3 August 2026

Company Update | Sector: Others

Cello World

BSE SENSEX	S&P CNX
78,639	24,774

Bloomberg	CELLO IN
Equity Shares (m)	221
M.Cap.(INRb)/(USDb)	76 / 0.8
52-Week Range (INR)	674 / 337
1, 6, 12 Rel. Per (%)	-8/-29/-43
12M Avg Val (INR M)	130
Free float (%)	25.0

Financials & Valuations (INR b)

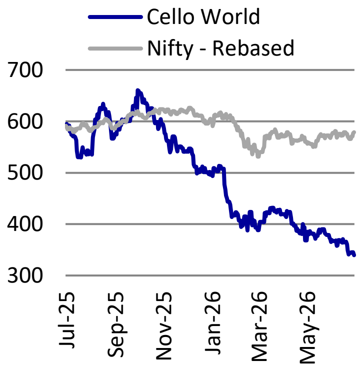
Y/E Mar	FY26	FY27E	FY28E
Sales	23.2	25.2	28.2
EBITDA	4.7	5.2	6.6
Adj. PAT	3.4	3.6	4.5
EBITDA Margin (%)	20.3	20.6	23.4
Cons. Adj. EPS (INR)	15.3	16.5	20.5
EPS Gr. (%)	-7.6	7.9	24.3
BV/Sh. (INR)	127.3	138.1	157.8
Ratios			
Net D:E	-0.3	-0.3	-0.4
RoE (%)	13	13	14
RoCE (%)	13	13	14
Valuations			
P/E (x)	23	21	17
EV/EBITDA (x)	15	13	10

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	75.0	75.0	75.0
DII	15.1	12.7	14.6
FII	3.2	5.5	5.4
Others	6.6	6.8	5.0

FII includes depository receipts

Stock Performance (1-year)



CMP: INR344 TP: INR480 (+39%) Buy

Headwinds likely to peak out; performance to improve from 2QFY27 onwards

Cello World Ltd. (CELLO) is India's leading consumer products company with a legacy of over six decades. The company has built a diversified portfolio spanning Consumerware, Writing Instruments & Stationery, and Moulded Furniture, supported by an extensive distribution network of over 5,000 distributors and a rapidly expanding presence across e-commerce and quick commerce channels.

- **CELLO has been facing multiple headwinds since 3QFY26, including subdued demand, slower-than-expected ramp-up of its new Glassware plant, and stockouts of insulated steel products, which impacted overall FY26 performance. Consequently, operating margins remained under pressure due to weak revenue growth, the shift in steelware sourcing from China to domestic suppliers, and a sharp increase in input costs following the onset of the US-Iran war.**
- **Looking ahead, we expect business performance to improve from 2QFY27 onwards, driven by the commissioning and ramp-up of the new steel bottle plant, improving utilization at the Glassware facility, and continued strong momentum in the Writing Instruments & Stationery segment, This is expected to be further supported by the scale-up of the 'CELLO stationery and PEN' brand, which was acquired in Dec'25, and the premiumization of the core product portfolio. However, volatility in raw material prices arising from geopolitical developments could keep margins under pressure in the near term.**
- **We project revenue/EBITDA/PAT CAGR of 10%/19%/16%, respectively, over FY26-FY28E. We reiterate our BUY rating on the stock with a TP of INR480.**

Weathering near-term challenges; recovery beyond 1QFY27

- CELLO has been navigating multiple headwinds over the past few quarters, driven by subdued demand, slower-than-expected ramp-up of its glassware facility due to aggressive dumping by Chinese players, and operational disruptions. Additionally, the implementation of BIS norms impacted the steelware segment, resulting in stockouts of insulated steel products. Consequently, the company reported revenue growth of 8.8% YoY in FY26. Within this, the Consumerware segment (69% of revenue) grew 10% YoY, while the Moulded Furniture segment (15% of revenue) declined 5% YoY. The Writing Instruments & Stationery segment (16% of revenue) emerged as the key growth driver, registering 20% YoY growth.
- Further, the US-Iran war triggered a sharp increase in raw material prices, leading to an overall input cost escalation of ~12%. As a result, COGS as a % of sales increased to 50.2% in FY26 from 48.3% in FY25. The impact was most pronounced in 4QFY26, where raw material costs as a % of sales grew to 53.3%, compared to 48.1% in 4QFY25 and 50.4% in 3QFY26.

