



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 May 29, 2026 at 09:00 a.m. (Indian Standard Time) on the audited financial results for the fourth quarter and year ended March 31, 2026, is enclosed.

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

This is for your information and records.

Thanking you.

Yours faithfully,

For Cello World Limited

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



“Cello World Limited
Q4 FY26 Results Conference Call”

May 29, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 29, 2026, will prevail.”



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

MODERATOR: MR. MANAN GOYAL – ICICI SECURITIES



Moderator:

Ladies and gentlemen, good day, and welcome to Cello World Limited Q4 FY26 Earnings Conference Call. 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. Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call.

These statements are not the guarantees of future performance, and it may involve risks and uncertainties that are difficult to predict. Should you need assistance during this conference call, please signal an operator by pressing star then zero on a touch-tone phone. Please note that this conference is being recorded.

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

Manan Goyal:

Thank you. On behalf of ICICI Securities, we welcome you all to Q4 FY26 and FY26 Results Conference Call of Cello World Limited. Today, we have with us senior management represented by Mr. Gaurav Rathod, Joint Managing Director; and Mr Atul Parolia, CFO.

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

Gaurav Rathod:

Thank you, and 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 it. Financial year '26 was marked by multiple headwinds and evolving market conditions across industries and segments.

The demand environment remained dynamic throughout the year while the first half witnessed relatively better momentum supported by a healthy festive season, demand did not sustain at their level and moderated in the second half. In our view, financial year '26 represented a phase of temporary consolidation during which we focused on strengthening the structural operations of the business and implementing several corrective initiatives, which include rationalization of our product portfolio, realignment of our distribution strategy in line with evolving market dynamics, particularly the growing relevance of e-commerce and quick commerce channels, enhancement of our operational efficiencies aimed at optimizing costs and improving productivity, and commissioning of new manufacturing lines for steel bottle production and select consumer categories at our Rajasthan facility.

We believe that these initiatives has strengthened the long-term foundation of the business and expect their benefits to progress -- progressively reflect in our performance over financial year '27. Coming to financial year '26 performance, revenue grew by 9% with a gross margin of 49.8%. The performance was primarily driven by categories like writing instruments, Opalware, glassware and some selected consumer ware products.

However, some of our key products witnessed near-term challenges. The Hydration segment remains subdued due to stock-outs in insulated steel products while categories such as storage,



houseware and cleanware had a moderate growth due to a slow consumer demand during the year. Operating profits remain under pressure owing to higher costs associated with new glassware plant and steel bottle manufacturing unit. As these categories start scaling up, we should see an improvement in our profitability. For financial year 26, EBITDA stood at INR526 crores with a margin of 22.7%, and a PAT margin for the year stood at 14.3%.

Coming to the Q4 performance, we delivered the highest-ever quarterly revenue of INR654 crores, recording a year-on-year growth of 11%. We did not witness any material impact due to the Middle East situation during the quarter. There was an increase in plastic raw material costs, but we had adequate inventory to mitigate the impact in Q4. Additionally, rising energy costs had some impact on glassware production, which remained manageable during the quarter.

On the consumerware side of things, revenue stood at INR434 crores with year-on-year growth of 7%. During the quarter, we operationalized 2 additional manufacturing lines for steel bottle production. Another 4 lines has been commissioned during quarter 1 of financial year '27. However, these capacities were commissioned towards the latter part of the quarter and therefore, did not materially contribute to Q4 financial year '26 revenues. We expect 2 more lines to commission shortly and a gradual ramp-up in overall steel bottle production is anticipated over Q1 and Q2 of financial year '27.

Utilization levels at the glassware segment still remains at about 60%, primarily impacted due to dumping of imported glass products from China. As a result, the category remains at the breakeven levels and did not contribute meaningfully to the overall profitability for the quarter. We are actively engaging with relevant authorities to seek some protection against these dumping -- against this dumping happening from -- mainly from China.

