



Cello World Limited

(formerly known as 'Cello World Private Limited')

Regd. Office: 597/2A, Somnath Road, Dabhel, Nani Daman, Daman & Diu - 396 210. (India)

Admin Office: Cello House, Corporate Avenue, 'B' Wing, 8th Floor, Sonawala Road, Goregaon (E), Mumbai - 400 063, (India),

Tel: 022 6997 0000, e-mail: grievance@celloworld.com

Website: www.corporate.celloworld.com **CIN:** L25209DD2018PLC009865

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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 February 16, 2026 at 09:00 a.m. (Indian Standard Time) on the unaudited financial results for the third quarter ended December 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 Trivedi
Company Secretary & Compliance Officer
M.no. A27603
Encl: A/a



“Cello World Limited
Q3 FY26 Results Conference Call”

February 16, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on February 16, 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 – ICICI SECURITIES LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to Cello World Q3 FY '26 Concall hosted by ICICI Securities Limited. 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 involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manan from ICICI Securities Limited. Thank you, and over to you, sir.

Manan: Thank you. Good morning, ladies and gentlemen. On behalf of ICICI Securities, we welcome you all to Q3 and 9 Months FY '26 Results Conference Call of Cello World Limited. Today, we have with us senior management represented by Mr. Gaurav Rathod, Joint Managing Director; and Mr. Atul Parolia, CFO. Now I hand over the call to the management for their initial comments on the quarterly performance. Then we will open the floor for Q&A session. Thank you, and over to you, Gaurav, sir.

Gaurav Rathod: Thank you, Manan. 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 review them.

During quarter 3 financial year '26, the demand environment remained mixed. While we saw a healthy momentum in October, demand softened meaningfully in December, making it a relatively weaker December in recent years. Against this backdrop, we reported revenues of INR553.7 crores with an EBITDA margin of 22.1%.

Additionally, during the quarter, we incurred a onetime exceptional impact of INR7.4 crores on account of gratuity provisioning, pursuant to the implementation of the new labour codes. This was a nonrecurring adjustment and has impacted profitability for the quarter. In quarter 3 financial year '26, our Consumerware segment recorded a marginal decline in sales, primarily due to availability constraints in our insulated steel portfolio.

During the quarter, we faced stockouts in insulated steel products, which led to an approximate 40% quarter-on-quarter decline in steel revenues. This decline was supply-driven and significantly impacted overall consumer revenues. Had the steelware products delivered the same growth as last year, last quarter, we would have seen a significant growth in revenues for the Consumerware segment in this quarter.

Due to lower production volumes and suboptimal absorption of fixed cost in steel, we witnessed a higher sales to revenue cost ratio during the quarter, temporarily impacting margins.



Importantly, had revenues remained at the last year's level, the growth would have been approximately 12% year-on-year in quarter 3 of financial year '26.

We have commissioned a state-of-the-art fully integrated insulated steel bottle manufacturing plant in Rajasthan. Two production lines are currently operational with the remaining lines to be commissioned in phases through H1 of financial year '27. We expect the steel business to progressively ramp up and return to normal revenue levels over the next couple of quarters. I would invite a lot of investors to see this plant because it's very well done.

And I think you can gain a lot of confidence from the fact that we'll be one of the best producers of steel in India. On the glassware side, our glassware business is currently operating at approximately 60% utilization. It continues at this utilization levels because sales is catching up. We are seeing a ramp-up in revenues in this segment.

But as we had built some stocks, this -- we are currently utilizing those stocks for revenue generation. We expect the utilization levels of glassware to be at this level for at least the next couple of quarters. While the category continues to face some pressure due to increased dumping from China, the business has reached breakeven and is contributing meaningfully to revenue. Profitability from glass will take some time to scale as operating leverage kicks in.

On the Writing Instruments segment, the segment reported a top line of INR86 crores, delivering an 11% year-on-year growth. Contributions from the Cello brand will start from this quarter and should meaningfully help in increasing revenue. In financial year '27, we expect combined revenues north of INR500 crores with the Unomax and Cello brand combined.

And the scalability of this -- both brands put together in the next few years is immense, and we are looking at a top line of about INR1,000 crores over the next 2 years. The molded furniture category witnessed a 10.6% decline compared to quarter 3 of financial year '25. This was primarily because of two reasons.

