

Cello World Limited

Consumerware | India

IPO | 27 October 2023

A consumer brand product for every individual



About the Company

Cello World Limited (CWL) business is broadly divided into two categories, consumer house ware and consumer glassware, a prominent player in the consumer ware market in India with presence in the consumer house ware, writing instruments and stationery, moulded furniture and allied products and consumer glassware categories. The six decades of experience of the Promoters (through their family) in the consumer products industry has enabled us to better understand the preferences and needs of consumers in India, diversify the product portfolio on a regular basis and grow through a strong multi-channel distribution network. CWL operates through 13 manufacturing facilities across five locations in India, and is currently establishing a glassware manufacturing facility in Rajasthan endeavoring to maintain high quality standards and good manufacturing practices as of June 30, 2023.

Popular products and diversified portfolio across price points

CWL manufacturing capabilities allow them to manufacture a diverse range of products in-house (79% in FY23), which in turn enables them to scale up production quickly to meet increased demand, reduce time taken to launch new products in the market compared to peers, they aim to expand their product portfolio in their consumer house ware product category, by focusing on introducing new range of products in the kitchenware, porcelain, appliances, cookware, glassware, writing instruments, and stationery spaces.

Pan India distribution network building a strong brand

CWL has a strong footprint of 3,322 distributors catering to 1, 26,382 retailers achieving economies of scale improving the supply chain network and demand of each region. It has a presence across distribution channel mix with general trade, modern trade, export and online supported by 721 member sales team to respond traders understanding consumer preferences balancing the product availability deploying the inventory levels in an efficient manner.

New business to multifold revenues in next few years

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 facility in Rajasthan with European based machinery that enables high productivity and precision in design and finish scaling up the consumer glassware and opal ware business which registered revenue CAGR of 36% over FY21-23. The writing and instruments business has achieved scale over the last 4 years with the highest EBITDA margins among writing instruments business and will achieve further growth both in domestic and exports increasing the capacities by 60% and distribution network over the next few years.

Financials in Brief

On the financial front, the company reported a turnover of Rs1049 Crs, Rs1359 Crs and Rs1797 Crs for FY21, FY22 and FY23 respectively, on a consolidated basis. It posted net profit of Rs 166 Crs, Rs220 Crs and Rs 285 Crs with steady net margins at 16% average respectively for the aforementioned period. Revenues and PAT both registered a CAGR of ~30% over FY21-23. CWL revenues, ebitda and net margins are better than peers across its various lines of business embarking on a strong strategy and track record.

Our View

CWL has demonstrated its manufacturing and production capabilities with continuous innovation of products in various categories across age groups, categories of consumer house ware growing the wallet share and consumer base over the years. CWL has scaled up the branding attracting new customers, increasing market share in its respective product categories moving up the value chain for every segment. CWL has developed a strong brand identity through effective brand advertisements and marketing campaigns, including "Cello – Companion for Life", "Cello – Rishta Zindagi Bhar Ka", "Hot Chahiye Toh Cello" and "Don't Just Write, Glide". We believe CWL would be a prominent player in its respective business verticals with a large addressable market growth of average 16%, strong financials, debt free company offers a growth play in the long term. **Therefore we recommend a SUBSCRIBE to the issue.**

IPO Details

Price Band (Rs)	617-648
Face Value (Rs)	5
Issue Open/Closing Date	30-Oct-23/01-Nov-23
Fresh Issues (Crs)	-
OFS (Crs)	1,900.0
Total Issue (Crs)	1,900.0
Minimum Bid Qty. (Nos)	23
QIB / HNI / Retail	50%/15%/35%
Implied Market Cap (Rs Crs)*	13,753

*At higher band

Object of the Issue

- ▶ Achieve the benefits of listing of equity shares enhancing visibility and brand image

Strengths

- ▶ Well-established brand name and strong market positions;
- ▶ Diversified product portfolio across price points catering to diverse consumer requirements
- ▶ Pan-India distribution network with a presence across multiple channels.
- ▶ Ability to manufacture a diverse range of products and maintain optimal inventory levels