For us, glassware remains a long-term strategic growth business rather than a near-term profit maximization opportunity. We continue to remain confident about the long-term potential of this segment and are focused on scaling the business while improving it profitably. During the month of March, we witnessed a sharp increase in demand for electric kitchenware products driven by the LPG gas supply chain. This resulted in complete liquidation of inventory of these product lines. If we had a little more of this, we could have probably done better, but I think we couldn't have anticipated this kind of a demand.

Demand for the rest of consumerware products remain subdued during this quarter. On the writing instruments front, revenues delivered a solid growth of 64% and stood at INR128 crores. As we anticipated, Cello stationery brand started contributing to this business from Q4 onwards.

Even excluding revenues from Cello brand, the writing instruments delivered a healthy double-digit year-on-year growth, largely driven by strong pickup in export business as well as revenues from newly launched products, particularly in the premium pens category. Writing instruments is emerging structurally stronger and more scalable business for Cello, and we remain confident of achieving our target of revenue of INR500 crores plus in financial year '27.

During the quarter, the moulded furniture business recorded a year-on-year decline of 13.5%, largely in line with prevailing industry trends and subdued demand conditions. We have



completed the merger of Wimplast Limited with Cello World. With this integration, the synergies between consumerware and moulded furniture can be explored further.

During the quarter, we also witnessed a continued increase in revenue contribution from e-commerce and quick commerce channels. These channels now account for nearly 17% of our overall revenue with profitability broadly in line with other business segments.

While general trade continues to remain a critical pillar of our distribution network, strengthening our presence across modern digital channels is equally important to address evolving consumer preferences and enhance our reach in markets where physical distribution remains limited. Looking ahead, supported by the various initiatives undertaken towards strengthening the business, we expect financial year to be a significantly better year, though challenges do seem looming in the first quarter.

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

Atul Parolia:

Thank you, Gaurav, and good morning to everyone. Now I will be sharing the financial details for the quarter gone by. In Q4 FY26, the company reported revenue of INR653.6 crores, registering a growth of 11% year-on-year compared to the INR588.8 crores in the Q4 FY25. The company reported EBITDA of INR136.6 crores in the quarter, translating into EBITDA margin of 20.9%.

Profit after tax for the quarter stood at INR90.1 crores, while PAT margin stood at 13.8%. In terms of revenue mix, consumerware contributed 66.4% of the total revenue during the quarter, writing instrument accounting for 19.6% and moulded furniture along with the Allied Products contributing for the remaining 14%.

During the period, general trade contributed 75.4% of the total sales, followed by online sales channel at 9.5%, export at 7.6% and modern trade at 7.5%. From the segment-wise margin perspective, writing instruments and consumerware both reported gross profit margin of 47.8%, while moulded furniture reported a margin of 39.5%.

Now coming to FY26 performance. Revenue for the period stood at INR2,323.7 crores, registering a year-on-year growth of 8.8%. EBITDA came in at INR526.4 crores, translating into EBITDA margin of 22.7%. Profit after tax stood at INR331.5 crores, resulting into a PAT margin of 14.3%. For FY26, our cash flow from operations stood at INR255.1 crores. Debt-to-equity ratio stands at 0.01%.

Capex incurred during the year stood at around INR219 crores, which mainly includes investment for the setting of manufacturing line for steel bottle as well as other select consumerware product, writing instrument and some portion spent for the maintenance capex.

Going ahead for financial year FY27, we expect to do a capex of around INR100 crores. Lastly, I would like to inform that composite scheme of arrangement among Wimplast, Cello Consumer Products Limited and the company has become effective from 27th May 2026, with an appointed date of 1st April 2025 as defined under the scheme. Accordingly, our financial comparative has



been restated to give effect to the scheme from the beginning of the previous year. This also includes the consequential impact on earnings per share pending issuance pursuant to the scheme.

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

Moderator: The first question is from the line of Manan Goyal from ICICI Securities.

Manan Goyal: So, my first question is regarding the steel manufacturing capacity. So earlier the manufacturing capacity was expected to commence on Q4 FY26, but now it has been delayed to Q2 of FY27. If you can specify what are the reasons for this delay? And what will be the revenue impact because of this delay?

