

Cello World (CELLO IN)

Rating: BUY | CMP: Rs508 | TP: Rs621

February 16, 2026

Q3FY26 Result Update

☐ Change in Estimates | ☐ Target | ■ Reco

Change in Estimates

	Current	Previous		
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	621		732	
Sales (Rs. m)	26,054	28,916	29,961	32,931
% Chng.	(13.0)	(12.2)		
EBITDA (Rs. m)	5,723	6,494	6,855	7,618
% Chng.	(16.5)	(14.8)		
EPS (Rs.)	17.8	20.4	21.4	23.6
% Chng.	(16.9)	(13.3)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	21,364	22,764	26,054	28,916
EBITDA (Rs. m)	5,104	4,728	5,723	6,494
Margin (%)	23.9	20.8	22.0	22.5
PAT (Rs. m)	3,389	3,199	3,981	4,577
EPS (Rs.)	15.3	14.3	17.8	20.4
Gr. (%)	(1.7)	(6.9)	24.5	15.0
DPS (Rs.)	1.5	2.8	1.5	1.5
Yield (%)	0.3	0.6	0.3	0.3
RoE (%)	20.4	14.0	15.3	15.3
RoCE (%)	26.8	19.9	21.6	21.4
EV/Sales (x)	4.9	4.6	3.9	3.4
EV/EBITDA (x)	20.7	22.3	17.9	15.3
PE (x)	33.1	35.5	28.6	24.8
P/BV (x)	5.2	4.7	4.1	3.5

Key Data

	CELO.BO CELLO IN
52-W High / Low	Rs.674 / Rs.485
Sensex / Nifty	82,627 / 25,471
Market Cap	Rs.112bn/ \$ 1,237m
Shares Outstanding	221m
3M Avg. Daily Value	Rs.61.59m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	5.55
Domestic Institution	14.03
Public & Others	5.42
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.8	(6.3)	(17.7)
Relative	2.0	(8.7)	(24.2)

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Weak performance mainly in consumerware

Quick Pointers:

- Consumerware flat YoY (-0.5%) in Q3FY26, with GM maintained at 50.2%
- "Cello" brand consolidation to reflect from Q4FY26 in writing instruments

Consumerware revenue (69.4% of Q3FY26 revenue) reported a soft performance, primarily due to supply constraints in the steel category and lower glassware plant utilization at 55%. The company indicated that these issues are likely to persist for the next couple of quarters, with glassware plant utilization expected to improve to ~85% by the end of FY27. Writing Instruments grew 11.1% driven by demand revival and new launches, with Cello brand consolidation, expected writing segment to contribute Rs5bn+ to FY27 revenue. CELLO's EBITDA margin contracted by 380bps YoY, impacted by underutilization (55% in Q3FY26) of its glassware plant, high cost of steelware products sourced from OEMs, and continued discounting on products.

Management indicated Glassware and Writing Instruments as key growth drivers, with glassware targeting ~85% utilization over the next year and offering strong long-term potential for efficiency improvement. The Wimplast merger is nearing completion and is expected to be finalized within ~2–3 months, likely by Q1FY27.

We estimate revenue/EBITDA/PAT CAGR of 12.7%/17.2%/19.6% for FY26-28E. We downward revise FY27/FY28 earning estimate by 16.9%/13.3% factoring supply constraints in the steel category and underutilization of glass plant continue for couple of quarters. We assign SOTP-based TP of Rs621 (earlier Rs732), implying PE of 30x FY27E. Maintain "BUY."

Q3FY26 financial performance: Revenue remained flat at Rs5.5bn (PLe: Rs6.5bn). Consumerware revenue (69.4% of Q3FY26 revenue) remained flat at Rs3.8bn. Writing Instruments revenue (15.5% of Q3FY26 revenue) increased 11.1% YoY to Rs859mn. Moulded Furniture & Allied Products (15.0% of Q3FY26 revenue) declined by 10.5% to Rs833mn. Gross margin remained flat at 49.6% (in-line with our est). Gross margin of Consumerware remained flat at 50.2%, Moulded Furniture contracted by ~450bps to 39.6%, while that of Writing Instruments expanded by 170bps YoY to 56.5%. EBITDA declined by 17.0% YoY to Rs1.1bn (PLe: Rs1.4bn). PAT declined by 17.7% YoY to Rs 711mn (PLe: Rs965mn).

