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IPO note:

Cello World Limited – “*SUBSCRIBE for long term*”

The Company was incorporated only in 2018, its erstwhile promoter Late Ghisulal Dhanraj Rathod, father of two of its Promoters, Pradeep Ghisulal Rathod and Pankaj Ghisulal Rathod, was associated with Cello Plastic Industrial Works ("CPIW") and the "Cello" brand since 1962. The Promoters (through their family) have since diversified its product range and brand portfolio over the last six decades. Today, Cello World Limited operates in majorly 3 product lines; Consumer ware, Writing Instruments and Stationery, Moulded Furniture and Allied Products with a total of 15,891 SKUs as on June 30, 2023 and 380 new products being launched across the 3 product categories in FY23.

Cello World Limited has a track record of scaling up new businesses and product categories. While the company was incorporated only in 2018, their promoters were involved in the launch of the glassware and opalware business in 2017 under the "Cello" brand, and increased their revenue from operations from this business from ₹148.36 crore in the FY 2021, to ₹228.99 crore in the FY 2022 and ₹276.02 crore in the FY2023, at a CAGR of 36.40%. The Company generates 65.74% of revenue from Consumer Houseware segment, 15.86% of revenue from Writing Instruments and stationery and 18.4% Moulded Furniture and Allied Products. In the branded Consumerware market, Cello occupied a market share of 8% for FY 2023. Its market share was 4.9% in the overall Consumerware market for the same period.

Cello World Limited has 13 manufacturing facilities having an installed annual capacity of 57.77 million units of consumer houseware products per annum, 15,000 tons of opalware and glassware per annum, 705.00 million units of writing instruments and stationery products per annum and 12.80 million units of moulded furniture and allied products, as of June 30, 2023. The Company has a glassware manufacturing facility in Falna, Rajasthan which is currently under construction and is expected to have an installed capacity of 20,000 tonnes of glassware per annum. They have completed the expansion of opalware capacity in their manufacturing facility in Daman Unit-VI to increase its installed annual capacity to 25,000 tons of opalware per annum, from 15,000 tons of opalware per annum, as of August 6, 2023.

The company has sales team of 721 members with a base of 717 distributors and ~58,716 retailers in consumer houseware segment, 29 super-stockiest, ~1509 distributors and ~60,826 retailers in Writing instruments and 1067 distributors and ~6,840 retailers in Moulded Furniture and Allied Products segment.

Investment Rationale and recommendation:

At the upper price band of ₹648 the company's IPO is valued at a PE multiple of 44.38x the Q1FY24 annualised EPS of ₹14.60 and at a P/E of 51.7x at Post IPO FY23 EPS of ₹ 12.54 which is at a premium to the industry average P/E multiple of ~43x. We recommend investors to "SUBSCRIBE for long term" the issue due to the following factors:

- Well-established brand name and strong market positions,
- Diversified product portfolio across price points catering to diverse consumer requirements,
- Track record of scaling up new businesses and product categories,
- Pan-India distribution network with a presence across multiple channels
- Company has achieved Market Share in the branded consumer ware and overall consumer ware segment.
- The promoters and management of the company have been part of the consumer ware industry for ~6 decades.
- Company has manufacturing expertise across its product line and expected to become the only domestic consumer products company which has presence across all material types to have an in-house glassware manufacturing unit in India after completion of project in Rajasthan.
- Branded players in the consumer ware market are expected to capture market share which may be favorable for CWL.
- Company is backed by Private Equity Investors - ICICI Venture and Tata Capital
- The Company has raised Rs. 567 crore from marquee anchor investors which instills confidence in the issue.

Type of Issue	Offer for Sale of 2,93,20,986 Equity shares (Up to ₹1,900 Crore at the upper end of the price band)
Issue size	₹1,900 Crore at the upper end of the price band
Issue date	Oct. 30, 2023 – Nov. 01, 2023
Price Band	₹617- ₹648(Face value:₹5)
Employee Discount	₹61 per share
Bid lot	43 equity shares and in multiple thereof
Employee reservation	₹10 Crore
Issue structure	QIB - 50 %, NIB -15%, Retail -35%
Post issue equity shares	212,231,034 equity shares
Promoters and Promoter Group Public	Pre IPO: 55.13% Post IPO: 44.22% Pre IPO: 36.75% Post IPO: 33.84% Pre IPO: 8.12% Post IPO: 21.94%
Post issue implied market cap	₹13,752 Crore at the upper end of the price band
BRLMS	Kotak Mahindra Capital Company Limited, ICICI Securities Limited, IIFL Securities Limited, JM Financial Limited, Motilal Oswal Investment Advisors Limited
Registrar to the issue	Link Intime India Private Limited

Financial Summary (Restated Consolidated)(₹ Crore)

Particulars	Q1FY24	FY23	FY22	FY21
Revenue from operations	471.78	1,796.70	1,359.18	1,049.46
Gross Profit	248.12	901.18	680.62	528.03
Gross Profit (%)	52.59%	50.16%	50.08%	50.31%
EBITDA	119.2	420.54	333.57	276.74
EBITDA (%)	25.27%	23.41%	24.54%	26.37%
Profit before tax	114.92	385.20	299.10	235.69
Net profit for the period	82.83	285.06	219.52	165.55
PAT margin (%)	17.56	15.87	16.15	15.77
Net profit for the period attributable to owners of the Company	77.44	266.13	204.00	151.20
Equity share cap.	97.50	97.50	0.10	0.10
Instruments entirely equity in nature	14.38	-	-	-
Net worth	1,226.56	665.72	444.04	289.59
Total Debt	328.64	335.11	462.91	334.07
Post IPO EPS ** (₹)	14.60	12.54	9.61	7.12
P/E (x) *	44.38	51.67	67.43	91.01
RoNW (%)	6.31%^	39.98%	45.94%	52.21%
RoCE (%)	8.06%^	44.48%	40.92%	58.73%

Source: Red Herring Prospectus (RHP), * denotes P/E at the upper end of the price band, # denotes Q1FY24 annualized EPS, ^ denotes not annualized, ** Note: Post IPO EPS is calculated on Net Profit attributable to the owners of the Company



Objects of the issue

Achieve the benefits of listing the Equity shares on stock exchanges.