Gaurav Rathod: So basically, the steel has not been delayed. It is always, as mentioned that it is starting in phases. So it has already begun in Q4 of '26, but the ramp-up is happening. So there were 2 lines that started in the last quarter. And now in this quarter, there will be another 4 lines and then another 2 lines.

So that's how the phase wise it is going to start. So marginally revenue will start coming from these lines. So by July we should be in complete -- full scale mode. So right now, we are in partial -- partially we have scaled up. So it's more scaling up. It's not that we haven't started on time. It was already -- it is already running.

Manan Goyal: Okay. And sir, what will be the revenue impact in FY26 because of the capacity constraints, which you have seen in Hydra and in steel?

Gaurav Rathod: Yes. So in steel ware it actually was pretty significant. If you recall in the last quarter itself it was about 40% and that impact came down a little bit in the last quarter, which was about -- still about 30% from last year, quarter-on-quarter. So I think going forward, it was a pretty significant drop because overall, for the year also, we saw a 25% drop in sales for this category, which we aim to get it back to at least the number that we clocked in financial year '25. So I think that's where we are headed.

Moderator: The next question is from the line of Sucrit Patil: from Eyesight Fintrade Private limited.

Sucrit Patil: I have 2 questions. My first question to Mr. Rathod is just want to understand the forward guidance on what type of strategic levers are you placing in '26-'27 to expand Cello's consumer product portfolio across kitchenware, furniture and writing instruments while managing risk from raw material price volatility and sustaining brand leadership in domestic and export markets. That's my first question. I'll ask my second question after this.

Gaurav Rathod: So basically, we are quite diversified. If you look at our portfolio, it's -- anyway, we are across materials of glass, plastic, steel, but the current crisis or the overall situation has affected everything. So it's not just a particular raw material that has been affected, every segment has been affected by these crisis that is going on currently. So I think while we try to shield ourselves by a diversified portfolio, we always try to launch newer products within our category. Though there is no current thought process on expanding into other categories. We were -- as I said, we

were able to take advantage of the LPG crisis that happened in March by selling a lot more of our appliances.

So by being in that category, though it is a smaller category for us. By being in that category -- that helped us for that particular time -- that crisis was there. So I think having -- we are pretty much across -- diversified across all segments and that is why sometimes the risk is also mitigated from that perspective.

Sucrit Patil: My second question to Mr. Atul is, again to understand what type of capital allocation and risk management frameworks have been applied in '26-'27 to balance dividend payouts with funding for capacity expansion? Any hedge against forex and polymer price volatility? And any buffers put into place to sustain the liquidity for the demand cycle, peak seasonal demand, yes?

Atul Parolia: See, with regards to raw material prices actually it always, as we have said in the past, we increase our selling price in accordance -- I mean whatever raw material prices, we pass on the burden to the end consumer. So as far as raw material price is concerned, we are confident that whenever the price comes down, we reduce the prices; when it goes up, we increase the prices. With regard to your question for capex, actually, during this year, I think, INR100 crores is the total capex, which we have said, mostly will be for the maintenance capex and hardly early around INR30 crores, we have allocated for our steel ware and that building.

Moderator: The next question is from the line of Krupa Padya from PN Capital

Krupa Padya: Am I audible?

Gaurav Rathod: Yes, yes. You are audible. Please go ahead.

Krupa Padya: Sir my question would be what is the utilization level across Opalware business currently? And what is your strategy on that?

Gaurav Rathod: So, on the Opalware side, I think they are about at 85% utilization today. So, we hardly have about 15% that is left. And I think our strategy is to exhaust this capacity over this year. Also, there has been increased competition in this space.

So we are trading a little cautiously here, while -- so maybe in some time, we would look at expanding our capacity. But at this point of time, because of heightened competition and more capacity that have come in the market, we first want to exhaust our current capacity and then move ahead.

Krupa Padya: The second question will be on from a pricing quality point of view, are we at par with Chinese glassware product or we are at premium?

Gaurav Rathod: No, I think in terms of quality, we are at par or better than most of the Chinese manufacturers. So I think it has been very well accepted in the market, all the products. So from that perspective, there is no challenge.