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- Plastic granules and polymers are among the key raw materials, accounting for ~52–53% of total COGS and ~19–20% of sales. Prices of these inputs increased meaningfully from Nov–Dec'25 onwards. Other key raw materials used in the Consumerware segment—such as stainless steel and chemicals (including isocyanate, polyol, soda ash, and others)—also witnessed a sharp increase in prices. *(PP prices inched up ~50%+ over Aug'25 to March'26; similarly, HDPE/LDPE prices expanded ~62%/63%, respectively).* Additionally, higher fuel costs weighed on margins in the Glassware and Opalware businesses, where power and fuel account for ~18–20% of manufacturing costs. Consequently, gross margins across the Consumerware, Writing Instruments, and Moulded Furniture segments contracted from 52.6%/56.6%/44.1% in FY25 to 50.9%/53.6%/40.3% in FY26.
- Margins were further impacted by the slower ramp-up of the new glassware facility, which operated at around 60% utilization—largely at the break-even level—and the shift in steelware sourcing from China to domestic suppliers. Consequently, EBITDA margin contracted to 20.3% in FY26 from 23.9% in FY25.
- Management indicated during the 4QFY26 earnings conference call that business performance is expected to remain under pressure in 1QFY27 due to the continued impact of geopolitical tensions. However, for ***FY27, the company targets revenue growth of 10-12% and margin expansion of 200-250bp YoY.***

New capacity ramp-up and writing segment to fuel growth

- Following a subdued FY26 performance, we expect meaningful improvement from 2QFY27 onwards. The Writing Instruments & Stationery segment is expected to be the key growth driver, supported by the launch of premium pens priced at INR12–20 per piece and an expanding export presence. In addition, the recently launched CELLO stationery brand, which started contributing from 4QFY26, is expected to scale up meaningfully in FY27. Overall, the Writing Instruments & Stationery segment reported revenue growth of 20% YoY to INR3.6b in FY26, contributing 16% of total revenue. Management has guided for segment revenue of INR5b (vs our est. of INR4.1b) in FY27 (i.e., 36% YoY).
- The new steel bottles plant is being commissioned in phases. Two production lines were operational by 4QFY26, while an additional four lines are scheduled for commissioning in 1QFY27. The remaining two lines will be installed based on the ramp-up of the commissioned capacity. The company will incur ~INR750m for this capacity expansion. Management expects a gradual ramp-up over the next two quarters, with ***the planned phases capable of generating revenue of INR3b at peak utilization,*** while also providing further expansion potential.
- In the Glassware segment, the plant commissioned in 3QFY25 has gradually ramped up to nearly 60% utilization by 4QFY26, although the pace has been slower than anticipated. The segment continues to face headwinds from aggressive dumping of imported glass products by Chinese players, keeping performance under pressure. Total capacity of this new plant is ~20,000mtpa, for which the company has incurred capex of INR2.5b. ***Management reiterated that the facility has the potential to generate revenue of INR3b while delivering operating margins of 28–30% at peak utilization***.
- The Moulded Furniture segment (15% of FY26 revenue) declined 5% YoY in FY26, with the slowdown intensifying in 2HFY26 as revenue fell 12% YoY, impacted by weak polymer prices and lower execution of lumpy institutional orders. Going forward, following the merger of Wim Plast with CELLO, management intends to leverage synergies across the Consumerware and Moulded Furniture businesses through integrated manufacturing, distribution, and brand strengths.

- The company is also realigning its distribution strategy in line with evolving consumer preferences by expanding its presence across e-commerce and quick commerce platforms. These channels contributed 17% of FY26 revenue and are expected to play an increasingly important role in expanding market reach, strengthening brand visibility, and driving future growth.
- In our base-case scenario, we expect the company to deliver a revenue CAGR of 10% over FY26-FY28.