Offer for Sale: Up to 2,93,20,986 equity shares by the Selling Shareholders (Upto ₹1,900 Crore at the upper end of the price band)

NAME OF THE SELLING SHAREHOLDERS	TYPE	NUMBER OF EQUITY SHARES OFFERED / AMOUNT at upper end of price band	WACA (IN PER EQUITY SHARE)
Pradeep GhisulalRathod	PSS	Up to 46,29,629 Equity Shares aggregating up to ₹300 Crore	Negligible
Pankaj GhisulalRathod	PSS	Up to 1,13,58,024 Equity Shares aggregating up to ₹736 Crore	Negligible
Gaurav Pradeep Rathod	PSS	Up to 71,60,494 Equity Shares aggregating up to ₹464 crore	Negligible
Sangeeta Pradeep Rathod	OSS	Up to 30,86,419 Equity Shares aggregating up to ₹200 Crore	Negligible
Babita Pankaj Rathod	OSS	Up to 15,43,210 Equity Shares aggregating up to ₹100 Crore	Negligible
Ruchi Gaurav Rathod	OSS	Up to 15,43,210 Equity Shares aggregating up to ₹100 Crore	Negligible

Source: Red Herring Prospectus (RHP), PSS: Promoter Selling Shareholder; OSS: Other Selling Shareholder; WACA: Weighted average cost of acquisition

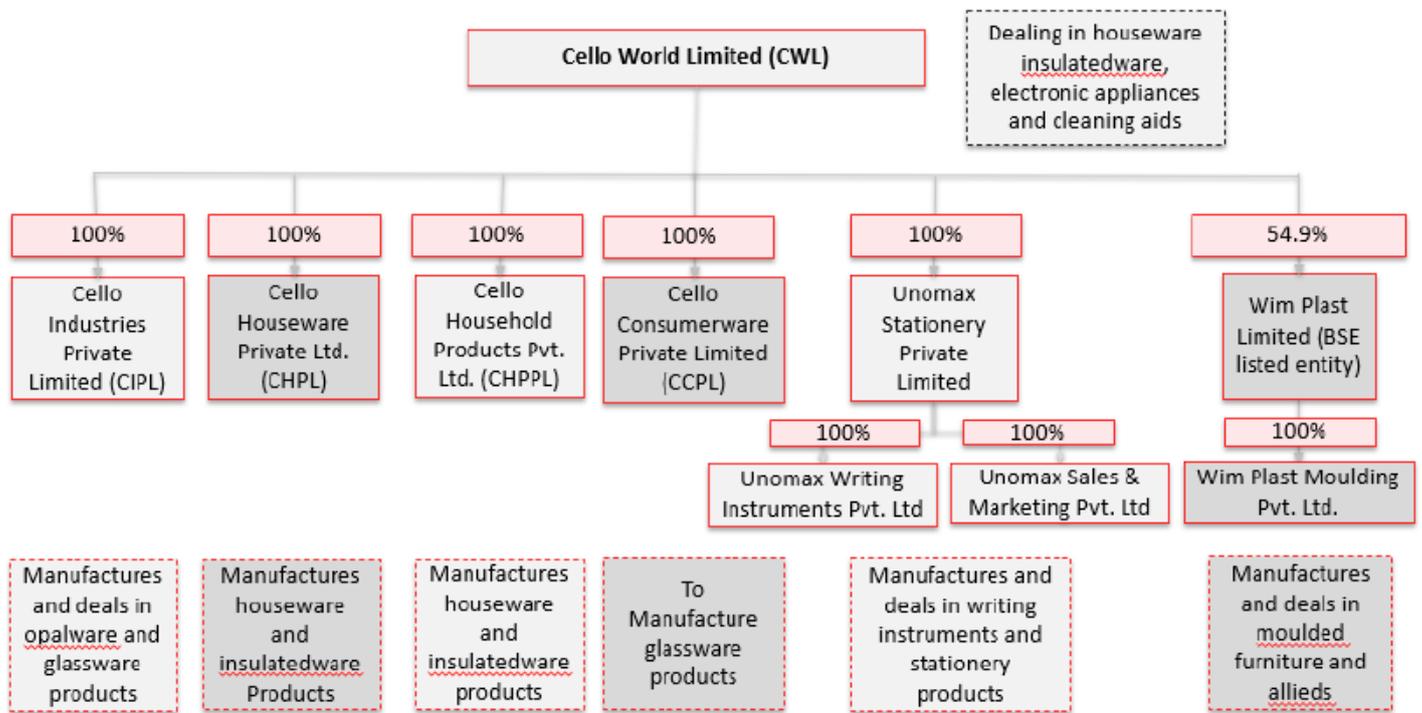
The Company will not directly receive any proceeds from the Offer (the "Offer Proceeds") and all the Offer Proceeds will be received by the Selling Shareholders, in proportion to the Offered Shares sold by the respective Selling Shareholders as part of the Offer.