Moderator: The next question is from the line of Vaidik Bafna from Monarch Network Capital Limited.



Vaidik Bafna: Congratulations, Gaurav, on these numbers. So my first question would be on -- so do you believe that due to this Middle East crisis, we had some impact on our revenues and now how are things shaping? What do you expect now going forward from you?

Gaurav Rathod: I think Q4 did not see that much of impact because the war had just started in March, and there was not much impact on prices also, it started happening in the latter half of March. But I think, yes, Q1 looks a little challenging. So we are trading very cautiously because we have been impacted. I think most companies have been impacted by all sides, whether it's rising raw material prices, labor issues, basically rising production costs, overall demand being also a little subdued. So I think, yes, there are a lot of headwinds at this point of time.

But we are hoping that it passes and overall -- because there has been a lot of escalation in prices, about 12% to 20% MRP rises that we have taken across all our product lines, which we had to because of these rising costs. So I think it takes time for the market to kind of understand these new prices and be okay with.

And I think it's a phase that we'll all have to go through. And post that, hopefully, we -- but we are in a strong -- we have a good foundation to take all these shocks or take any impact at this point of time. We are well positioned. So I think when the opportunity comes, we'll be there to grab that as well.

Vaidik Bafna: Okay. And second question is on the writing instruments front. Can you quantify that how much revenue would be from our -- the acquisition, which we did out of the INR128 crores?

Gaurav Rathod: So we do not give out these numbers separately. This is basically together. This is more for our confidentiality within the company. At a later stage if you -- I can have it answered on a one-on-one session. But I think overall, what we expect from the writing instrument category is a INR500 crores plus next year kind of revenue, which currently stood at about INR368 crores for this year.

So it will ramp up very quickly with the new acquisition, of course, it opens up a lot of other spaces for us because Cello being Cello as a brand is very, very strong in the stationery market, though the revenues have not -- don't look like at this point of time. But eventually, the brand equity is still extremely strong and we are trying to cash on that for the next year.

Moderator: The next question is from the line of Anu Parakh from Anand Rathi.

Anu Parakh: So my first question is what would be our guidance for revenue growth and EBITDA margin for FY27?

Gaurav Rathod: Right. So I think for us, revenue, we are looking at about 10% to 12% revenue growth going ahead. Yes, but there are, of course, having said that, there are current challenges that we are facing currently because of this crisis. So that number could change a little bit as the year progresses. Also, in terms of our margins, we are trying to scale up to about 2% to 2.5% more EBITDA margins than we currently have. That is by far because of the steel ware and the glassware units because glassware still hasn't started giving any margin, though it is breaking even.



And on the steel side as we ramp up, we should see better margins. Having said all of this, it all depends on also how things evolve over this quarter and the next quarter because pricing pressures are of course there. As I said, because demand has been subdued plus there has been a very high sharp increase in cost.

So partly, most of it is -- we are trying to pass it on, but we could take short-term shocks, maybe a little bit to maintain demand or make sure that at least we are selling in line with what we were doing last year. So I think that pressure will remain, but I think overall we still look a 10% to 12% over the year.

Anu Parakh: Okay. And sir, what was the reason for sharp gross margin compression in consumerware and writing instruments in Q4? And what is the guidance for FY27 for both the segments?

Gaurav Rathod: So consumerware, as I said, mainly glassware. So the revenues of glassware grew, but it grew without any profits. So that was reason number one. Reason number 2 is the steel ware, which we were buying from China before and then we had to switch to OEMs, which was -- it was more expensive to buy from them, but we couldn't increase our selling prices. So our margin compressed in both -- in steel ware as well up to the tune of about 5% to 6%.

So that was the major impact of consumerware. Also, our overall -- in the Appliances segment, we started doing very well, and we grew pretty well the last year, but appliances is a slightly lower-margin product line. So again, the product mix also kind of got the margins down a little bit. Plus, there was little selling pressure.

