Parekh: No. So my first question is whether the product categories, which we have discontinued, the ROCEs are lower you have highlighted, right? Was it due to the heightened competitive intensity in those product categories? And what are some of those products? That's my first question.

Gaurav Rathod: Right. So I think -- yes, so I think the -- yes, the returns over time on these product lines, these are not product lines, these are products as such. So for example, if there is a bottle, I'm not discontinuing the entire range of bottles. We are just discontinuing, say, 2, 3 products from that range.

The idea is either they have become older. So they are probably being sold at slightly lower prices. So they are eating up into the sales of the products that are doing better and have higher margins. So that is the reason why we are discontinuing some of these products because it brings down the overall margin portfolio. And also, it doesn't let the newer product lines sell as much because the production capacity for a particular month is only that much. And a lot of these products are very seasonal.

Say, a bottle is very seasonal, in the summer it sells a lot more than the rest of the year. So I think those -- that is the reason why we want to kind of do this. So while ROCEs are one of the reasons, another reason is also the inventory buildup that happens at our distributor and our channel partners, due to the number of product lines. So we are trying to reduce the number and also in effect trying to reduce the inventory that our partners carry.

Akhil Parekh: Sure. Sure. And so this will also help us reduce our own inventory, I believe, right, and help us improve on the working capital side.

Gaurav Rathod: Absolutely.

Akhil Parekh: And any guidance on the inventory days we expect from this activity?

Gaurav Rathod: So inventory base should be at a reducing trend. It is -- currently, it is pretty high also because of our steel flask because we had filled in about -- inventory of about 6, 7 months, which is now coming down. So we should be able to see about 7, 8 days of -- or about 10 days of improvement after all of this is in effect. But yes, you'll see it in a phased manner. You might not see it immediately.

Akhil Parekh: Sure. And my third and last question, the opalware at peak, 80% of utilization, what kind of revenues we can generate?

Gaurav Rathod: So at full capacity, we are looking at about INR400 crores, INR425 crores of revenues that can be generated out of this plant.

Akhil Parekh: Okay. And that should be 100% plus utility utilization.

Gaurav Rathod: That is 100%. That is 100%. Correct. That's it.

Akhil Parekh: That's all from my side, and best of luck for coming months.

Moderator: We take the next question from the line of Karan Bhatelia from AMSEC.

Karan Bhatelia: Gaurav, I wanted to understand the value-volume metrics across categories for FY '25. That's the first question.

Gaurav Rathod: Right. So I think volume is slightly higher than value. Though it's very difficult to quantify our products in terms of volume and value because we trend across a lot of different price points, it's not the right way to look at our product line. But having said that, the volumes have been higher because there has been a little more discounting in terms of value, but only about a percentage point difference. So if it's 7% growth overall, yes, we would be at about 8.5%, 9% of volume growth.

So you can't actually see this -- this number doesn't make sense in our overall scheme of things because there's so many product lines, even say our Writing Instruments is completely different. Furniture is very, very different. So also -- raw material fluctuations also makes a lot of difference in this. So not a very good metrics to look at. I think in our portfolio, we should always look at only value, which will make more sense.

Karan Bhatelia: Yes. So I wanted to understand whether the industry has grown and we've grown better in terms of volumes. So that was the focus.

Anyways, on the discounting, you mentioned that -- so are we -- like we've seen healthy discounting for the fourth quarter? Or are we peak in terms of discounting?

Gaurav Rathod: No. The discounting has been for the entire year, if you see, that is why there is a little drop in your gross profit level. So it's not the major discounting. It is slight bit of discounting that has happened because of demand pressures. So that has been there for the entire year. It's not only the fourth quarter phenomenon.

Karan Bhatelia: Right. And while we're not sharing the opal and glass revenue separately, if you can give me at least the growth ex of opal and glassware in the consumer segment for '25 percentage will be fine.

Gaurav Rathod: Yes. So opalware and glassware grow at about 13% for the entire year.

Karan Bhatelia: Okay. Okay. And the Writing export, what's the quantum? And what's the decline for this year? That's it from my end.

Gaurav Rathod: So the export is still about 46% of the sale of the Writing Instruments segment. And the decline is about INR20-odd crores, which is a decline that we see in the overall number result.

Karan Bhatelia: So I repeat, 46% value in Writing was exports, and it degrew by 20%.