Shareholding pattern

Particulars	Pre IPO	Post IPO
Promoter	55.13%	44.22%
Promoters group	36.75%	33.84%
Total - Promoter and Promoter Group	91.88%	78.06%
Public – Others	8.12%	21.94%
Total - Public	8.12%	21.94%

Source: Red Herring Prospectus (RHP)

Corporate Structure



Source: Red Herring Prospectus (RHP)

Group Restructuring Process

Cello Plastic Industrial Works ("CPIW") was a partnership firm formed in 1958. Late Mr Ghisulal Dhanraj Rathod, father of two of their promoters, Pradeep Ghisulal Rathod and Pankaj Ghisulal Rathod, joined CPIW as a partner in 1962. While in the past CPIW was engaged in the business of manufacturing and dealing of thermoware household articles and plastic materials or articles, it is currently not active in these businesses. CPIW is the exclusive owner of the "Cello", "Unomax" "Kleeno", "Puro" trademarks and their respective logos. Since the trademarks for these key brands were owned by CPIW from prior to the incorporation of Cello World Ltd, the trademarks continue to be held by CPIW. Over the years, their promoters, Pradeep Ghisulal Rathod and Pankaj Ghisulal Rathod and their father, Ghisulal Dhanraj Rathod formed various entities, which carried on business under the brand name of "Cello". Cello Plast (partnership firm) was formed in 1991 to carry on the business of manufacturing insulated-ware followed by opal-ware at Daman, Daman and Diu. In 1995, another partnership firm, Cello Plastotech was formed to carry on the business of manufacturing new ranges of consumerware at Daman, Daman and Diu. In 2005, Cello Industries (a partnership firm) was formed to carry on the business of manufacturing new ranges of insulated ware at Haridwar, Uttarakhand. These separate entities were initially formed under the "Cello" brand as each of these entities focussed on distinct businesses within the consumer-ware sector, and enabled geographic expansion across the country.

Pursuant to the group restructuring process undertaken in the Financial Year 2022:

- The business of Cello Plast was acquired by one of their subsidiaries, Cello Industries Pvt Ltd;
- The business of Cello Plastotech was acquired by one of their subsidiaries, Cello Household Products Pvt Ltd;
- Cello Industries was converted into Cello Houseware Pvt Ltd, and is now one of their subsidiaries. This group restructuring was undertaken through a series of business combinations under common control (as aforesaid) to consolidate the businesses under one parent company i.e. Cello World Ltd, and to reduce the cost of operating their business by allowing them to explore synergies across the entire Group in areas such as branding, marketing and distribution across their product categories.

Product Portfolio



Product Categories	Entity (ies) through which product categories are manufactured / sold	Brands	Sub - Brands	Overview of range of products offered
Consumer Houseware	<ul style="list-style-type: none"> - Cello World Limited - Cello Industries Private Limited - Cello Houseware Private Limited - Cello Household Products Private Limited - Cello Consumerware Private Limited 	Cello	Puro , Chef , H2O , Modustack , Kleeno , Maxfresh and Duro .	<ul style="list-style-type: none"> - Houseware - Insulatedware - Electronic appliances and cookware - Cleaning aids - Opalware - Glassware - Porcelain
Writing Instruments and Stationery	Unomax Stationery Private Limited	Unomax	Ultron2X and Geltron .	<ul style="list-style-type: none"> - Writing instruments - Stationery
Moulded Furniture and Allied Products	Wim Plast Limited	Cello	-	<ul style="list-style-type: none"> - Moulded furniture - Allied products

Source: Red Herring Prospectus (RHP)

Consumer Ware

As of FY 2023, Branded play dominated nearly 61% (~INR 230 Bn) of the Consumer ware market in India. This represents a significant increase from the share of around 52% (~ INR 110 Bn) recorded in the FY 2015, reflecting a CAGR of 9.6% for the Branded market. The Branded play is estimated to capture ~67% (~INR 377 Bn) share by FY 2027 at the CAGR of 13% for the period FY 2023-27 as the branded market continues to grow with a double digit CAGR, and a rate much faster than the unbranded market. The Indian Houseware Market (Houseware includes- Hydration, Cookware, Insulated Ware, Storage containers, Lunchboxes, Small kitchen appliances, cleaning products) was valued at INR 318 Bn in FY 2022. The market size grew at a CAGR of 6.6% from market size of INR 280 Bn in FY 2020. The market is expected to continue growing at the rate of 10.0% in 2023 to reach INR 343 Bn. By 2027, the market is expected to reach INR 502 Bn, with a CAGR of 9.6% over the five-year period. Categories like Hydration, Insulated Ware, Lunch Boxes, Small Kitchen Appliances and Cleaning Products had a higher share of branded play in the market in FY 2022, whereas categories like Cookware and Storage Containers are mostly unbranded.

The Indian Glassware Market was valued at INR 31 Bn in FY 2022. The market size was INR 15 Bn in FY 2015, and it experienced a CAGR of 11.6% to reach INR 25 Bn in FY 2020. The market is projected to continue growing, with an estimated CAGR of 10% from FY 2020 to FY 2022, and a further expected growth rate of 12.1% in 2023. By FY 2027, the market is expected to reach INR 63 Bn, with a CAGR of 15.5% over the five-year period. The Indian Glassware Market was valued at INR 31 Bn in FY 2022. The market size was INR 15 Bn in FY 2015, and it experienced a CAGR of 11.6% to reach INR 25 Bn in FY 2020. The market is projected to continue growing, with an estimated CAGR of 10% from FY 2020 to FY 2022, and a further expected growth rate of 12.1% in 2023. By FY 2027, the market is expected to reach INR 63 Bn, with a CAGR of 15.5% over the five-year period.

The products under the consumer houseware product category are offered and sold under the “Cello” brand. The popular sub-brands under the “Cello” brand include “Kleeno”, “Puro”, “Chef”, “H2O”, “Modustack”, “Maxfresh” and “Duro”.