There were some discounts that were being passed last year to maintain demand. But I think coming to this year, I think it should be a lot better. Steel ware as it ramps up and glassware as it starts becoming more profitable, we should see improvement about 2.5%, 3% EBITDA margins in the consumerware category. In the writing instruments category, we had just bought Cello pens. So it was actually a loss-making business prior to this.

And now that we have taken it over, it still is not a very profitable business at this point of time because of the product mix. And as we are changing the product mix, the profits will be in line with what we were -- we used to do Unomax. So that will take a couple of quarters to come back, but we are very confident that we'll get it back to the numbers as what we achieve in Unomax.

Anu Parakh: And sir what should be the peak revenue from all the stainless steel bottle lines put together? And by when are we expecting it to be achieved?

Gaurav Rathod: So the peak revenue of our current capacity is about INR300-odd crores, though we'll continue to do some OEMs. And also this is now -- this was a greenfield project. But going forward, we can keep adding lines as and how our revenues increase. So I think going forward, increasing revenue will not be a challenge because it only is a couple of months process to set up a new line. So I think peak capacity as of today's capacity is about INR300 crores.

Anu Parakh: And sir, by when can we expect it to be achieved?



- Gaurav Rathod:** This will start being fully achieved from July onwards. So from July onwards, you will see full production.
- Anu Parakh:** Okay. And sir, what kind of reduction in debtor days are we looking at in FY27 and over the medium-term period?
- Gaurav Rathod:** I think it's always been our -- we have always tried to work on this side of things, though the market has not always helped. But we are wishing to have about 10 to 15 days lesser than what we are at today, which we are confident that we'll be able to achieve over this financial year. And so that is a sweet spot for us. That has been our historical debtor days as well and we are quite okay with that because that kind of helps us in multiple ways when it comes to margins or being more present and more accessible in the market. So I think for us, that's the sweet spot.
- Anu Parakh:** And sir, 1 last question. Our return ratio profile is getting depressed because of the excess cash in book. So how are we planning to utilize the surplus cash?
- Gaurav Rathod:** So currently, there is -- we've always also looked at inorganic ways to grow. One example was Cello pen. So we were always open to newer acquisition possibilities if they are available at a good value. So I think that is why we are preserving some cash in the company, though it might be temporarily kind of affecting our return ratios.
- Moderator:** The next question is from the line of Umang Mehta from Kotak Securities.
- Umang Mehta:** My first question was on your guidance of 10% to 12%. Given that you've taken MRP hikes of 12% to 20%, and steel ware is looking to scale up to F '25 levels, which was around INR300 crores and I'm assuming glassware also will scale up, right, the plant is at 60% utilization right now. So isn't the top line guidance a bit conservative? I understand on margin front, it might be difficult to call at this point, but just wanted to check on top line growth.
- Gaurav Rathod:** So I think top line with the current situation, the volume growth might be lower for this month. The value growth you're completely absolutely right that in value terms, we will get growth, but in terms of volumes could be subdued for this year. As we look forward, things could improve. I hope they do, but currently, they don't look very good because of this entire prices and the subdued demand. So I think taking -- factoring that in, that is my guidance for this year. If it improves, it is fantastic. That's what we're looking at.
- Secondly, also, currently, the prices have been elevated, but as we go throughout the year, there could be some correction in raw material prices and crude oil prices also, which would -- which, again, we'll have to pass on. So this might not be a full year phenomenon. It could be 5 months, 6 months kind of a phenomenon with higher prices and then more to fresh prices. So I don't know exactly -- I cannot anticipate that today. And that is why just taking a complete value increase of, say, 12% to 20% might not be for the full year.
- Umang Mehta:** Understood. Makes sense. And the second question was on writing instruments. You mentioned that the mix was driver behind the gross margin contraction. Is it that the salience of INR10 in Cello branded sales is much higher than what it is in Unomax? And if that mix remains how it is, then how would the gross margins improve in F '27? Any thoughts would be really helpful.