Margin expansion to drive earnings recovery

- CELLO's operating margin contracted by over 360bp YoY to 20.3% in FY26, impacted by a subdued demand environment. Additionally, the newly commissioned Glassware plant operated at around break-even levels and did not contribute meaningfully to profitability. The shift in steelware sourcing from China to domestic OEMs also weighed on margins during 2HFY26. Towards the end of 4QFY26, the US-Iran war triggered a sharp increase in input costs, further pressuring profitability.
- Going forward, we expect margin expansion to be driven by the stabilization and gradual ramp-up of the new steel bottles plant over the next two quarters. Further, higher utilization at the Glassware facility, which is currently operating at around 60% utilization (break-even level), should enable the plant to start contributing to profitability. The integration of the Cello Pens business, which initially incurred losses, is also expected to support margins as the company focuses on cost optimization and product mix rationalization. In addition, CELLO's strategic expansion into premium price points of INR12/15/20 is likely to support margin expansion.
- Supported by these initiatives, ***management has guided for EBITDA margin expansion of 200–250bp from the FY26 base of 20.3% (i.e 22.3–22.8%).***
- However, any further escalation in the US-Iran conflict could keep input costs elevated and weigh on profitability. While the interim correction in crude oil prices had provided some relief, renewed geopolitical tensions have reintroduced volatility in raw material costs. Accordingly, we remain conservative in our assumptions and estimate EBITDA margins at 20.7% in FY27, improving to 23.5% in FY28. Consequently, we expect EBITDA to register a CAGR of 19% over FY26–FY28, reaching INR6.6b.

Valuation and view

- CELLO is currently navigating a challenging operating environment, marked by subdued demand and elevated input costs, which have weighed on both revenue growth and profitability. We anticipate a gradual recovery from 2QFY27 onwards. An improvement in demand should drive higher utilization of the Glassware plant, supporting both revenue growth and profitability. Additionally, the recently launched Cello Stationery brand, which started contributing from 4QFY26, is expected to scale up meaningfully over the coming quarters.
- Near-term input cost volatility may persist amid an evolving geopolitical environment. However, improving capacity utilization and a higher contribution from premium products under the Cello brand are expected to support margin expansion over the medium term. Accordingly, we expect FY27 EBITDA margin at 20.7%, below management's guidance of 22.3–22.8%, as the trajectory of demand recovery and raw material costs remains a key monitorable.
- We forecast revenue/EBITDA/PAT CAGR of 10%/19%/16%, respectively, over FY26–FY28E. At the CMP, the stock trades at P/E of 22x/18x on our FY27E/FY28E EPS estimates of INR16.5/INR20.5, respectively. ***We continue to value the stock at P/E(x) of 23x (average of the last four years) on FY28E EPS, arriving at a TP of INR480. Accordingly, we reiterate our BUY rating on the stock.***

Exhibit 1: Overview of CELLO's strong presence in the industry

Prominent Player In The Consumer Market in India

Business Vertical	Consumer Ware		Writing Instruments	Moulded Furniture and Allied Products[1]
Market Size (Rs. Bn.)[2]	377.00		133.50	205.00
Product Categories	✓ Houseware ✓ Insulatedware ✓ Cleaning Aids ✓ Electronic Appliances	✓ Glassware ✓ Opalware ✓ Porcelain	✓ Pen & Pencil ✓ Highlighters ✓ Correction Pens ✓ Markers	✓ Moulded Furniture ✓ Allied Products ✓ Air Coolers
Brands	cello		UNOMAX DON'T JUST WRITE, GLIDE. cello Added in Q3FY26	cello