Houseware	Insulated ware	Electronic appliances and cookware	Cleaning aids	Opalware	Glassware
<ul style="list-style-type: none"> - Plastic bottles - Containers - Jugs - Buckets - Drums 	<ul style="list-style-type: none"> - Casseroles - Bottles - Flasks - Lunch boxes - Water Jugs - Tiffin 	<ul style="list-style-type: none"> - Mixers - Sandwich makers - Irons - Hot plates - Pots - Pans 	<ul style="list-style-type: none"> - Brushes - Wipers - Brooms Mops - Gloves - Dustbins 	<ul style="list-style-type: none"> - Dinner sets - Cups , saucers and mugs - Bowls - Lunch packs - Gift sets - Dessert sets - Condiment sets - Quick bite sets - Vegetable bowl sets - Pudding sets - Hot snacks sets - Coffee sets - Noodle bowl sets - Dry fruit sets 	<ul style="list-style-type: none"> - Tumblers - Jugs - Bottles - Lunch packs - Storage containers - Mixing bowls Bakeware - Tea and Coffee sets - Gift sets

Source: Red Herring Prospectus (RHP)

Writing Instruments

As of FY 2023, the Indian stationery market had an estimated size of INR 385 Bn by value and is expected to grow at a CAGR of ~14% during FY 2023-27 period to reach a market value of INR 657 Bn by FY 2027. As of FY 2023, non-paper stationery contributes ~58% (INR 223 Bn) to the Indian stationery market by value. Out of the total non-paper stationery market, writing instruments, office supplies and art and craft contribute ~60% (INR 133.5 Bn), ~21% (INR 47 Bn) and ~5% (INR 11.2 Bn) respectively. Non-paper stationery market is expected to grow at a CAGR of ~15% during FY 2023-27 period to reach a market value of INR 39,400 Bn by FY 2027.

As of FY 2023, Branded play consisted of nearly 36% (~INR 139 Bn) of the stationery market in India. This represents a significant increase from the share of around 28% (~ INR 69 Bn) recorded in FY 2015, reflecting a notable growth trajectory for the branded market. The branded play is estimated to capture ~41% (~INR 270 Bn) share by FY 2027. Cello occupied a market share of 1.8% in the branded stationery market and 0.7% share in the overall stationery market for FY 2023. The products under the writing instruments and stationery product category are offered and sold under the “Unomax” brand. The popular sub-brands under the “Unomax” brand include “Ultron2X” and “Geltron”.

Writing instruments	Stationary
<ul style="list-style-type: none"> Ball point pen Gel pen Roller pen Fountain pen Metal pen Mechanical pencil 	<ul style="list-style-type: none"> Highlighters Markers Correction Pens

Source: Red Herring Prospectus (RHP)

Moulded Furniture and Allied Products

Moulded furniture refers to furniture items that are produced using a moulding process. This process involves shaping plastic into specific designs and forms, resulting in furniture pieces that have a uniform and consistent appearance. The plastic moulded furniture market in India was valued at INR 68 Bn in 2015. Over the next five years, the market size grew at a CAGR of 10.8%, reaching INR 113 Bn in FY 2020. The market was valued at INR 122 Bn in FY 2022 (almost entire Plastic furniture is moulded and is expected to reach INR 270 Bn by FY 2027 growing at a CAGR of 17.3%. Moulded furniture is gaining popularity as it offers features unavailable in conventional wooden and metal furniture, such as easy maintenance, light weight, durability, designs etc.

As of FY 2022, branded play controls nearly 58% (~INR 70 Bn) of the Plastic Moulded Furniture market in India. This represents a significant increase from the share of around 51% (~INR 35 Bn) recorded in the FY 2015, reflecting a CAGR of 10.7% for the Branded market. The Branded play is estimated to capture ~63% (~INR 170 Bn) share by FY 2027 at the CAGR of 19.6% for the period FY 2023- 27. The branded market is growing at a higher rate compared to the unbranded market driving the growth of the Plastic Moulded Furniture market. Cello had a market share of 4.7% in the branded moulded furniture market which was valued at ~INR 84 bn for FY 2023. Its share was 2.8% in the overall moulded furniture market for the same period. Products under the moulded furniture and allied products category are offered and sold under the “Cello” brand.

Moulded furniture	Allied products
<ul style="list-style-type: none"> Chairs Tables Trolleys Stools Cabinets Ladders 	<ul style="list-style-type: none"> Moulds Bubble-guards Crates Palletes Dustbin Storage items

Source: Red Herring Prospectus (RHP)



Geographical and Segmental revenue mix - (₹Crore)

Particulars	For the period ended June 30, 2023	Revenue from External Customers			
		For the period ended June 30, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Within India	425.14	393.51	1656.48	1232.87	1004.48
Outside India	46.63	39.09	140.20	126.29	44.96
Total	471.77	432.60	1796.69	1359.17	1049.45

Metric	Unit	Three Months Ended June 30,		For Financial Year Ended		
		2023	2022	2023	2022	2021
Product Category Revenue Contribution						
Consumer Houseware	(in crore, % of total revenue from operations)	310.43, (65.80%)	288.84, (66.77%)	1181.07, (65.74%)	871.09, (64.09%)	669.84, (63.83%)
Writing Instruments and Stationery	(in crore, % of total revenue from operations)	83.40, (17.68%)	62.82, (14.52%)	284.99, (15.86%)	169.33, (12.46%)	111.38, (10.61%)
Moulded Furniture and Allied Products	(in crore, % of total revenue from operations)	77.93, (16.52%)	80.93, (18.71%)	330.61, (18.40%)	318.75, (23.45%)	268.23, (25.56%)

Source: Red Herring Prospectus (RHP)

Competitive strengths

Well-established brand name and strong market positions

The company has strong market positions in the consumer products industry segment is a reflection of their vast experience, continuous product development and consumer understanding. The brand "Cello" was awarded as one of the most trusted brands of India in 2021 by Commerzify. Company is a prominent player in the consumerware market in India with products in the consumer houseware, writing instruments and stationery, and moulded furniture and allied products categories. While the Company was incorporated only in 2018, the Company's erstwhile promoter Late Ghisulal Dhanraj Rathod, father of its Promoters, Pradeep Ghisulal Rathod and Pankaj Ghisulal Rathod, was associated with Cello Plastic Industrial Works and the "Cello" brand since 1962. Further, the Company launched the writing instruments and stationery business in 2019 under the "Unomax" brand. It had the highest EBITDA margin for the Financial Years 2021, 2022 and 2023.