- Gaurav Rathod:** I think with Cello pen, it's not -- that's not the concern. The concern is the cost. Basically, because today, it's pretty much we have started back. We were left with a very bad P&L to begin with. But basically, a lot of costs have been -- there are higher costs that we are trying to cut down -- and that has what has impacted GP margins and our net margins in the Cello category that doesn't mean that the salience of the INR10 will stay. Cello pens have been selling INR15, INR20 pens also. So I think that's not the challenge. The challenge will be as we grow this business and as we achieve volume over the years, the margins will improve in this category.
- Moderator:** The next question is from the line of Bhavin Rupani from Investec.
- Bhavin Rupani:** So actually, I joined in late, so pardon me if I repeat the question. So first question is related to Opalware and glassware utilization. So what was our utilization in Q4? And what are we running at -- operating at right now?
- Gaurav Rathod:** So Opalware we are at 85%. Glassware, we are still at about 60%. So we operate at the same range that we were in the last quarter result.
- Bhavin Rupani:** Okay. The second question on Opalware. So how are we looking at market growth? Also, if you can speak more on competition and incremental capex plans that we have over here.
- Gaurav Rathod:** So I think for us, we have limited capacities now left, and our target is to basically just exhaust that currently. There has been new competition which has come in about 6-odd months back. So we are seeing how that shapes up as well and in the future, of course, we will look at expansion post everything settles, and there is no crazy price wars. And then we can take a call of expansion.
- Bhavin Rupani:** Do we have any place at our existing facility to expand brownfield expansion or we will need a greenfield expansion altogether?
- Gaurav Rathod:** Now we need a greenfield. Our current capacity -- after this, we will not have space at our current location. So we will have space, of course, at a new hub in Rajasthan. So that's where we look at expanding.
- Bhavin Rupani:** Okay. And just extending this question further. So given there is intense competition going on in this Opalware category, also margins are higher in this category, right? So in case of increasing competition going ahead, so what would be our preference would be. We will be focusing more on margins? We will be focusing more on volume growth or market share? So what is our thought process over here?
- Gaurav Rathod:** I think a little bit of both. The good part is that we have very limited capacity left. So we are not in a hurry to sell out today. So that doesn't put a lot of pressure on us when it comes to sales volume, but we still have to be cautious and not let lose market share, which we will, of course, try and maintain.
- Bhavin Rupani:** Fair enough, sir. Sir, next is on glassware. So what steps do we need to take to make it more profitable from here on. I understand you need more utilizations. But is it that we need more SKUs or we have to pick our pricing in the market? So how should one understand this category?



Gaurav Rathod: I think this is a very utilization-focused category. And a lot of dumping from China has not helped us overall in the last 1, 1.5 years. But I think overall, it has a very bright future because we are the first ones to do this in India. And in terms of SKUs, we have a very good mix. Of course, we keep introducing newer products and some products become like hero products. And we have a few today, and we'll create more as well and I think as we increase utilization, everything will just generate into profit. So the profitability potential of this plant is very, very huge.

Just that it is a little painful to start with. That's how glass plants are. But it's a 10-year furnace. We have not even completed 2 years. It's just been a year. So I think we have a lot of good things to look forward to. It's just that it is taking a little time for the utilization levels to go up. But I think with the rising dollar, that should help us a little bit.

Bhavin Rupani: Okay. And sir, what would be our peak revenue and peak EBITDA margins from this category once we reach optimal utilization?

Gaurav Rathod: I think we're looking at about INR300 crores of peak revenue from glassware and our peak would be about 28% to 30% EBITDA margins.

Bhavin Rupani: Fair enough. I have more questions if we can go ahead or if that is okay.

Gaurav Rathod: Yes, sure.

Bhavin Rupani: Sir, on stationery, so we entered into an agreement with Cello -- for Cello brand of writing instrument in Q3. So just trying to understand, as per the agreement, what was the last date of an earlier owner of Cello brand was allowed to sell or manufacture the product? Did they stop selling or manufacturing the product right from the date we entered the agreement? Or was there any sort of deadline that beyond this date they won't be able to manufacture?

Gaurav Rathod: This deal happened in November of 2025. And I think by December, we were pretty much -- we had full control. So it is December, that's what I'm trying to say.