One is because of weak polymer prices, which impact this category directly, and some orders that we had -- some government orders that we had last quarter, which were not reflected in this quarter. On our strategic priorities, our priorities remain portfolio rationalization. So we are continuously evaluating our product portfolio using the 80-20 principle, and continue to basically make sure that we kind of are working towards always kind of rationalizing this product portfolio.

Also, premiumization is another aspect that we are continuously working on. We have kind of increased the mix to about 7% to 8%. Over time, this, we want to take it to about 20%. The channel mix is also evolving digitally. Our revenues now are about 15.7% of the total revenues, which is meaningfully gaining a lot of traction.

On the profitability side, the softness in profitability, as mentioned earlier, was driven by lower steel volumes and a onetime gratuity impact. This blip is very temporary. As steel volumes normalize, we expect margins to revert to our normalized 22% EBIT over the next two quarters.



On the working capital side, we will tread cautiously over the next two quarters with sharper emphasis on working capital optimization and inventory discipline. This may temporarily moderate revenues, but will strengthen our long-term stability and return ratios. We remain confident of delivering about 8% to 10% overall growth, supported by the steelware ramp-up and glassware scaling in the next couple of quarters.

Post which, of course, the growth will be a lot higher once the steel completely kicks in and the glassware completely scales up. Also, the operating leverage should also kick in by then, and we should start returning back to a normalized EBIT levels. With that, I would like to hand over to our CFO, Mr. Atul Parolia, for the financial highlights.

Atul Parolia:

Thank you, Gaurav, and good morning to everyone. I will be sharing the financial details for the quarter gone by. In quarter 3 financial year '26, the company reported revenue of INR553.7 crores. EBITDA for the quarter stood at INR122.3 crores, translating into an EBITDA margin of 22.1%.

During the period, the company incurred a onetime impact of INR7.4 crores due to the implementation of the new labour codes. Profit after tax for the quarter was INR63.6 crores with a PAT margin of 11.5%. Coming to the revenue mix, Consumerware contributed 69.5% of the total revenue, followed by the writing segment at 15.5%, while the molded furniture and allied products accounted for the remaining 15%.

In terms of channel mix, general trade and export contributed to 75.2% and 9.1% of the sales, respectively. Online sales contributed 10.6%, while modern trade accounted for 5.1% of the total sales. From a segment-wise margin perspective, writing segment led with a gross profit margin of 56.7%, followed by the Consumerware at 50.2% and molded furniture at 39.6%.

Now coming to the 9-month financial year 2026 performance. Revenue for the period was INR1,670.1 crores with a year-on-year growth of 8%. Gross margin level remained healthy at 51%. EBITDA came at INR389.8 crores with an EBITDA margin of 23.3%. The company reported a profit after tax of INR222.3 crores, resulting in a PAT margin of 13.3%.

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

Moderator:

The first question is from the line of Vaidik Bafna from Monarch Network Capital Limited.

Vaidik Bafna:

Congratulations. So sir, I have two questions. Firstly, on the Consumerware side. Can you quantify the growth delivered in the opalware and the glassware segment on a quarterly basis and for 9 months as well? What kind of growth in terms of percentage has the company delivered?

Gaurav Rathod:

So basically, we do not report our revenue separately. We can get on a call after to understand this better. But as I mentioned that in the Consumerware segment, we saw growth across all our segments, except for the steelware, which led to the decline of revenues. Otherwise, it would have been a decent growth, given the fact that we had a very good growth last quarter. So a lot of the Diwali sales had come in the September quarter, having -- so it would have been a very good quarter had steel flask not given us a stock-out situation.