To enhance brand awareness and strengthen brand recall for the brands and sub-brands that they use, they utilize a diverse array of promotional and marketing efforts, including in-shop displays, merchandising, advertisements in print and social media, retail branding and product branding. They spent ₹9.260 crore, ₹10.422 crore, ₹23.698 crore, ₹2.887 crore and ₹2.798 crore towards advertisements in Financial Years 2021, 2022 and 2023 and the three months ended June 30, 2022 and June 30, 2023, respectively, constituting 0.88%, 0.77%, 1.32%, 0.67% and 0.59% of revenue from operations, respectively.

The Company's brand advertisements and marketing campaigns have been critical in developing its brand identity. The Company also continuously seek to increase its digital presence and engagements and engage in brand associations. Further, through Cello Industrial Plastic Works (an entity which is member of its Promoter Group), the Company also engaged a celebrity as a brand ambassador for endorsing and strengthening the "Cello" brand equity and brand recall among our consumers. The Company had also engaged with tie-ups with large studios to market its lunch boxes, bottles and stationeries for children, using various cartoon characters.

Diversified product portfolio across price points catering to diverse consumer requirements

The Company focuses on identifying the needs and preferences of the consumers through their network of distributors, and innovating the products to cater to their differing requirements and preferences, while endeavoring that their products are available across various price points and meet quality standards expected by consumers. As of June 30, 2023, they offered 15,891 SKUs across their product categories. The company has the most diversified product portfolio among its peers, with products in the glassware, opal ware, melamine and porcelain categories. The company has innovated and introduced new range of products, such as their recently launched writing instruments, cleaning aids, opalware, glassware and cookware range of products and appliances, along with moulded furniture and allied products, in order to increase the market-share of consumer products market in India as well as grow revenues and profit. During the Financial Years 2021, 2022 and 2023, and the three months ended June 30, 2022 and June 30, 2023, they launched 397, 169, 380, 55, and 50 new products (across the three product categories), respectively.

Track record of scaling up new businesses and product categories

The Company has a track record of scaling up new businesses and product categories. While the company was incorporated only in 2018, their promoters were involved in the launch of the glassware and opalware business in 2017 under the "Cello" brand. The Company also launched their writing instruments and stationery product category in 2019 under the "Unomax" brand, Further, they were involved in the launch of the cleaning aids business in 2017 under the "Kleeno" subbrand (under the "Cello" brand).



Pan-India distribution network with a presence across multiple channels

The company has sales team of 721 members with a base of 717 distributors and ~58,716 retailers in consumer houseware segment, 29 super-stockiest, ~1509 distributors and ~60,826 retailers in Writing instruments and 1067 distributors and ~6,840 retailers in Moulded Furniture and Allied Products segment. The Company's products also reach consumers through modern trade and export channels, e-commerce marketplaces and their own websites. The company has an established export channel for the stationery business. In addition, the company also sell products in bulk quantities to corporate clients and government departments.

Particulars	Three Months ended June 2023		Three Months ended June 2022		For the Financial Year ended 2023		For the Financial Year ended 2022		For the Financial Year ended 2021	
	Revenue (in Rs Cr)	% of total Revenue	N Revenue (in Rs Cr)	% of total Revenue	Revenue (in Rs Cr)	% of total Revenue	Revenue (in Rs Cr)	% of total Revenue	Revenue (in Rs Cr)	% of total Revenue
General Trade	373.9	79.26%	346.5	80.11%	1,447.7	80.58%	1,063.0	78.21%	886.3	84.46%
Export	46.6	9.88%	39.1	9.04%	140.2	7.8%	126.3	9.29%	45.0	4.28%
Online sales (including sales from e-commerce marketplaces and own websites)	30.6	6.48%	32.6	7.54%	142.1	7.91%	113.8	8.38%	92.6	8.82%
Modern Trade	20.6	4.37%	14.3	3.31%	66.6	3.71%	56.1	4.12%	25.6	2.44%
Total	471.8	100%	432.6	100%	1,796.7	100%	1,359.2	100%	1,049.5	100%

Ability to manufacture a diverse range of products and maintain optimal inventory levels

Company's manufacturing capabilities allow them to manufacture a diverse range of products in-house, which in turn enables them to scale up production quickly to meet increased demand, reduce time taken to launch new products in the market, maintain quality control of their products, maintain better control over the supply chain and mitigate risk of supply chain disruption. Company's revenue derived from in-house manufacturing operations aggregated to 78.65%, 82.63%, 79.37%, 82.08% and 79.67% of their total revenue from operations for the Financial Years 2021, 2022 and 2023, and the three months ended June 30, 2022 and June 30, 2023, respectively. The remaining products (consisting mainly of steel and glassware products) are manufactured by third party contract manufacturers who manufacture products with the company's branding pursuant to their arrangements. CWL owns and operate 13 manufacturing facilities across five locations, with an installed annual capacity of 57.77 million units of consumer houseware products per annum, 15,000 tons of opalware and glassware per annum, 705.00 million units of writing instruments and stationery products per annum and 12.80 million units of moulded furniture and allied products, as of June 30, 2023. They are currently establishing a glassware manufacturing facility in Rajasthan, which is expected to house European-made machinery that enables high productivity and precision in design and finish. This glassware manufacturing facility in Rajasthan is also expected to (i) house various machines, including fire polishing machines and servo gob feeder; (ii) be located close to their raw material suppliers; and (iii) provide a dry weather environment that is suitable for the manufacturing of glassware. Pursuant to the establishment of the glassware manufacturing facility in Rajasthan, CWL is expected to become the only domestic consumer products company which has presence across all material types to have an in-house glassware manufacturing unit in Indi