Bhavin Rupani: Fair enough, okay. And last question on working capital. So we had mentioned about reducing our receivable days going ahead. But can you please specify what steps are we taking incrementally to reduce it and at what level are we comfortable?

Gaurav Rathod: Sure. So I think most of -- some of our receivable days have -- is looking a little bad because of a couple of institutional government orders, government tenders that we have taken, though -- and this is a typical city with the government order, it was anticipated already. That is why it looks a little stretched. Second, in terms of what measures is that we are trying to make sure that the channel inventory checks are done better. We're also trying to help our distributor liquidate stock, if there is anything that some of them carry or excess inventory if they are carrying and also rationalization of products.

So I think the lesser products they carry, the lesser inventory they have to carry overall. So all 3 put together, I think it really help us. It's slowly helping us. It is a little slow process. It doesn't happen overnight. But our target is about 15-odd days less -- less than 100 days is what we are

targeting. And I think that is a sweet spot that is where we have always been okay with because historically also that has been a number, which has gone up in the last 1, 1.5 years.

Bhavin Rupani: Right. Sir when you say we're trying to help distributors help liquidate. So does it mean that we will be providing them incremental incentive schemes or any support?

Gaurav Rathod: So one is, of course, kind of push it more aggressively in the market. And second is if there is any very, very difficult material that is not moving at all, then maybe help them with a little bit of a discount, but that is very, very limited. It's -- the amount is extremely small.

Moderator: The next question is from the line of Sushant Kumar from Motilal Oswal.

Sumant: Yes. Sumant here not Sushant. So my question is for the inventory, how is the inventory in the channel currently?

Gaurav Rathod: I think channel inventory currently, it should be better already because you had a very high price rise. So a lot of the older inventory started getting sold up faster. So I think today, it looks better than I think March as well and it should be -- I think this quarter should be much better in terms of the channel inventory I'm talking about.

Sumant: Okay. So on anticipation of, say, in the recent month, the price has increased, so channel has bought more inventory currently? Or now they are buying cautiously?

Gaurav Rathod: Channel has been cautious. As I mentioned that right now because of this whole situation and price rises are pretty steep. So the channel is buying it cautiously as and when needed, they are buying inventory. Of course, and that is why I said it's a little subdued at this point of time. But as we are seeing that amount is picking up every day. So that means that the channel inventory is also getting lower and lower.

Moderator: The next question is from the line of Lakshminarayanan from Tunga Investments.

Lakshminarayanan: I just want to understand your stationery business. With all the restructuring going on, what kind of revenue contribution you actually would envisage the year-end? And second on the stationery business I want to understand the seasonality of the business. And the third, what is the mix of the INR10 price point in your stationery? And what do you -- how do you intend to expand the range in terms of new products as well as exports in Stage 3?

Gaurav Rathod: I think for us as I mentioned earlier that our target for the next financial year '27 is about INR500-crores plus revenue potential for the entire segment. The INR10 segment, we have already expanded our range into the INR12 and the INR15 and the INR20 price points. So we are not heavily dependent on the INR10 segment.

And also export-wise, exports, of course, have been helpful in the sense that they've given better margins, and that will continue to happen for the -- over the next -- course of the next year as well. And that should also help offset some of the steep price increases. Other than that, I think what we are also focusing on is expanding some of the other categories like markers and sketch pens and crayons.



And I think some of the other stationery items. So I think as we expand into these things, the revenue potential from them will keep coming in. And with the brand Cello I think we are more confident of scaling this up a little faster than we were in Unomax.

Lakshminarayanan: And how seasonal is the business for us?

Gaurav Rathod: Seasonal, your back-to-school is your biggest quarter, basically, which is the first quarter and the last quarter does better. So your Jan, Feb, March till June end is very, very good, and then it takes a slight dip. So the next 2 quarters are a little less -- it's almost like a 1.5x happens in the last quarter and the first quarter. And then the others, yes, then the rest of the year is slightly lesser.

Lakshminarayanan: And since the RM prices are increasing or have already increased, how are you looking at it? Because this industry is slightly more price driven or price point driven. How are you looking at it in terms of ROCE and sustainable margins and working capital?