- Moderator:** The next question is from the line of Praveen Sahay from PL Capital.
- Praveen Sahay:** Thank you for the opportunity Sir, my first question is related to your guidance of last quarter, double-digit of revenue growth with a margin of 22% to 23%. So where we are about that? Because if I look at the Q4, with this guidance, it looks very high growth in the top line as well as in the EBITDA margin as well. So if you can?
- Gaurav Rathod:** So basically, as per the -- this thing -- as I mentioned that if steelware would have contributed meaningfully in this quarter, this quarter would have been in a double-digit kind of a growth overall because our Writing Instruments segment also saw good growth. And of course, molded furniture, because of the polymer prices has a direct impact because as the polymer prices go weaker -- because 62% of the cost of molded furniture is actually polymer. So that is why there we had a slight decline.
- So overall, as I said, in the next few quarters -- the glassware plant also, of course, has given us revenue but no profit. So that, of course, affects margins temporarily. So as I mentioned that over the next couple of quarters, months, we regain our entire revenue from steel. And also, of course, as glassware starts contributing to margins, this margin will return to its normalized level at about 22%.
- Praveen Sahay:** Is there any guidance number -- would you like to give?
- Gaurav Rathod:** So over the next two quarters -- as I mentioned that over the next two quarters, profitability will be a little subdued. Of course, it will keep getting better as the steelware plant ramps up. And -- but after H1, I think things should improve drastically, and we should return to our normal ratios.
- Praveen Sahay:** Okay. Second question, sir, related to the Cello brand for writing and stationery. Last time, you indicated, by '28 or so, INR350-odd crores of revenue you can generate. So how much of the revenue you are expecting for '27 because you guided for somewhere around INR500 crores -- north of INR500 crores that you are expecting from this segment?
- Gaurav Rathod:** So I think, put together, we will be clocking in good numbers. So upwards of -- north of INR500 crores is a given for next year in the stationery segment, both brands put together. It could be, of course, a lot more. We have been evaluating -- of course, we've just bought the brand about 2 months back. And that is why you'll start seeing revenues from this quarter.
- Having said that, you are right that the revenues were about INR300 crores -- upward of INR300 crores for Cello, but there were a lot of loss-making products in that particular portfolio. So we have rationalized or we will be continuing to rationalize some of those products. which might reduce the overall revenue. But of course, even after that, the revenues will be amazing in terms of the writing instruments and we should be upwards of INR500 crores.
- Praveen Sahay:** Okay. Second question -- third question, sir, related to the GT because, this quarter, we have seen the general trade has been down. Is it only because of steel product?



- Gaurav Rathod:** So yes, GT has been down majorly due to steel products. That is the main reason. And also, if you see, the Diwali impact also was there because, last quarter, it was a very good growth in the Consumerware segment in GT also. And GT seems to have softened a little bit in this quarter. So both impacts, steel, of course, is a big impact and also marginally due to the Diwali being preponed.
- Praveen Sahay:** Okay. And also, just to clarify, this steel has also impacted our in-house manufacturing because that number is significantly down to 63% compared to 77%, 75% we used to give, in this quarter?
- Gaurav Rathod:** No. Sorry, I didn't get your question.
- Praveen Sahay:** So the in-house manufacturing contribution has gone down for this quarter to nearly 63% odd. So is that because of steel availability is low and that's impacted our revenue?
- Gaurav Rathod:** No. It has not gone down. I don't know where you're getting that number from because it's about 72% is in-house manufacturing, and it will only go up as we ramp -- as we start producing more of the steelware.
- Praveen Sahay:** No. So actually, I calculated from your 9-month number is 73% and first half is 78%. So if I calculate for the Q3, that is a lower number. So that's why I asked?
- Gaurav Rathod:** No, actually, that doesn't match with my number, but of course, we'll discuss this later. We can get on a call and discuss it.
- Moderator:** The next question is from the line of Bhavin Rupani from Investec.
- Bhavin Rupani:** So first on opalware, sir. Can you spell out what is the utilization levels for our opalware plant right now?
- Gaurav Rathod:** So opalware is almost -- we are at about 85% of utilization at this point of time.
- Bhavin Rupani:** And any incremental expansion plans over here, given that we are running at almost peak utilizations?
- Gaurav Rathod:** No. Currently, at this point of time, we are not -- we need to first exhaust capacity to about 100%. Also, there is new competition in the market. So we are trending cautiously on that side. But yes, of course, as we near complete exhaustion of capacity, we will start thinking about it in the next few months.
- Bhavin Rupani:** And sir, do we have any brownfield optionality at our existing plant in case we look to expand the facility?
- Gaurav Rathod:** Brownfield -- no, we are in glass, and opal -- it's a little difficult to expand in terms of Brownfield. So it will have to be a complete Greenfield project when it comes to opal.
- Bhavin Rupani:** All right. And one more question on opalware, sir. Any -- so what is our realigning time lines over here and capex for realigning for a couple of years from now?