Peer Comparison

Players	Product	Economy	Mid - Premium	Premium
Cello	Melamine	-	✓✓✓	✓
	Opalware	✓✓✓	✓	-
	Porcelain	-	✓✓	-
	Glassware	✓✓	✓	✓
Milton	Melamine	✓✓	✓	-
	Opalware	-	-	-
	Porcelain	-	-	-
	Glassware	✓✓✓	✓	✓
Borosil	Melamine	-	-	-
	Opalware	✓✓✓	✓	✓
	Porcelain	-	-	-
	Glassware	✓✓✓	✓✓	✓
La Opala	Melamine	-	-	-
	Opalware	✓✓	✓✓✓	✓
	Porcelain	-	-	-
	Glassware	✓✓	✓	-

Name of the Company	Revenue from operations(In Cr)					Gross Profit(In Cr)					Gross Profit margin (%)				
	Period / Financial Year Ended					Period / Year Ended					Period / Year Ended				
	Q1FY24	Q1FY23	2023	2022	2021	Q1FY24	Q1FY23	2023	2022	2021	Q1FY24	Q1FY23	2023	2022	2021
Cello World	471.78	432.61	1,796.70	1,359.18	1,049.46	248.12	201.32	901.18	680.62	528.03	52.59	46.54	50.16	50.08	50.31
Listed Peers															
Borosil Limited	250.56	216.23	1,027.12	839.86	584.77	167.96	137.08	614.71	531.94	341.46	67.03	63.39	59.85	63.34	58.39
Kokuyo Camlin Limited	235.79	196.16	774.94	508.47	403.12	88.21	69.12	286.71	196.01	166.81	37.41	35.24	37.00	38.55	41.38
La Opala RG Limited	86.22	82.15	452.32	322.69	211.28	82.60	75.18	373.35	259.50	154.29	95.80	91.52	82.54	80.42	73.03
Kraft Stove Limited	297.75	275.07	1,283.85	1,136.36	858.96	109.92	90.53	420.42	362.95	300.72	36.92	32.91	32.75	31.94	35.01
Prestige TTK Limited	587.62	629.05	2,777.13	2,722.45	2,186.93	252.12	263.59	1,116.39	1,127.53	918.04	42.91	41.90	40.20	41.42	41.98
Linc Limited	111.88	97.94	486.76	354.96	256.66	46.39	33.28	192.16	117.47	83.94	41.46	33.98	39.48	33.10	32.70
Hawkins Cookers Limited	203.43	197.74	1,005.80	958.01	768.46	99.08	103.00	494.40	469.19	403.26	48.70	52.09	49.15	48.98	52.48

Name of the Company	EBITDA(In Crore)					EBITDA Margin(%)					RoCE(%)				
	Period/ Year ended					Period/Year Ended					Period/Year Ended				
	Q1FY24	Q1FY23	2023	2022	2021	Q1FY24	Q1FY23	2023	2022	2021	Q1FY24	Q1FY23	2023	2022	2021
Cello World	127.30	100.74	437.28	349.50	286.87	26.98	23.29	24.34	25.71	27.34	8.06	11.28	44.48	40.92	58.73
Listed Peers															
Borosil Limited	28.25	29.16	151.13	168.18	99.13	11.28	13.49	14.71	20.02	16.95	NA	NA	11.98	18.36	9.68
Kokuyo Camlin Limited	29.18	13.69	56.45	17.22	9.17	12.38	6.98	7.28	3.39	2.27	NA	NA	12.47	(0.15)	(2.96)
Opala RG La Limited	46.20	33.49	193.95	141.41	76.47	53.58	40.77	42.88	43.82	36.19	NA	NA	20.63	16.26	9.26
Stove Kraft Limited	25.59	20.16	95.50	93.27	114.59	8.59	7.33	7.44	8.21	13.34	NA	NA	11.37	16.86	28.76
TTK Prestige Limited	81.68	86.00	404.18	460.95	367.89	13.90	13.66	14.55	16.93	16.82	NA	NA	18.11	24.17	21.99
Linc Limited	14.49	9.32	64.84	24.41	11.63	12.95	9.51	13.32	6.88	4.53	NA	NA	28.21	7.78	(0.72)
Hawkins Cookers Limited	31.20	34.09	139.49	125.62	118.13	15.34	17.24	13.87	13.11	15.37	NA	NA	41.55	46.46	55.15

Source: Red Herring Prospectus (RHP)



Private Equity Investment - Conversion of Preference Shares into Equity Shares

Date of allotment/ transaction	No. of shares	Face value per share	Issue/ Transaction price per share	Nature of allotment transaction	Nature of consideration	Total consideration (in Crore)
October 10, 2023	1,72,31,034	₹5	₹275.67	Conversion of Preference Shares into Equity Shares	NA	475.00
Weighted average cost of acquisition (primary transactions) (₹)						275.67

Note: All Preferences Shares, i.e., 5,448,190 CCPS and 1,740,393 Series A CCPS which were issued at an issue price of Rs. 660.77 per preference share, have been converted into 13,059,312 Equity Shares and 4,171,722 Equity Shares respectively, on October 10, 2023.