9MFY26 financial performance: Revenue increased by 7.9% YoY to Rs16.9bn. Consumerware revenue (70.2% of 9MFY26 revenue) increased by 11.0% YoY to Rs11.7bn. Writing Instruments revenue (14.4% of 9MFY26 revenue) increased 4.7% YoY to Rs2.4bn. Moulded Furniture & Allied Products (15.4% of 9MFY26 revenue) declined by 1.5% to Rs2.6bn. Gross margin remained flat at 51.0%. Gross margin of Consumerware/Writing Instruments remained flat at 52.1%/56.7% while Moulded Furniture gross margins got contracted by 450bps to 40.5%. EBITDA declined by 8.7% YoY to Rs3.4bn. PAT declined by 7.8% YoY to Rs2.3bn.

Concall highlights: **1)** The Consumerware segment was impacted by insulated steel product stock-outs, leading to ~40% QoQ decline in steel revenues and margin pressure due to lower fixed-cost absorption; however, the new integrated steel bottle plant in Rajasthan is ramping up and should normalize revenues over the next few quarters. **2)** The new insulated steel plant currently has 2 lines operational (out of ~8–10 planned) with revenue potential of Rs 3bn, and capacity can be expanded further through brownfield additions. **3)** The glassware segment operated at ~55–60% utilization and remained at breakeven, scaling gradually despite Chinese dumping. **4)** At peak utilization, Opalware revenue potential is ~Rs4–4.1bn, while Steelware can reach Rs3bn (with scope for further expansion). Steel margins are currently slightly lower than Opalware, but may improve with scale. **5)** Management guided ~8–10% growth in the next couple of quarters, with margins expected to recover toward ~22% as steelware stabilizes, followed by stronger growth thereafter. **6)** Molded furniture segment revenue declined due to weak polymer prices and no government orders, **7)** The profitability was impacted by lower steel volumes and a one-time gratuity hit; margins are expected to normalize to ~22% over the next two quarters. **8)** Cello expects writing & stationery segment to contribute Rs 5bn+ to the topline in FY27, with scope to exceed this level. The recent Cello brand acquisition has begun contributing from this quarter (Q4FY26), and ongoing portfolio rationalization of loss-making products may cause minor near-term moderation but is expected to support stronger, scalable growth ahead. **9)** CELLO has planned capex of ~Rs1.5bn for FY26 and ~Rs750mn maintenance capex for FY27 with incremental investment in writing instruments; hence, overall capex is expected to remain at similar levels of ~Rs1.5bn in FY27. **10)** Management highlighted Glassware and Writing Instruments as key growth drivers, with glassware targeting ~85% utilization over the next year and strong long-term potential, to improve efficiency. **11)** The Wimplast merger is nearing completion and is expected to be finalized within ~2–3 months, likely by Q1FY27.