Key Risk

- ▶ Sharp rise in input costs of plastic polymer prices
- ▶ Trademarks of key brands

Shareholding (%)	Pre-Issue	Post-Issue
Promoters	91.9	78.1
Others	8.1	21.9

Key Financials

(Rs Crs)	FY21	FY22	FY23
Revenue	1,049	1,359	1,797
EBITDA	287	350	437
EBITDA Margin (%)	27.3	25.7	24.3
PAT	166	220	285
PAT Margin (%)	15.8	16.2	15.9
EPS (Rs)	7.8	10.5	13.2
RocE (%)	58.7	40.9	44.5
RoE (%)	52.2	45.9	39.9
NAV (Rs.)	14.9	22.8	34.1
Networth	290	444	666

Source: RHP

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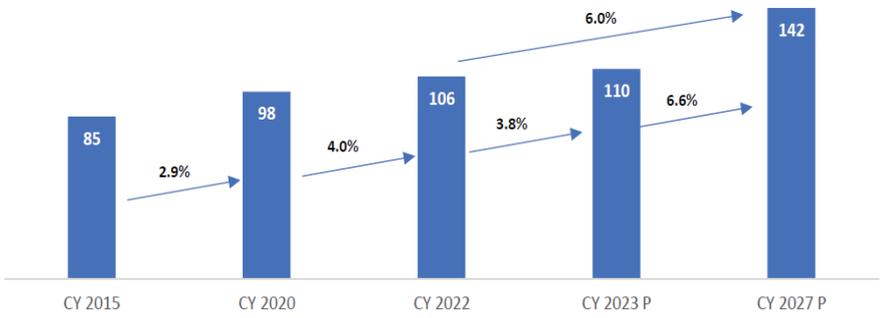
Email : vikas.i.jain@relianceada.com

Exhibit 1: Market size of Global Consumerware Industry (In USD Bn)



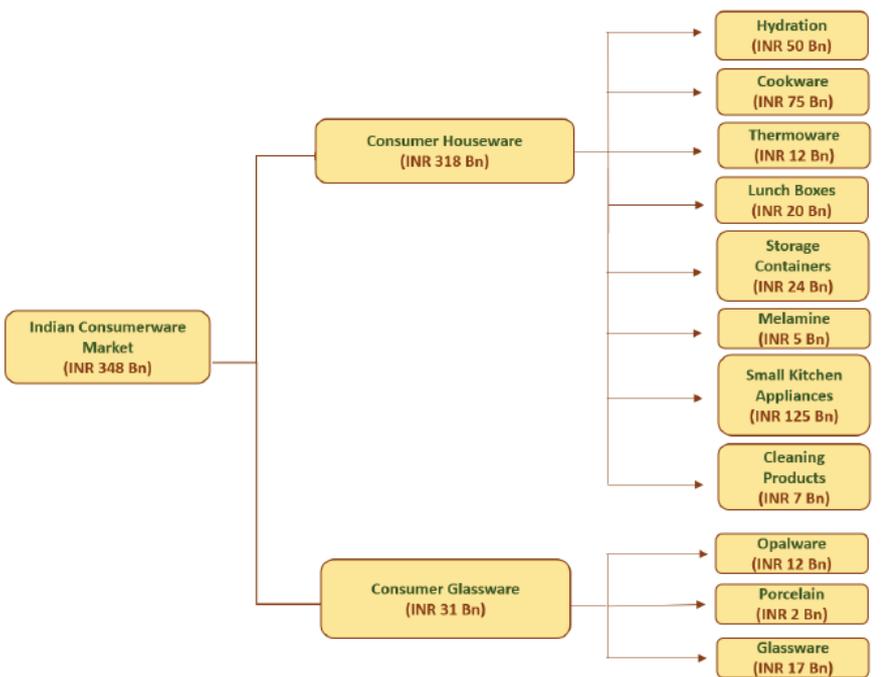
Source: RHP, Technopak Analysis

Exhibit 2: Market size of Indian Consumerware Industry (In INR Bn)