India Advantage Fund S5 I, India Advantage Fund S4 I, Dynamic India Fund S4 US I and Tata Capital Growth Fund II were allotted 36,32,128, 14,07,448, 4,08,614 and 17,40,393 CCPS (Compulsorily Convertible Preference Shares) respectively at ₹660.77 per CCPS on October 21, 2022, November 2, 2022, November 2, 2022 and November 24, 2022 respectively which were converted to equity shares on October, 10 2023.

Source: Red Herring Prospectus (RHP)

Key Risks

Trademark risk

The Company does not own the trademark for its key brands, including "Cello", "Unomax", "Kleeno", "Puro" and their respective logos. Such trademarks are registered in the name of Cello Plastic Industrial Works, a member of its Promoter Group and a partnership firm owned and controlled by its Promoters. If the Company is unable to renew the relevant agreements that grants it the license to use these trademarks and logos, its business, results of operations and financial condition may be adversely affected. Further, the "Cello" brand name is also used by one its competitors for its writing instruments business. Any adverse impact on the "Cello" brand name due to the actions of such competitor, which utilizes the brand name, may adversely affect its reputation and business.

Fluctuations in raw material prices, especially plastic granules and plastic polymer prices, and disruptions in their availability may have an adverse effect on company's business, results of operations, financial condition and cash flows.

The Company depends entirely on third-party suppliers for the supply of raw materials, including plastic granules and plastic polymer which are the most consumed raw materials in the production of the products. A significant portion of expenses come from the cost of raw materials.

Cost of consumption of plastic granules and plastic polymer accounted for 46.54%(₹75.54 Crore), 52.05%(₹85.20 Crore), 48.16%(₹312Crore), 53.19%(₹283.08 Crore) and 56.22%(198.54 Crore) of total material consumed in June 2023, June 2022, financial year ended 2023, financial year ended 2022 and financial year ended 2021 respectively.

Company sources their raw materials on a purchase order basis, and do not enter into long term contracts (typically 12 months or longer) with raw material suppliers. Thus, the business is susceptible to fluctuations in raw material prices. The prices of raw materials are affected by several factors beyond control, including, among others, production capacity, transportation costs, disruptions in infrastructure, regulation, governmental policies, labor unrest, export restrictions and demand among other competitors and users.

Company relies on third-party contract manufacturers for some of the products subjecting them to risks, which, if realized, could adversely affect the business, results of operations, financial condition and cash flows.

The Company sources certain products such as steel and glassware products from third-party contract manufacturers primarily located in China. Company has 40, 53, 86, 42 and 38 contract manufacturers as on June 30, 2023, June 30, 2022, Financial year ended 2023, financial year ended 2022 and financial year ended 2021. The company has commenced the construction of plant in Rajasthan for production of glassware which is expected to be commissioned by March 2024.



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Particulars	For the three months ended June 30,									
	2023		2022		For the Financial Year 2023		For the Financial Year 2022		For the Financial Year 2021	
	(In Rs Cr)	(% of total sales)	(In Rs Cr)	(% of total sales)	(In Rs Cr)	(% of total sales)	(In Rs Cr)	(% of total sales)	(In Rs Cr)	(% of total sales)
Sale of steel and glassware products supplied by third- party contract manufacturers	95.93	20.33%	97.59	17.92%	370.73	20.63%	236.05	17.37%	224.06	21.35%

If the company is unable to identify consumer demand accurately and maintain an optimal level of inventory, the business, results of operations, financial condition and cash flows may be adversely affected.

The success of the business depends on their ability to anticipate and forecast consumer demand. Any error in forecast could result in either surplus stock, which the company may be unable to sell in a timely manner, or at all, or under-stocking, which will affect the ability to meet consumer demand. They plan their inventory and estimate the sales based on the forecasted demand. If they fail to accurately forecast consumer demand, they may experience excess inventory levels or a shortage of products available for sale.

The business is subject to seasonality, which may contribute to fluctuations in results of operations and financial condition

The business of the company is subject to seasonality as they see higher demand for products from customers during the festive seasons. Further, their products also face varied demand based on weather conditions across the seasonal cycles. Accordingly, the results of operations and financial condition in one quarter may not accurately reflect the trends for the entire financial year and may not be comparable with the results of operations and financial condition for other quarters.

Source: Red Herring Prospectus (RHP)



Financials

Balance Sheet (₹ Crore)

Particulars	As at June 30 , 2023	As at June 30 , 2022	As at March 31 , 2023	As at March 31 , 2022	As at March 31 , 2021
ASSETS					
Non - current assets					
Property , plant and equipment	250.97	238.16	253.74	238.74	237.58
Capital work in progress	52.064	18.297	20.867	11.783	4.269
Right - of - use assets	17.019	20.133	17.565	19.311	21.208
Intangible assets	3.68	0.471	0.404	0.53	0.418
Intangible assets under development		3.097	4.782	2.765	0
<u>Financial assets</u>					
Investments in associates	0.775	0.783	0.789	0	0
Other investments	65.45	40.598	49.811	35	45
Loans	7.811	1.271	7.637	1.231	1.921
Other financial assets	7.211	10.153	8.936	9.863	8.718
Deferred tax assets (net)	2.708	3.289	4.716	2.799	2.121
Income tax assets (net)	2.456	3.181	2.342	2.307	0.638
Other non - current assets	57.427	16.575	40.223	14.23	4.097
Total non - current assets	467.57	356.00	411.81	338.56	325.97
Current assets					
Inventories	411.363	375.81	429.76	376.55	306.93
<u>Financial assets</u>					
Investments	149.55	136.20	126.31	114.95	74.742
Trade receivables	528.85	434.95	462.30	406.72	371.43
Cash and cash equivalents	35.425	23.635	30.617	36.268	16.706
Bank balances	18.722	21.557	19.317	18.41	15.761
Loans	0.998	1.978	1.167	2.018	1.373
Other financial assets	9.33	3.995	17.413	3.42	4.832
Other current assets	48.803	43.496	37.547	36.768	28.767
Total current assets	1,203.03	1,041.62	1,124.44	995.10	820.54
Assets classified as held for sale	15.445		15.445		
Total assets	1,686.05	1,397.63	1,551.69	1,333.66	1,146.51
EQUITY & LIABILITIES					
Equity					
Equity share capital	97.5	0.01	97.5	0.01	0.01
Instruments entirely equity in nature	14.377	-	-	-	-
Other equity	785.41	149.74	238.95	87.636	-106.76
Total equity attributable to owners of the Group	897.28	149.75	336.45	87.646	-106.75
Non-controlling interest	205.43	189.42	199.94	185.13	172.19
Total Equity	1,102.71	339.17	536.39	272.78	65.436
Liabilities					
Non - current liabilities					
<u>Financial liabilities</u>					
Borrowings	8.662	0	8.662	0	0
Lease liabilities	6.618	9.382	7.135	8.697	10.428



