

Cello World (CELLO) - ADD

Initiating Coverage

Current Market Price (CMP) Rs.774	Target Price Rs.950
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Rationale:

- Cello World is a leading consumerware company with a wide range of products spanning consumerware, stationery and moulded furniture.
- Diversified portfolio with 15,000+ SKUs and nimbleness in rolling out new products and designs.
- We estimate 15%/18%/17% revenue/EBITDA/PAT CAGRs over FY24-27E.
- We expect earnings per share (EPS) to grow by 17.4% in FY25E & 17.8% in FY26E.
- Stock is currently trading at valuation of 36.0x P/E FY26E EPS.
- We initiate coverage with an ADD rating and DCF-based Fair Value of Rs950.

Initiating Coverage:

Positives:

- Cello's growth strategy - winning wallet share in core categories and accelerated growth in new engines.
- Cello's core consumer houseware segment has grown at ~9% CAGR over FY19-23.
- Cello's margins and return ratios are better than most peers.

Negatives:

- Oversupply of opalware/glassware could be a risk in the near-to-medium term.

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For detailed report dated 5th March 2024. Note: CMP & valuation may differ due to Click here Click here difference in dates



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Holding Period: 12 Months / Disclaimer: <https://bit.ly/research-v2>