Exhibit 1: Q3FY26 Result Overview

Y/e March	Q3FY26	Q3FY25	YoY.gr	Q3FY26E	YoY.gr	Q2FY26	QoQ.gr	9MFY26	9MFY25	YoY.gr
Net Sales	5,537	5,568	-0.6%	6,513	-15.0%	5,874	-5.7%	16,701	15,476	7.9%
Expenditure										
Operating & Manufacturing Expenses	2,791	2,800	-0.3%	3,280	-14.9%	2,964	-5.8%	8,190	7,483	9.4%
% of Net Sales	50.4%	50.3%	0.1%	50.4%	0.0%	50.5%		49.0%	48.4%	0.7%
Gross Profit	2,745	2,769	-0.8%	3,233	-15.1%	2,911	-5.7%	8,512	7,993	6.5%
% of Net Sales	49.6%	49.7%	-0.1%	49.6%	0.0%	49.5%	0.0%	51.0%	51.6%	-0.7%
Personnel Cost	618	513	20.5%	632	-2.2%	617	0.1%	1,840	1,560	17.9%
% of Net Sales	11.2%	9.2%	2.0%	9.7%	1.5%	10.5%		11.0%	10.1%	0.9%
Other Expenses	1,071	983	8.9%	1,166	-8.2%	1,017	5.3%	3,248	2,682	21.1%
% of Net Sales	19.3%	17.7%	1.7%	17.9%	1.4%	17.3%		19.4%	17.3%	2.1%
Total Expenditure	4,480	4,296	4.3%	5,078	-11.8%	4,598	-2.6%	13,277	11,724	13.2%
EBITDA	1,057	1,273	-17.0%	1,435	-26.4%	1,277	-17.2%	3,424	3,752	-8.7%
Margin (%)	19.1%	22.9%	-3.8%	22.0%	-2.9%	21.7%		20.5%	24.2%	-3.7%
Other income	166	124	34.0%	125	32.7%	136	22.0%	474	317	49.7%
Depreciation	199	151	32.1%	190	4.7%	195	2.0%	580	440	31.8%
EBIT	1,024	1,246	-17.8%	1,370	-25.3%	1,218	-15.9%	3,318	3,628	-8.5%
Interest	6	3	112.8%	4	38.8%	5	15.6%	12	11	3.6%
PBT before exceptional item	1,018	1,243	-18.1%	1,366	-25.5%	1,213	-16.0%	3,306	3,617	-8.6%
Total Taxes	250	318	-21.6%	351	-28.9%	299	-16.6%	805	930	-13.4%
ETR (%)	24.5%	25.6%	-1.1%	25.7%	-1.2%	24.7%		24.3%	25.7%	-1.4%
Share of JV/Associates	0	0		0		0		0	-3	
Minority Interest	58	61		50		57		191	178	
Adj. PAT	711	864	-17.7%	965	-26.4%	857	-17.0%	2,311	2,506	-7.8%

Source: Company, PL

Exhibit 2: Segmental Breakup

Y/e March	Q3FY26	Q3FY25	YoY gr.	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
Revenues								
Consumerware	3,845	3,864	-0.5%	4,222	-8.9%	11,722	10,561	11.0%
Writing Instruments	859	773	11.1%	810	6.0%	2,406	2,299	4.7%
Moulded Furniture & Allied Products	833	931	-10.5%	843	-1.2%	2,575	2,615	-1.5%
Total	5,537	5,568	-0.6%	5,875	-5.8%	16,703	15,475	7.9%
Gross Profits								
Consumerware	1,930	1,935	-0.3%	2,120	-9.0%	6,104	5,520	10.6%
GP margin (%)	50.2%	50.1%	0.1%	50.2%	0.0%	52.1%	52.3%	-0.2%
Writing Instruments	485	423	14.7%	445	9.0%	1,363	1,295	5.3%
GP margin (%)	56.5%	54.7%	1.7%	54.9%	1.5%	56.7%	56.3%	0.3%
Moulded Furniture & Allied Products	330	411	-19.7%	345	-4.3%	1,043	1,178	-11.5%
GP margin (%)	39.6%	44.1%	-4.5%	40.9%	-1.3%	40.5%	45.0%	-4.5%
Total	2,745	2,769	-0.9%	2,910	-5.7%	8,510	7,993	6.5%
GP margin (%)	49.6%	49.7%	-0.2%	49.5%	0.0%	50.9%	51.7%	-0.7%