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Other financial liabilities	0	0	483.10	0	0
Provisions	2.707	5.265	2.501	4.501	3.625
Deferred tax liabilities (net)	7.36	8.095	8.407	8.388	8.213
Total non - current liabilities	25.347	22.742	509.81	21.586	22.266
Current liabilities					
<u>Financial liabilities</u>					
Borrowings	311.41	437.81	317.41	452.48	322.06
Lease liabilities	1.954	1.98	1.905	1.734	1.581
Trade payables	0	0	0	0	0
(a) Total outstanding dues of micro and small	40.11	35.744	42.627	29.448	17.673
(b) Total outstanding dues of creditors other than micro and small enterprises	130.50	97.76	91.538	96.1	80.726
Other financial liabilities	22.997	437.88	16.692	434.53	610.07
Other current liabilities	32.375	9.721	30.377	20.189	20.009
Provisions	1.204	1.746	1.403	1.456	1.677
Current tax liability (net)	17.45	13.074	3.551	3.361	5.019
Total current liabilities	557.99	1,035.71	505.50	1,039.30	1,058.81
Total equity and liabilities	1,686.05	1,397.63	1,551.69	1,333.66	1,146.51

Source: Red Herring Prospectus (RHP)



Profit and Loss Statement - (₹ Crore)

Particulars	For the period ended June 30 , 2023	For the period ended June 30 , 2022	For the year ended March 31 , 2023	For the year ended March 31 , 2022	For the year ended March 31 , 2021
Revenue from operations	471.78	432.61	1,796.70	1,359.18	1,049.46
Cost of materials consumed	162.26	163.69	647.79	532.24	353.13
Purchases of stock - in - trade	48.062	79.727	311.02	200.31	155.55
Changes in inventories of finished goods , semi - finished	13.335	-12.129	-63.301	-54	12.74
Total COGS	223.66	231.29	895.51	678.55	521.42
Gross Profit	248.12	201.32	901.18	680.62	528.03
Gross Margin	53%	47%	50%	50%	50%
Employee benefits expense	44.761	36.772	157.58	131.92	96.847
Other expenses	84.163	67.799	323.07	215.13	154.44
Total expenses	128.92	104.57	480.64	347.05	251.29
EBIDTA	119.20	96.75	420.54	333.57	276.74
EBIDTA Margin	25%	22%	23%	25%	26%
Depreciation and amortisation expense	11.816	11.71	50.326	47.554	48.901
Other income	8.104	3.992	16.74	15.933	10.129
EBIT	115.49	89.03	386.95	301.95	237.97
Finance costs	0.566	0.368	1.756	2.85	2.276
PBT	114.92	88.67	385.20	299.10	235.69
Tax expenses					
Current tax	31.251	23.37	101.63	80.728	71.202
Short / (excess) provision of tax relating to earlier years	-	-	-0.435	0.198	-0.105
Deferred tax charges / (credit)	0.827	-0.748	-1.061	-1.349	-0.952
Total tax expense	32.078	22.622	100.13	79.577	70.145
Profit after tax	82.84	66.04	285.07	219.52	165.55
Add : Share of loss from an Associate	-0.014	-0.017	-0.011		
Profit for the Period / Year	82.83	66.03	285.06	219.52	165.55
PAT Margin	17.56%	15.26%	15.87%	16.15%	15.77%
Restated Other comprehensive income for the period/year, net of tax	0.389	(0.112)	(0.749)	0.1	0.321
Restated Total comprehensive income for the period/year (IX+XI)	83.22	65.92	284.31	219.62	165.87

Source: Red Herring Prospectus (RHP)

Cash Flow Statement - (₹ Crore)

Particulars	As at June 30 , 2023	As at June 30 , 2022	As at March 31 , 2023	As at March 31 , 2022	As at March 31 , 2021
Net cash generated by operating activities	80.664	50.84	227.36	187.27	193.61
Net cash (used in)/generated by investing activities	(68.88)	(48.59)	(556.83)	(261.82)	(53.24)
Net cash (used in)/generated from financing activities	(6.97)	(14.88)	323.82	94.11	(132.8)
<i>Net increase in cash and cash equivalents</i>	<i>4.81</i>	<i>(12.63)</i>	<i>(5.65)</i>	<i>19.56</i>	<i>7.56</i>
Cash and Cash Equivalents at the beginning of the year	30.617	36.268	36.268	16.706	9.143
Cash and Cash Equivalents at the ending of the year	35.43	23.64	30.62	36.27	16.71

Source: Red Herring Prospectus (RHP)


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