Gaurav Rathod: Right. So I think in terms of raw material increase, we have been able to pass it on to most of the -- to the customer. Also, what happens during these times is a lot of unorganized players kind of are unable to produce because they are -- prices are -- price also goes up and they are unable to pass on most of those price increases. So that kind of helps us somewhere. So that is why branded players have a better say during these times, and I think that is what has happened. And most of the price increases we have been able to pass on in most of our categories.

Moderator: The next question is from the line of Rajakumar Vaidyanathan: from RK Invests.

Rajakumar Vaidyanathan: Can you hear me?

Gaurav Rathod: Yes. I can.

Rajakumar Vaidyanathan: Sir, just 2 questions. So the first one is you kind of mentioned that the Q1 will be soft. So is it more due to seasonality you're seeing? Or it is also due to whatever the headwinds you're currently seeing?

Gaurav Rathod: Can you repeat?

Rajakumar Vaidyanathan: In your outlook, you said the current Q1 will be soft. So is it more due to the seasonality factor or the combination of seasonality and the headwinds that you are currently seeing?

Gaurav Rathod: No, no, it's not seasonality. It's mostly the current crisis that we're going through.

Rajakumar Vaidyanathan: Okay. And what makes you to feel that the things will look after Q2 onwards?

Gaurav Rathod: I don't really know if things will look up. I hope things will be better. I don't know what the political leaders of the world will do. But I'm hoping that because I believe that we have hit the peak in terms of raw material prices and other costs. So I believe that it should go down from here rather than go up.



- Rajakumar Vaidyanathan:** Got it. And when do you -- I mean we used to make 25% margins about a couple of years back. So what needs to happen for those margins Cello to see again?
- Gaurav Rathod:** So I think 2 factors which have been majorly -- which have majorly been the cause of the decline is because of the glassware because we have scaled up revenues, but there is no profit currently there. And steel ware because we lost about 5% to 6% margin due to unavailability and also due to higher trading prices that we were buying from other OEM manufacturers in India. So as we scale up both the production facilities, about 2%, 2.5% of margins will return from them. Plus as we scale up Cello pens in the stationery category, another percentage point will be added from there. So I believe this is what needs to happen for us to get back to those 26% kind of numbers.
- Rajakumar Vaidyanathan:** Okay. So it's not -- no longer -- it's not an aspiration number. So it's something that is kind of achievable. Is that what you say?
- Gaurav Rathod:** It is definitely achievable, of course, and if the demand environment also stays good, then I don't see any reason why it's not achievable.
- Rajakumar Vaidyanathan:** Okay. Got it, sir. Last question is you have got enough -- a lot of cash on the balance sheet. So given that you have a lot of capacity already built up. So any plans for this cash?
- Gaurav Rathod:** I think a lot of this cash we are preserving also because we also look at inorganic opportunities like what we did with Cello pens. So we are always looking out for such opportunities, and we want to -- though currently, it shows our ROCEs or other return ratios as a little low. But I think in the long term, it is good for us to hold this cash for any such opportunities that are coming up. So I think we look at it from that perspective.
- Rajakumar Vaidyanathan:** Okay. So sorry to labor on this. So it seems you said you already have enough capacity. So these inorganic opportunities, we'll be looking at -- clients completely different from what you're currently doing? Is that what you're saying?
- Gaurav Rathod:** It will be adjacent segment. So it will be something that has synergies with our current businesses or there is, say, distribution synergy or there is a manufacturing synergy. So we're always looking at that kind of an opportunity.
- Rajakumar Vaidyanathan:** Okay. And no plans to use this cash for doing any buyback given your depressed share prices?
- Gaurav Rathod:** Buyback, nothing. No buyback at this point of time, no.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question of the day. And I would now like to hand the conference over to the management for closing comments.
- Gaurav Rathod:** Everyone, thank you so much for joining in for today's call, and I hope things get better in the world, and we'll have good quarters in the future. Thank you so much.
- Moderator:** Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.