Source: MOFSL, Company

Exhibit 2: Well-diversified product mix

Source: MOFSL, Company

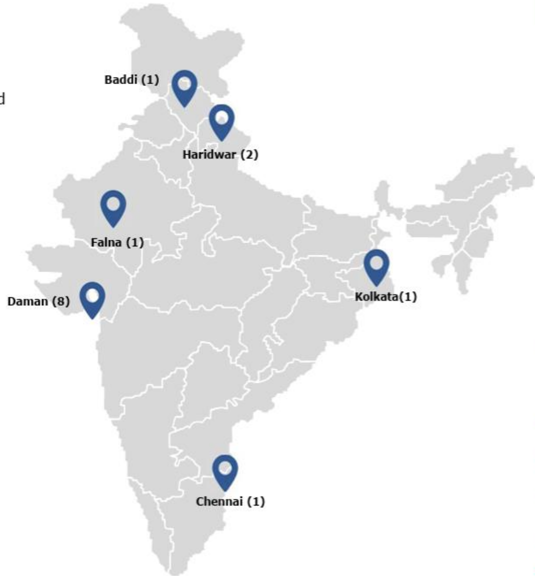
Exhibit 3: Manufacturing footprints

77%

FY26 revenues derived from in-house manufacturing

14

Manufacturing Facilities



Mfr. Unit	Products Manufactured
Daman Unit-I	Plastic moulded furniture and other articles
Daman Unit-II	Plastic moulded furniture and other articles
Daman Unit-III	Plastic Extrusion Sheet
Daman Unit-IV	Household and Insulated ware
Daman Unit-V	Household and Insulated ware
Daman Unit-VI	Opalware and Glassware
Daman Unit-VII	Stationery and allied products
Daman Unit-VIII	Stationery and allied products
Haridwar Unit-I	Plastic moulded furniture and other articles
Haridwar Unit-II	Houseware, insulatedware, melamine and allied products
Baddi Unit-I	Plastic Extrusion Sheet
Chennai Unit-I	Plastic moulded furniture, other articles and tooling unit
Kolkata Unit-I	Plastic moulded furniture and other Articles
Rajasthan Unit	Glassware & Steel Facility

Source: MOFSL, Company

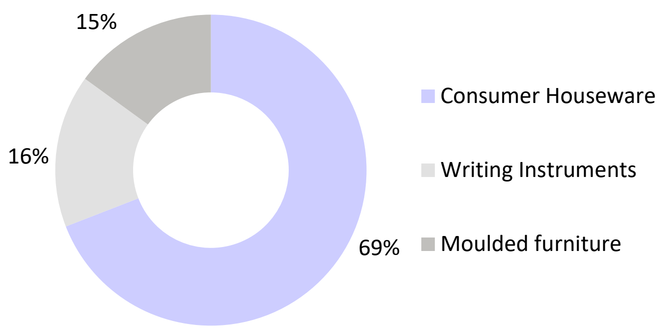
Exhibit 4: Product innovation

Product Categories	Pan India Distribution Network [2,3]
Consumer Houseware	888 distributors and 86,144 retailers
Writing Instruments	55 super-stockist, 2,500 distributors and 90,000 retailers
Moulded Furniture and Allied Products[1]	1301 distributors and 14,891 retailers