- Gaurav Rathod:** For opalware?
- Bhavin Rupani:** Yes, sir.
- Gaurav Rathod:** Opalware, we haven't thought about any more capex at this point of time because as I mentioned that because there is new capacity that have been added in the market. So we'll have to wait and watch a little bit. But if we do, there is going to be a capex of about INR100 crores, INR110 crores is what we look at if we are going to be ever doing it this year.
- Bhavin Rupani:** Right. Sir -- and I was asking about the realigning capex. So what I'm assuming is post 2 or 3 years, we need realigning of our lines or furnaces, right?
- Gaurav Rathod:** No, no, no. So that is the maintenance capex you're talking about. It's not realigning. It is just -- maintenance capex is always considered. And basically, that is not much. That is about INR10 crores, INR15 crores a year, which is also maintenance for most of our lines.
- Bhavin Rupani:** All right. And one more question on opalware, sir. So basis our channel checks, what we understand is imports in this category has increased over the past few years and despite regulatory covers being present, right? So how is the industry working on it? And any measures industry has taken to curb these imports?
- Gaurav Rathod:** I think -- see, there is an active antidumping duty that still exists on opalware. And overall, the rise in imports is not very significant. It is very, very limited. And it is an inferior product that is being imported. So I don't think we have had any real reasons to worry there as an industry as well.
- Bhavin Rupani:** Got it. Sir, one more question -- sorry, one more question on opalware, sir. Just wanted your thought on this, given competitive intensity is increasing in the space, what would be our preference, volume or margins?
- Gaurav Rathod:** See, since we are already at about 85% capacity utilization, I think we should be -- ideally, anyone should be focusing on profitability at this point of time until the new capacity gets completely penetrated in the market. So I think that is our priority now. Cost reduction and optimization will be our priority going forward so that our margins are maintained because revenue potential growth is only going to be the 15% capacity that we have left.
- Bhavin Rupani:** All right. Sir, a couple of questions on glassware. So first, glassware -- on glassware, you mentioned that utilizations will remain at 60% over the next 2 quarters. So just trying to understand, is it demand is softer or any technical issues at our plant?
- Gaurav Rathod:** No. So it's not that anything technical. The idea is that the revenues are ramping up. But of course, it takes a little time for revenues to keep going up. Every -- of course, month-on-month, we are seeing a growth in revenue of glassware. But since it will take a little time -- of course, the potential can be a lot more, as I said, from this plant.
- But until that happens, we will have to keep the utilization levels at about 60%. And also there is stock that has built up, which we will also be selling in the next couple of quarters. Post that,



we will increase the utilization. So there is no technical challenge. It is -- the product side is completely set.

Moderator: The next question is from the line of Naitik from NV Alpha Fund.

Naitik: My first question is you mentioned that there were some supply challenges in steelware. So this was primarily because of the BIS standards coming in and our facility yet to be -- yet to come online? Is that the sole reason for the same?

Gaurav Rathod: Yes. So BIS had come in about last January. We had built a lot of stocks. So we had about 6, 8 months of stocks. And post that, we had also procured some products locally through some OEMs. But the kind of product line that we had before when we were importing was pretty large.

And we, of course, are unable to have all of those products today. But yes, as we are going to ramp up our production, these are all products that are going to come back. And that was basically the reason -- the main reason. The BIS is, of course, the main reason that we had this situation.

Naitik: Right. And sir, if this was not the case, we didn't have supply issues and the steelware revenue would have been flat, what was the growth we would have seen?

Gaurav Rathod: In the Consumerware segment, we would have seen a 12% growth year-on-year. If it is -- even the same as last year, if revenues of steel would have stayed the same.

Naitik: Right. And sir, what about the capacity that we have put in? In steelware, what is this capacity that we are bringing in?

Gaurav Rathod: So we are bringing in about -- currently, we have about 8 to 10 lines. We have 2 lines operational. This has revenue potential of up to -- upwards of about INR300-odd crores for the moment. And we can just keep adding lines. We have the facilities. So it will just be a Brownfield expansion, post that.