Gaurav Rathod: Correct. INR20 crores. So it degrew by INR20 crores in absolute numbers. Yes.

Moderator: We take the next question from the line of Percy Panthaki from IIFL Capital.

Percy Panthaki: Sorry, I got disconnected while I was asking a question. So just a follow-up on those questions which I asked. So I did the math and I removed that INR10 crores from the Consumerware. It is still a 20% growth this quarter compared to the first 9 months, which is like 7%, 8%. So just trying to understand this very, very sharp acceleration in this segment. What can I attribute this to?

Gaurav Rathod: So a couple of factors. Hydration has started, did very well for us due to early summer. So summer, even March sale contributed a lot of hydration sales. So uptick in all channels for hydration. So that kind of did very well for us. And plus, overall, as I said, demand scenario was much better.

So these were growths that we were seeing in '22, '23 across all quarters. So I think -- but having said that, these are spurts of growth and not consistent. So I wouldn't guide on anything going forth because the idea is that it has to be consistent for us to tell you that this will continue.

Percy Panthaki: Understood. So excluding the capacity addition, how much would you say that the Consumerware division could grow for the full year FY '26? Would it still be a double-digit number if not 20%?

Gaurav Rathod: Yes, yes. Absolutely. So about -- as I mentioned, about 16% to 18%, it should grow at for the year, also because we are adding our glassware capacities also.

Percy Panthaki: No, no. I'm saying excluding the capacity addition because I want to take an organic basis, which is a reflection of the underlying demand.

Gaurav Rathod: Excluding it, it still would be like low single digits -- low double digits, sorry.

Percy Panthaki: Got it. Got it. And secondly, on your Writing Instruments portfolio, I understand the exports is in decline, domestic is doing well, but when does this equation tilt so that at an overall level you come back to a Y-o-Y growth?

Gaurav Rathod: So the idea is that the dependency on exports has to come down a little bit because we've not seen green shoots there in terms of growing demand. So while we are adding a few countries, the idea is to grow the domestic market more aggressively this year. So that will basically add to the growth.

Percy Panthaki: Sure. Sure. But do you think it will take like maybe 3, 4 quarters more until this portfolio is back in a Y-o-Y growth at overall domestic plus export level?

Gaurav Rathod: No, I think we should start seeing growth in the second half for sure in this category.

Percy Panthaki: Understood. And lastly, on furniture, since crude prices are a little soft and there might be either higher discounting or lower pricing of the products, how do we see the value growth of this segment for this year?

Gaurav Rathod: So the idea is to keep selling premium products in this range. So until we are able to increase the share of our premium product lines, we should still see a value growth. You're right in terms of saying that revenues drop in this category when our raw material prices come down, but hopefully, that will be offset by selling the premium range.

Moderator: We take the next question from the line of Grishma Shah from Envision Capital.

Grishma Shah: 2 quick follow-ups. What has been the cooler category growth for us this summer given that Q4 also would help us in that?

Gaurav Rathod: So last year, we saw a big surge in cooler demand. This year was very limited. So not really any growth. We are only in meeting last year kind of expectations this year. There was also -- sorry, there was also a lot of inventory by other players in the channel because everyone kind of anticipated it to be very good, but the summer was short-lived. So I think that was another reason.

Grishma Shah: Okay. Okay. So do we also have like more inventory in the system or we didn't have much compared to...

Gaurav Rathod: No, not really. We don't have that much inventory on the cooler bit. We are pretty much sold out on that inventory side.

Grishma Shah: Okay. And the second thing was on the distribution side, if you could highlight what is the current reach that we have? And how do we plan to expand in the coming year?

Gaurav Rathod: So I think in terms of distribution, we're, of course, there all India. Pan-India distribution is there. There are pockets, of course, that we keep improving, where we feel that our sales are lower than, say, our competitor or a peer or we feel that the potential of that particular territory or area is a lot more.

So I guess having -- from that length, we keep improving it year-on-year. But having said that, there is no real geographical area that we are missing out on. So I think it's just about addition of more and more or penetrating further in those areas. And also, other channels, as I mentioned, quick commerce, e-commerce, are also helping us reach customers, and penetration is also increasing from that perspective.

Moderator: Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Gaurav Rathod: Thank you so much, everyone. Hopefully -- we have had a good quarter. And hopefully, this momentum continues. That's what we hope, and we'll hopefully continue to deliver great results. Thank you so much.

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