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	21,364	22,764	26,054	28,916
YoY gr. (%)	6.8	6.6	14.5	11.0
Cost of Goods Sold	10,315	11,154	12,742	14,073
Gross Profit	11,049	11,611	13,312	14,843
Margin (%)	51.7	51.0	51.1	51.3
Employee Cost	2,112	2,459	2,527	2,747
Other Expenses	2,965	3,362	3,869	4,330
EBITDA	5,104	4,728	5,723	6,494
YoY gr. (%)	0.1	(7.4)	21.0	13.5
Margin (%)	23.9	20.8	22.0	22.5
Depreciation and Amortization	620	779	876	987
EBIT	4,484	3,948	4,846	5,507
Margin (%)	21.0	17.3	18.6	19.0
Net Interest	15	14	21	22
Other Income	447	624	785	920
Profit Before Tax	4,917	4,558	5,610	6,404
Margin (%)	23.0	20.0	21.5	22.1
Total Tax	1,267	1,127	1,397	1,594
Effective tax rate (%)	25.8	24.7	24.9	24.9
Profit after tax	3,649	3,431	4,213	4,810
Minority interest	258	233	233	233
Share Profit from Associate	(3)	-	-	-
Adjusted PAT	3,389	3,199	3,981	4,577
YoY gr. (%)	2.4	(5.6)	24.5	15.0
Margin (%)	15.9	14.1	15.3	15.8
Extra Ord. Income / (Exp)	-	(74)	-	-
Reported PAT	3,389	3,124	3,981	4,577
YoY gr. (%)	2.4	(7.8)	27.4	15.0
Margin (%)	15.9	13.7	15.3	15.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,389	3,124	3,981	4,577
Equity Shares O/s (m)	221	224	224	224
EPS (Rs)	15.3	14.3	17.8	20.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	8,886	9,901	11,228	12,563
Tangibles	8,835	9,845	11,167	12,486
Intangibles	51	56	61	76
Acc: Dep / Amortization	2,731	3,511	4,387	5,374
Tangibles	2,697	3,464	4,327	5,298
Intangibles	35	47	60	76
Net fixed assets	6,155	6,390	6,841	7,188
Tangibles	6,138	6,381	6,840	7,188
Intangibles	17	9	1	0
Capital Work In Progress	188	1,000	350	350
Goodwill	-	-	-	-
Non-Current Investments	418	425	442	456
Net Deferred tax assets	(135)	(122)	(107)	(89)
Other Non-Current Assets	221	1,055	383	383
Current Assets				
Investments	5,688	7,188	9,188	11,188
Inventories	5,246	5,239	5,996	6,655
Trade receivables	6,578	6,758	7,734	8,584
Cash & Bank Balance	876	887	2,196	3,027
Other Current Assets	912	455	521	578
Total Assets	26,418	29,662	33,966	38,772
Equity				
Equity Share Capital	1,104	1,119	1,119	1,119
Other Equity	20,571	23,041	26,731	30,973
Total Networth	21,675	24,161	27,851	32,092
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	48	51	58	65
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	5	15	15	15
Trade payables	1,502	1,568	1,795	1,992
Other current liabilities	578	1,021	1,162	1,283
Total Equity & Liabilities	26,418	29,662	33,966	38,772

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	4,913	4,558	5,610	6,404
Add. Depreciation	620	779	876	987
Add. Interest	15	14	21	22
Less Financial Other Income	447	624	785	920
Add. Other	(421)	(1,549)	(138)	(946)
Op. profit before WC changes	5,127	3,802	6,370	6,468
Net Changes-WC	(1,300)	622	(1,475)	(1,283)
Direct tax	(1,200)	(1,127)	(1,397)	(1,594)
Net cash from Op. activities	2,627	3,297	3,498	3,590
Capital expenditures	(1,668)	(1,827)	(677)	(1,334)
Interest / Dividend Income	108	624	785	920
Others	(3,974)	(1,246)	(1,800)	(1,800)
Net Cash from Inv. activities	(5,534)	(2,448)	(1,692)	(2,214)
Issue of share cap. / premium	7,131	15	-	-
Debt changes	(3,622)	69	15	13
Dividend paid	(386)	(667)	(291)	(336)
Interest paid	(11)	14	21	22
Others	0	-	-	-
Net cash from Fin. activities	3,112	(569)	(254)	(300)
Net change in cash	205	280	1,551	1,076
Free Cash Flow	959	1,470	2,821	2,256