Naitik: Got it. And just one clarification I needed on the deal structure of the Cello pens brand that we have bought back. We would be booking, say, INR200 crores to INR300 crores of revenue in CY26 from the Cello brands itself. We will be getting the profitability also of the same, but we won't be paying anything. So I'm just not able to wrap my head around the deal structure. So if you could just throw some light on the same?

Gaurav Rathod: So basically, the brand was bought by CPIW, which is a promoter group entity and all the brand is housed there. And even the Cello brand has been housed there. So CPIW paid for the brand. So it was -- there were 2 deals that had happened. One was the brand deal and one was the asset deal. So we were only involved in the brand deal. The assets were bought by a separate company altogether.

So that is why there is no impact because we already had -- our current facilities had enough capacities to produce the goods that Cello was selling. So we -- what -- we basically only



procured and we will be procuring. There will be some capex on that as we go along is the molds. Right

And we will need some more machines in the next couple of quarters, which I had already guided last time that there would be a capex of about INR50 crores to INR60 crores in this category in the next 1 year -- 1 full year. So I think that's how the brand deal was structured, and that's why you're not seeing any payment out for this particular thing.

Naitik: Sir, but what's in it for the asset owners for this? I mean, I believe we would be producing and running the assets and selling and booking the revenue, right, for the brand. So what's in it for the asset owners, why would they buy?

Gaurav Rathod: No, the asset owners bought the asset. They bought the land, building, everything. They will sell at a better price maybe. That is why they invested.

Naitik: Okay, they will sell at a markup. That's what you mean.

Gaurav Rathod: Yes, they will sell. See, they don't want to hold. They bought assets and they want to sell assets. So it's an asset sale kind of a deal for them.

Naitik: Got it, sir. Sir, also you mentioned the margins in Consumerware were sort of flattish or down due to steelware revenues not coming in. So I don't understand, the plant just came in, so how did that affect our profitability in Consumerware?

Gaurav Rathod: So two things. Steelware did not give the revenue. So there was a decline in revenue, which was a big revenue decline. So that is why the profitability was not reflected. Secondly, though we grew, a lot of the revenue growth came from glassware, which is not profitable at this point of time, right? It is only breaking even. So that is the reason why there was a temporary decline in profitability.

And with steel coming back -- because steel has just started, the production has just started, so - - and also there were a lot of expenses that were done for the plant basically without any revenue generation, right? And also, the sales team is also in place, but the sales did not happen as much. So basically, that is why the expenses increased overall quarter -- for this quarter, and that is why you are seeing a slight decline there.

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

Sucrit Patil: My name is Sucrit Patil. I have two questions. My first question to Mr. Rathod is, beyond the growth outlook, how will Cello World manage risk and uncertainty across its core categories, mainly writing instruments, stationery, furniture and kitchenware? What strategic choices will help the company stay in strength if the demand or input costs keep on fluctuating? That's my first question. I'll ask my second question after this?

Gaurav Rathod: So when it comes to input cost, they don't rise and fall very drastically unless we have situations like COVID, where it changes for everyone. And because we are a consumer-facing brand, some



of those input costs are passable to the consumer. And I think overall, we've not had such situations. The risk is very limited when it comes to input costs.

And if it happens, it happens for everyone. And I think that is the reason that -- other than that, there are not many other risks that would completely have a very major impact. I don't know if you're kind of referring to any other risks that -- so if there is anything specific, I could answer it in that fashion.

Sucrit Patil: No, in general, I'm just asking, not anything particularly oriented. Just in general, any risks that you foresee in the coming days? Just wanted to understand that?

Gaurav Rathod: I don't see any major risks in the coming quarters. Of course, this is something I can't foresee. If there is something that happens like a BIS kind of a situation where there is a regulatory problem, then no one can foresee that. So I think whatever we can foresee, of course, we can plan for.

Sucrit Patil: My second question to Mr. Parolia is along the similar lines. Beyond the margin guidance, how will you manage any financial risk or uncertainty in areas like raw material costs, working capital and capital allocation? What guardrails will ensure earning quality stay stable even in these volatile conditions? I want to understand the plan of action and point of view on this?

Atul Parolia: See in the past, which you have seen, actually, our profit margin has more or less remained in the range bound actually. And the reason being, as Gaurav said, we have the product mix actually. And with the product mix, we get the advantage of higher with our peers. And in the future, even we don't see any such risk, actually, which we are saying -- and our best thing is actually our new products. As you see, our new products goes on coming actually. And that gives us the major advantage.