Source: MOFSL, Company

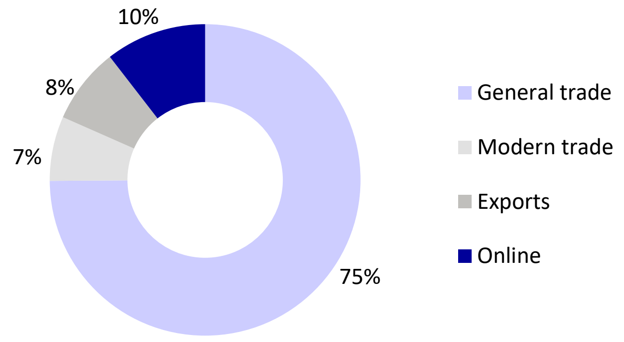
Story in charts

Exhibit 5: Revenue share as a % of total sales



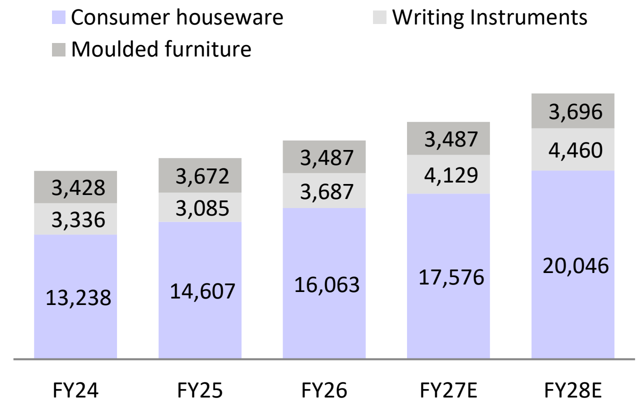
Source: Company, MOFSL

Exhibit 6: Evolving distribution channels



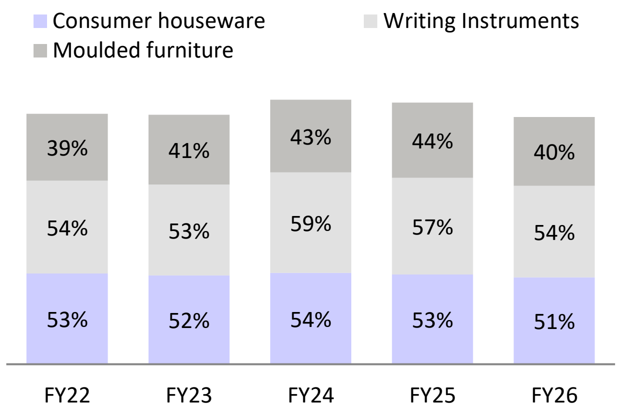
Source: Company, MOFSL

Exhibit 7: Revenue trajectory across key segments



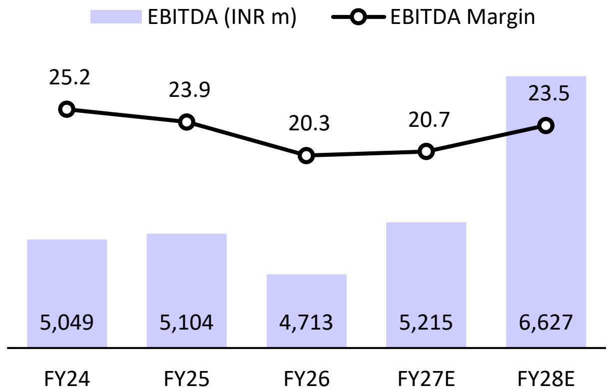
Source: Company, MOFSL

Exhibit 8: Contraction in gross margins



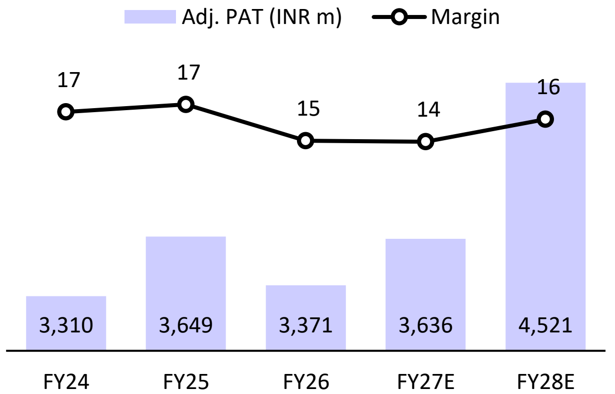
Source: Company, MOFSL

Exhibit 9: Margin to expand going forward



Source: Company, MOFSL

Exhibit 10: Expect Adj. PAT CAGR of 16% over FY26-FY28E



Source: Company, MOFSL

Financials and Valuation

Consolidated - Income Statement								(INRm)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Total Income from Operations	**10,495**	**13,592**	**17,967**	**20,003**	**21,364**	**23,237**	**25,192**	**28,202**
Change (%)	NA	29.5	32.2	11.3	6.8	8.77	8.4	11.9
RM Cost	5,214	6,786	8,955	9,484	10,315	11,676	12,596	13,537
Employees Cost	968	1,319	1,576	1,895	2,112	2,420	2,595	2,792
Other Expenses	1,544	2,151	3,231	3,575	3,833	4,428	4,787	5,246
Total Expenditure	**7,727**	**10,256**	**13,762**	**14,954**	**16,260**	**18,524**	**19,978**	**21,574**
EBITDA	**2,767**	**3,336**	**4,205**	**5,049**	**5,104**	**4,713**	**5,215**	**6,627**
Margin (%)	26.4	24.5	23.4	25.2	23.9	20.3	20.7	23.5
Depreciation	489	476	503	567	620	777	923	1,225
EBIT	**2,278**	**2,860**	**3,702**	**4,481**	**4,484**	**3,936**	**4,292**	**5,403**
Int. and Finance Charges	23	29	18	26	15	15	12	10
Other Income	101	159	167	299	447	551	579	649
PBT bef. EO Exp.	**2,357**	**2,991**	**3,852**	**4,755**	**4,916**	**4,472**	**4,859**	**6,041**
EO Items	0	0	0	0	0	74	0	0
PBT after EO Exp.	**2,357**	**2,991**	**3,852**	**4,755**	**4,916**	**4,397**	**4,859**	**6,041**
Total Tax	701	796	1,001	1,189	1,267	1,082	1,223	1,520
Tax Rate (%)	29.8	26.6	26.0	25.0	25.8	24.6	25.2	25.2
Minority Interest	143	155	189	256	0	0	0	0
Reported PAT	**1,512**	**2,040**	**2,661**	**3,310**	**3,649**	**3,315**	**3,636**	**4,521**