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS		15.3	14.3	17.8
CEPS		18.1	17.8	21.7
BVPS		98.1	107.9	124.4
FCF		4.3	6.6	12.6
DPS		1.5	2.8	1.5
Return Ratio(%)				
RoCE		26.8	19.9	21.6
ROIC		28.1	20.0	24.9
RoE		20.4	14.0	15.3
Balance Sheet				
Net Debt : Equity (x)		(0.3)	(0.3)	(0.4)
Net Working Capital (Days)		176	167	167
Valuation(x)				
PER		33.1	35.5	28.6
P/B		5.2	4.7	4.1
P/CEPS		28.0	28.6	23.4
EV/EBITDA		20.7	22.3	17.9
EV/Sales		4.9	4.6	3.9
Dividend Yield (%)		0.3	0.6	0.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	5,888	5,290	5,874	5,537
YoY gr. (%)	14.9	5.7	19.9	(0.6)
Raw Material Expenses	2,833	2,435	2,964	2,791
Gross Profit	3,056	2,856	2,911	2,745
Margin (%)	51.9	54.0	49.5	49.6
EBITDA	1,352	1,091	1,277	1,057
YoY gr. (%)	1.5	(15.6)	7.6	(17.0)
Margin (%)	23.0	20.6	21.7	19.1
Depreciation / Depletion	180	186	195	199
EBIT	1,173	904	1,082	858
Margin (%)	19.9	17.1	18.4	15.5
Net Interest	3	1	5	6
Other Income	130	172	136	166
Profit before Tax	1,299	1,075	1,213	1,018
Margin (%)	22.1	20.3	20.6	18.4
Total Tax	338	269	299	250
Effective tax rate (%)	26.0	25.0	24.7	24.5
Profit after Tax	962	807	913	768
Minority interest	-	-	-	-
Share Profit from Associates	(80)	(76)	(57)	(58)
Adjusted PAT	882	730	857	711
YoY gr. (%)	(1.6)	(12.3)	4.9	(17.7)
Margin (%)	15.0	13.8	14.6	12.8
Extra Ord. Income / (Exp)	-	-	-	(74)
Reported PAT	882	730	857	636
YoY gr. (%)	(1.6)	(12.3)	4.9	(26.3)
Margin (%)	15.0	13.8	14.6	11.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Avg. Shares O/s (m)	221	221	221	221
EPS (Rs)	4.0	3.3	3.9	3.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	BUY	732	533
2	12-Nov-25	BUY	732	611
3	03-Oct-25	BUY	686	575
4	30-Sep-25	BUY	686	570
5	13-Aug-25	BUY	678	563
6	04-Jul-25	BUY	746	621
7	27-May-25	BUY	746	623
8	03-Apr-25	BUY	770	545
9	21-Feb-25	BUY	770	596

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	8,617	7,048
2	Astral Ltd.	BUY	1,794	1,504
3	Avalon Technologies	BUY	1,175	1,021
4	Bajaj Electricals	Accumulate	449	409
5	Cello World	BUY	732	533
6	Century Plyboard (I)	Accumulate	843	798
7	Cera Sanitaryware	BUY	6,800	5,054
8	Crompton Greaves Consumer Electricals	BUY	346	245
9	Cyient DLM	Accumulate	418	364
10	Finolex Industries	Accumulate	199	175
11	Greenpanel Industries	BUY	369	229
12	Havells India	Accumulate	1,634	1,447
13	Kajaria Ceramics	BUY	1,056	902
14	Kaynes Technology India	BUY	5,502	3,700
15	KEI Industries	BUY	5,573	3,853
16	LG Electronics India	BUY	1,808	1,469
17	Polycab India	BUY	9,744	7,122
18	Premier Energies	BUY	892	683
19	R R Kabel	BUY	1,844	1,356
20	Supreme Industries	BUY	4,566	3,349
21	Syrma SGS Technology	BUY	929	755
22	Vikram Solar	BUY	326	215
23	Volta	Hold	1,442	1,349
24	Waaree Energies	BUY	3,600	2,599

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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