Moderator: The next question is from the line of Aniruddha from ICICI Securities Limited.

Aniruddha: So sir, generally, whenever the commodity prices move up and down a bit, INR depreciation is also there, and the rules related to BIS are also there, so historically, it has been observed that in such cases, the larger players like Cello end up gaining good amount of market share. So if you can share what has been the market share journey for the steel products? And how do you see the market share, let's say, changing over the next 1, 2 years? That is question number one?

And then question number two, in terms of -- while there has been a relatively softer growth in the market itself, have you seen any impact on the trade spends, especially in the molded furniture segment, etcetera? So how should we read in terms of the trade spends, inventory levels in the trade, etcetera? Any material changes happened to that due to slowdown in the market growth?

Gaurav Rathod: You are right that, overall, as we ramp up our production -- and before there were a lot of importers, people could import different items. But -- and that will help overall in the long term as we scale up our production to gain some market share. But also one thing we should understand is that when we were importing, we were importing from 20- 30 different companies in the world.



And the point was that the kind of diversified range that we could have, we cannot have that anymore and no one can have that anymore. So I think that is one reason that we still remain -- of course, we remain confident that market share gains will happen because no one now can go and import, say, a container. But having said that, the range has reduced. And to build that range will, of course, take some time.

And over the years, we will be able to do that as we scale up our revenues. But yes, possible, 100%, this should come in and kick in, in the next year. In terms of your second question, I think there is no meaningful change in the channel stock. I think it remains relatively at the same levels. The primary growth, of course, has softened for everyone. But at the same time, the secondaries have been at par. So I wouldn't say that there is a meaningful increase in channel stock.

Aniruddha:

Okay. Sure, sir. Second, just from a strategy perspective, Cello operates the business through multiple subsidiaries. Will it be easier in terms of operations as well as from the trade perspective also, if all subsidiaries get merged because then there can be seamless flow of capital from one segment to other?

And even from a trade perspective, there will be single billing and single accounting, overall audit. All the expenses can also slightly come down. So is there any thought process on that or the current system of multiple subsidiaries is actually -- will continue and is more beneficial? Yes, that's it from my side?

Gaurav Rathod:

So Aniruddha I think for us, multiple subsidiaries have been the way we have been working. That's how we are structured because we don't want to put the expenses or burden of one company onto the other. And every unit is basically a P&L for us and is basically -- one person basically handles it.

So overall, while things can get easier, it also kind of dilutes the P&L of each and every unit and focus on unit economics kind of goes away. And that is the reason why we have been structured in the fashion we have structured. From a billing point of view, at least Cello World is -- has most of the billing, and it is kind of one point for most of our customers, except for the glassware side, which is the second billing point. So I think that is not really a major concern or it will not really reduce any further cost. Yes, it can just make it easier. That's the only thing. But other than that, I think we are happy with the current structure and would like to operate it this way.

Moderator:

The next question is from the line of Karan Bhatelia from AMSEC.

Karan Bhatelia:

Gaurav, I wanted to understand any pricing actions taken across the portfolio? Or how do you see pricing strategies in the medium term?

Gaurav Rathod:

So I think nothing -- so no pricing strategy as such. In an environment like this, we are not -- as I had guided even in the first quarter that some of the expenses had increased, but we were unable to pass on. So there is no -- and -- but now there is no such pressures also that -- no new pressures, I would suggest, that will lead to any pricing corrections. Rather, we are actually working more on the manufacturing side where we can cut cost and optimize. I think that is the strategy going forward, at least at least for a few quarters.