Adjusted PAT	**1,512**	**2,040**	**2,661**	**3,310**	**3,649**	**3,371**	**3,636**	**4,521**
Change (%)	NA	34.9	30.5	24.4	10.2	-7.6	7.9	24.3
Margin (%)	14.4	15.0	14.8	16.5	17.1	14.5	14.4	16.0

Consolidated - Balance Sheet								(INRm)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	0	0	975	1,061	1,104	1,104	1,128	1,128
Total Reserves	-1,068	876	2,390	10,431	22,980	25,905	29,372	33,724
Net Worth	**-1,068**	**876**	**3,365**	**11,492**	**24,085**	**27,009**	**30,500**	**34,851**
Minority Interest	1,722	1,851	1,999	2,206	0	0	0	0
Total Loans	3,221	4,525	3,261	3,627	5	346	0	0
Deferred Tax Liabilities	82	84	84	126	152	168	168	168
Capital Employed	**3,957**	**7,336**	**8,709**	**17,452**	**24,242**	**27,523**	**30,668**	**35,019**
Gross Block	2,901	2,898	3,388	4,857	8,013	9,745	10,769	11,499
Less: Accum. Deprn.	309	312	671	1,238	1,858	2,635	3,558	4,783
Net Fixed Assets	**2,592**	**2,586**	**2,717**	**3,619**	**6,155**	**7,110**	**7,211**	**6,716**
Capital WIP	43	145	256	1,800	188	655	631	351
Total Investments	**1,197**	**1,500**	**1,769**	**1,698**	**5,996**	**6,195**	**6,195**	**6,195**
Current Investments	747	1,150	1,263	1,141	5,688	5,979	5,979	5,979
Curr. Assets, Loans&Adv.	**7,633**	**9,106**	**10,774**	**12,601**	**14,079**	**16,071**	**19,350**	**24,801**
Inventory	3,069	3,765	4,298	4,622	5,246	5,347	5,797	6,490
Account Receivables	3,714	4,067	4,623	6,106	6,578	7,496	7,937	8,345
Cash and Bank Balance	325	547	499	651	876	1,278	3,501	7,600
Loans and Advances	525	726	1,354	1,223	1,379	1,950	2,115	2,367
Curr. Liability & Prov.	**7,508**	**6,000**	**6,808**	**2,266**	**2,176**	**2,508**	**2,720**	**3,044**
Account Payables	984	1,255	1,342	1,442	1,502	1,515	1,643	1,839
Other Current Liabilities	6,471	4,685	5,428	783	604	824	893	1,000
Provisions	53	60	39	41	70	169	184	206
Net Current Assets	**125**	**3,106**	**3,966**	**10,335**	**11,902**	**13,563**	**16,630**	**21,757**
Appl. of Funds	**3,957**	**7,336**	**8,709**	**17,452**	**24,242**	**27,523**	**30,668**	**35,019**