- Karan Bhatelia:** Right, right. And on the glassware side, I think we're slightly behind our targets. Fourth quarter earlier, we were estimating 80% capacity utilization. And I think profitability from this vertical will only start once we cross 75%. So how do we see glassware as a portfolio?
- Gaurav Rathod:** Glassware is a -- for the company is a very long-term bet. Once we establish ourselves in this particular product line, we have -- it's a very -- it's a tough product line, right, for anyone else to come into the -- entry barrier is extremely high. The kind of glass we are producing is, I would say, today, much better than a lot of countries have been able to do.
- So it's a very long-term bet for us. We are not worried about current profitability. We are more wanting to first gain the market. As I mentioned, there has been a lot of Chinese dumping and this category is going to evolve in the next few months. Already, we are seeing imports getting majorly impacted because of our entry.
- And as the channel stock also goes down of imports, we'll see our revenue keep going up. And we are actually seeing that. So it's just that glassware is a continuous plant. We cannot stop it for 10 years. So that is why we have to tread a little cautiously on the inventory side. And that is why we are not intentionally utilizing more than this for the time being. Once profitability kicks in, once we cross 75%, 80%, the upside is very huge. And I think we'll have to be a little patient here. And the long term is outstanding for this category.
- Karan Bhatelia:** Noted. And on the writing instruments side, one last question from my end, how is the product portfolio for BIC Cello? Because I believe, for us, we are more on the writing side and slightly lower on the other stationery part. And we were ideally wanting to expand that portfolio as well. So in BIC Cello, how is the split between writing and stationery?
- Gaurav Rathod:** So BIC Cello is actually structured exactly like us. So stationery is a very small part for them as well, which actually is a fantastic and a very big opportunity for us now going forward by adding these products into Cello, which has a much better brand equity when it comes to stationery. So I think, yes, that way, it's a fantastic opportunity, and it opens up a lot of doors.
- Karan Bhatelia:** Because we did launch a few steelware products like markers, crayons, geometry boxes, mechanical pencils. So how is the ramp-up there? How is the market reacting to our stationary product portfolio?
- Gaurav Rathod:** I think, while we have introduced all of these, it has been not a very big ramp-up there with the Unomax brand. What we are now going to start doing is have those similar kind of products in the Cello brand. And I think, with the Cello brand, the scale-up will be a lot faster.
- Karan Bhatelia:** And on capex front, INR150 crores for this year and INR75 crores for next year or anything incremental could be seen...
- Gaurav Rathod:** So maintenance capex is going to be at about INR75-odd crores -- INR75 crores to INR100 crores. Apart from that, there will be slight capex in the writing instruments.
- Karan Bhatelia:** Right. So correct to assume INR150 crores for both the years, '26, '27?



- Gaurav Rathod:** Maximum, yes, maximum. That is the upper limit.
- Moderator:** The next question is from the line of Deepesh J. Sancheti from Maanya Finance.
- Deepesh J. Sancheti:** Gaurav, congratulations on the acquisition of Cello brand. I wanted a question -- I wanted an answer about what do you think will be the growth driver? And will it be fair to assume that writing instruments will be the growth driver for the next 2 years?
- Gaurav Rathod:** So I think, for us, growth drivers are 2: glassware and writing instruments. Both are -- glassware, of course, the potential is very huge, and we will try to reach about 80%-odd capacity by the end of the next year. And in writing instruments, of course, with the acquisition of Cello, we are now looking at fantastic numbers for this year. And of course, as I mentioned before, it opens up a lot of doors for a lot of other stationery items. So yes, these 2 pillars are going to be very important for us in the next year.
- Deepesh J. Sancheti:** Right. And since we are already planning capex -- you mentioned that we are already planning capex in the writing instruments, wouldn't it have been better that if we would have acquired the assets of also BIC Cello at that time and instead of having additional capex? I mean, if you can just give a comparison that what was the advantage of doing a fresh capex rather than not -- acquiring the assets?
- Gaurav Rathod:** A lot of this capex is actually acquiring some of those assets of BIC Cello, which is some of the molds and machines. What we did not require is the land and building, which was the bigger asset, right? The others are smaller assets. And a lot of their machinery was very, very old. So I think we did not see any advantage in kind of acquiring them because they would run very inefficiently. So that is why some of that capex is going to be in the newer machines and newer molds.
- Deepesh J. Sancheti:** Right. Great. Just the last question about the Wim Plast merger. Since all the regulatory approvals are almost done, when do you see that this merger will finally happen, if you can give a time line or date to it?
- Atul Parolia:** See, in the month of Feb only final hearing is there -- is around last week of Feb. And thereafter, once we get the approval, then everything is set, then we will be in the process of merging the thing. I mean already, as you know, appointed date is 1st April 2025. So definitely, it will be from that date itself. But maybe around 2, 3 months' time, we will see all that get through.
- Deepesh J. Sancheti:** So by first quarter -- in the first quarter of FY '27, we should be done with this?
- Gaurav Rathod:** Yes for sure.
- Moderator:** The next question is from the line of Vaishnavi Gurung from Craving Alpha Wealth Fund.
- Vaishnavi Gurung:** Sir, my first question is on the steelware segment. If you can help us with what is the total contribution of steelware to the consolidated revenue. And I wanted to understand, will the ramp-up of the new steel plant still impact the revenue and margins or will the third-party sourcing will continue having an impact? Just wanted to have a future outlook?



- Gaurav Rathod:** So I think we do not give out numbers separately for the steelware. Basically, of course, the steelware, as I mentioned, is a significant component of our revenues in the Consumerware segment, and has taken an impact in this quarter. Having -- going forward, I think, of course, as we ramp up our production and reduce our OEM supplies, we should see a meaningful growth in revenue and margins. So I think at least we should return back or actually better the margin that we had before while we were trading.
- Vaishnavi Gurung:** So we expect this impact to happen in the next two, three quarters or we expect?
- Gaurav Rathod:** The impact will be in phases. The impact as we scale up over the next two quarters, the impact will -- of course, the full impact will be only in H2 of next year, but you will start seeing some impact over the next two quarters.
- Vaishnavi Gurung:** So we may see some subdued growth in the next two quarters too from this segment?
- Gaurav Rathod:** We might not see growth because a lot of the product lines we are out of stock. So we will be just fulfilling those -- in terms of our revenue, we will only be fulfilling. We might not reach complete revenue potential until the end of the first half of next year.
- Vaishnavi Gurung:** Okay, sir. And I just wanted to have an outlook on the molded furniture segment. Will this current scenario of lower prices have an impact in the coming quarters too?
- Gaurav Rathod:** So I think if the polymer prices continue to be weak, there will be a slight impact because, as you know, it is completely -- directly proportional to polymer prices. And any decrease kind of decreases revenue, any increase increases revenue. So I think this will continue to be a trend in Wim Plast, and that is why we have always guided for a low single-digit number growth in the Wim Plast side.
- Vaishnavi Gurung:** So sir, do we not have any hedge in place to mitigate this risk?
- Gaurav Rathod:** No, there is no mitigation that is possible here because that -- polymer prices is not something that I can control.
- Moderator:** The next question is from the line of Akhil Parekh from B&K Securities.
- Akhil Parekh:** My first question is based on the commentaries now we have given across the product categories and, given the softer base we have in FY '26, would it be fair to assume that our growth rate in FY '27 can be between 15% to 18% and the margin profile going back to 23% plus? That's my first question?
- Gaurav Rathod:** So I think, basically, because of a couple of more quarters we will take to come back in terms of our steelware, but overall, the first half could be a little more muted at about 8% to 10%. But post that, you will see significant growth in terms of revenue and margin coming back to about 22%.
- Our first priority is to have margins back, which will happen in -- over the next couple of quarters. And post that, you'll see more growth. So as the quarters go by, I will keep guiding.



Currently, what I'm guiding is for the next couple of quarters is what I can foresee is about 8% to 10% growth, given the fact that steelware will still be under pressure a little bit.

Akhil Parekh: Sure. This is helpful. And just a second question on the opalware and the steel, right? And the peak utilization rate, what kind of sales turnover would these categories can be?

Gaurav Rathod: So opalware at its peak can do about INR400 crores to INR410 crores of revenue at its peak.

Akhil Parekh: Okay. And about steel?

Gaurav Rathod: Steel current capacity will go up to about INR300 crores with additional capex, which is not a lot. We can keep adding machines because the facility is completely built. The capex post that, will not be much, even if we want to add capacity.

Akhil Parekh: Okay. And sir, if I understand the margin profile of the steel category, is it in line to the opalware or it is below opalware category?

Gaurav Rathod: So it is in line -- slightly lower always, it has been, since we were trading. As we scale up our production, this could improve. But currently, it will stay a little lower as it has always been than opal.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to the management for closing comments.

Gaurav Rathod: Great. Thank you, everyone, for being on the call. I think exciting times for us ahead with 2 fantastic categories: stationery and glassware, which is going to ramp up in the next few quarters. And we look forward to the next few quarters, and hopefully, we'll have a much better year this coming year, right Thank you so much. Thanks again.

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