Financials and Valuation

Ratios								
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)								
EPS	**7.1**	**9.6**	**12.5**	**15.6**	**16.5**	**15.3**	**16.5**	**20.5**
Cash EPS	9.4	11.9	14.9	18.3	20.1	19.5	20.6	26.0
BV/Share	NA	4.1	15.9	54.1	113.5	127.3	138.1	157.8
DPS	0.0	0.0	0.0	0.8	0.8	0.8	0.8	0.8
Payout (%)	0.0	0.0	0.0	4.8	4.5	5.0	4.7	3.7
Valuation (x)								
P/E	48.3	35.8	27.4	22.1	20.8	22.5	20.9	16.8
Cash P/E	36.5	29.0	23.1	18.8	17.1	17.6	16.7	13.2
P/BV	NA	83.3	21.7	6.4	3.0	2.7	2.5	2.2
EV/Sales	6.8	5.7	3.9	3.9	3.2	3.0	2.7	2.3
EV/EBITDA	25.6	23.3	16.8	15.3	13.6	14.7	13.1	9.7
Dividend Yield (%)	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2
FCF per share	8.7	6.4	6.4	-1.6	4.3	1.7	9.5	16.1
Return Ratios (%)								
RoE	NA	232.8	79.1	28.8	15.1	12.5	12.6	13.8
RoCE	NA	58.7	47.6	33.0	18.7	13.2	12.6	13.9
RoIC	NA	55.7	48.4	34.5	21.8	16.2	16.2	19.6
Working Capital Ratios								
Fixed Asset Turnover (x)	3.6	4.7	5.3	4.1	2.7	2.4	2.3	2.5
Asset Turnover (x)	2.7	1.9	2.1	1.1	0.9	0.8	0.8	0.8
Inventory (Days)	107	101	87	84	90	84	84	84
Debtor (Days)	129	109	94	111	112	118	115	108
Creditor (Days)	34	34	27	26	26	24	24	24
Leverage Ratio (x)								
Current Ratio	1.0	1.5	1.6	5.6	6.5	6.4	7.1	8.1
Interest Cover Ratio	100.1	100.4	210.8	175.5	308.7	257.4	NA	NA
Net Debt/Equity	NA	3.2	0.4	0.2	-0.3	-0.3	-0.3	-0.4

Consolidated - Cash Flow Statement								(INRm)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
OP/(Loss) before Tax	2,357	2,991	3,852	4,750	4,913	4,471	4,859	6,041
Depreciation	489	476	503	567	620	777	923	1,225
Interest & Finance Charges	22	26	14	26	15	15	-567	-639
Direct Taxes Paid	-681	-843	-1,010	-1,160	-1,200	-1,084	-1,223	-1,520
(Inc)/Dec in WC	-221	-728	-1,150	-1,667	-1,309	-1,124	-844	-1,028
CF from Operations	**1,966**	**1,923**	**2,210**	**2,516**	**3,038**	**3,055**	**3,148**	**4,079**
Others	-29	-50	64	-204	-421	-505	0	0
CF from Operating incl EO	**1,936**	**1,873**	**2,274**	**2,312**	**2,617**	**2,551**	**3,148**	**4,079**
(Inc)/Dec in FA	-248	-516	-1,032	-2,649	-1,668	-2,178	-1,000	-450
Free Cash Flow	**1,688**	**1,356**	**1,242**	**-337**	**949**	**373**	**2,148**	**3,629**
(Pur)/Sale of Investments	0	0	0	0	0	295	0	0
Others	-126	-2,075	-4,527	228	-3,836	140	579	649
CF from Investments	**-375**	**-2,592**	**-5,559**	**-2,421**	**-5,504**	**-1,743**	**-421**	**199**
Issue of Shares	0	0	-151	0	7,131	0	23	0
Inc/(Dec) in Debt	1,775	1,254	-1,264	191	-422	340	-346	0
Interest Paid	-15	-16	-5	-22	-11	-1	-12	-10
Dividend Paid	-1	-60	-96	-46	-386	-385	-169	-169
Others	-3,086	-237	4,754	138	-3,200	-1	0	0
CF from Fin. Activity	**-1,328**	**941**	**3,238**	**260**	**3,112**	**-47**	**-504**	**-179**
Inc/Dec of Cash	**233**	**222**	**-47**	**151**	**225**	**761**	**2,223**	**4,099**
Opening Balance	91	325	547	499	651	517	1,278	3,501
Closing Balance	**325**	**547**	**499**	**651**	**876**	**1,278**	**3,501**	**7,600**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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