Source: RHP, Technopak Analysis

Exhibit 3: Category wise segmentation of Indian Consumerware Market. Market size- FY 2022



Source: RHP, Technopak Analysis

Exhibit 4: Share of Branded and Unbranded in Consumer Glassware Market

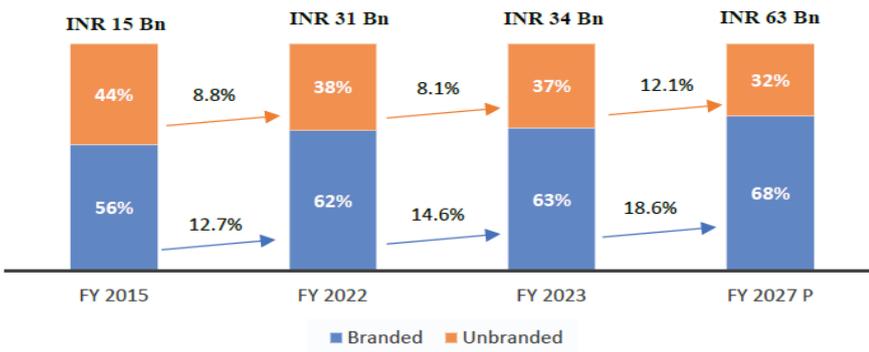


Exhibit 5: Evolution of the Company

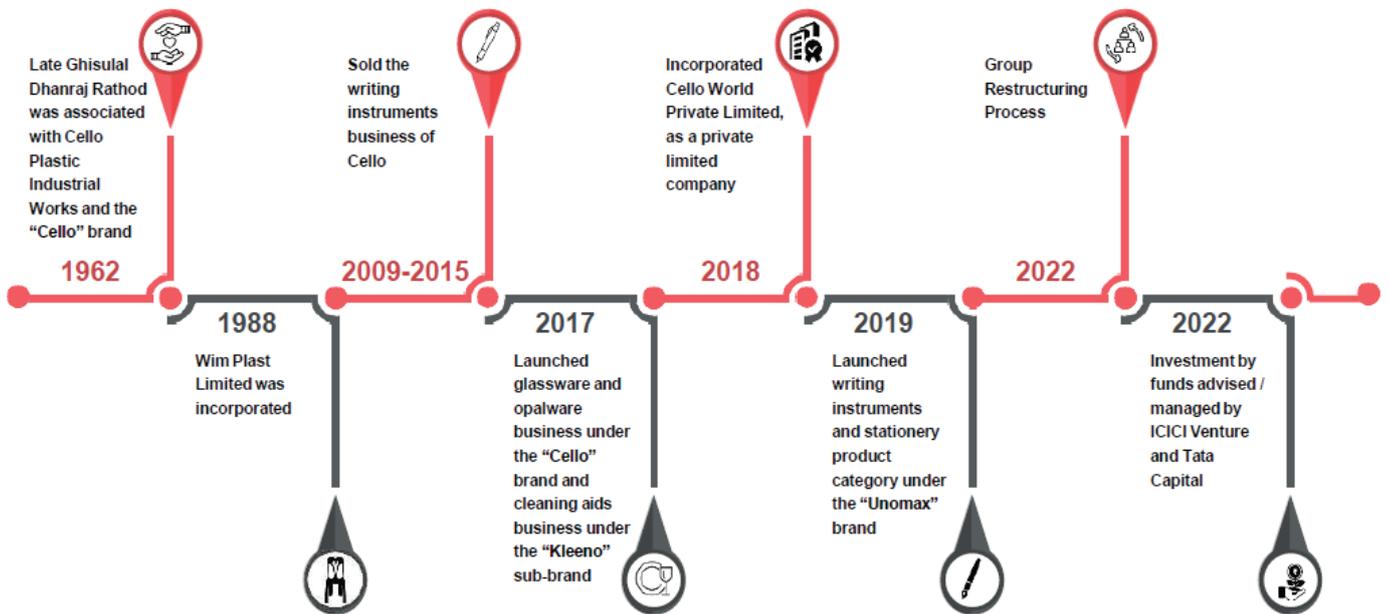
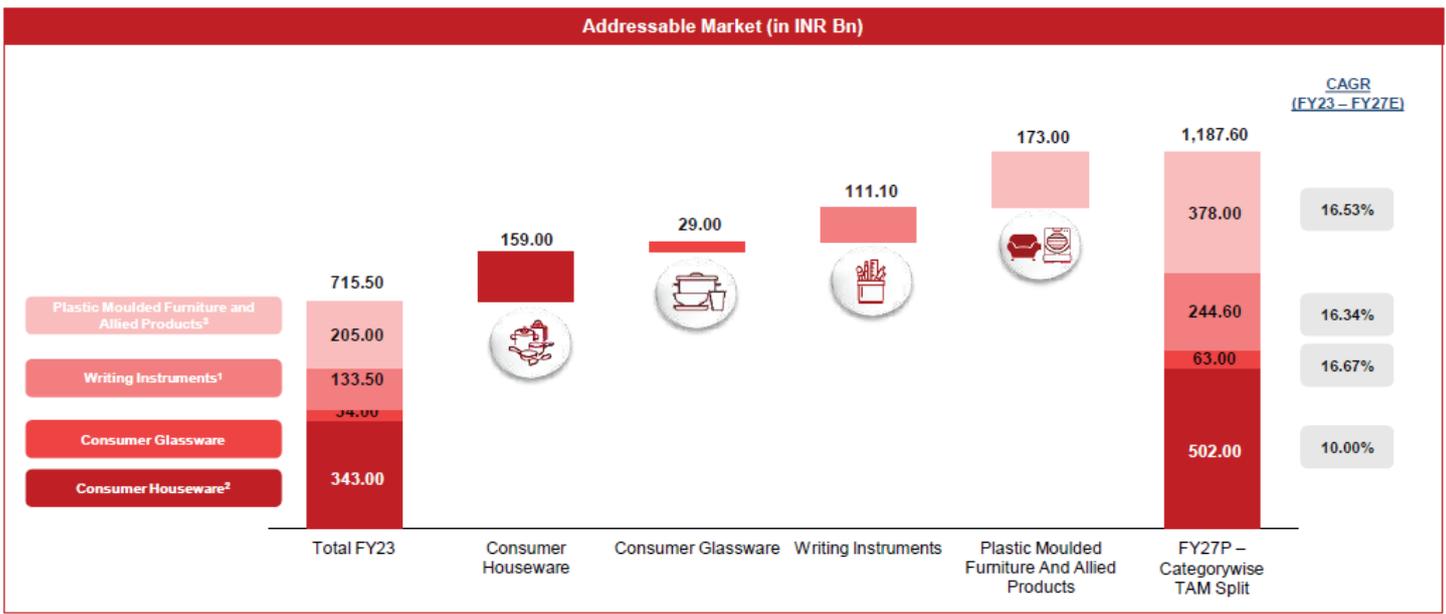


Exhibit 6: Prominent Player In The Consumerware Market in India

Business Vertical	Consumer Houseware	Consumer Glassware	Writing Instruments ²	Moulded Furniture and Allied Products ³
FY23 Market Size (INR Bn)	343.00	34.00	133.50	205.00
FY15-23 CAGR of branded segment (%)	9.34%	12.41%	11.72%	11.68%
Product Categories	<ul style="list-style-type: none"> Houseware Insulatedware Cleaning Aids Electronic Appliances 	<ul style="list-style-type: none"> Glassware Opalware Porcelain 	<ul style="list-style-type: none"> Pen Highlighters Correction Pens Pencil Markers 	<ul style="list-style-type: none"> Moulded Furniture Allied Products Air Coolers
Our Brands				
Revenue Contribution ¹ (%)	65.74%		15.86%	18.40%
EBIT (%) ¹	22.50%		22.99%	16.84%

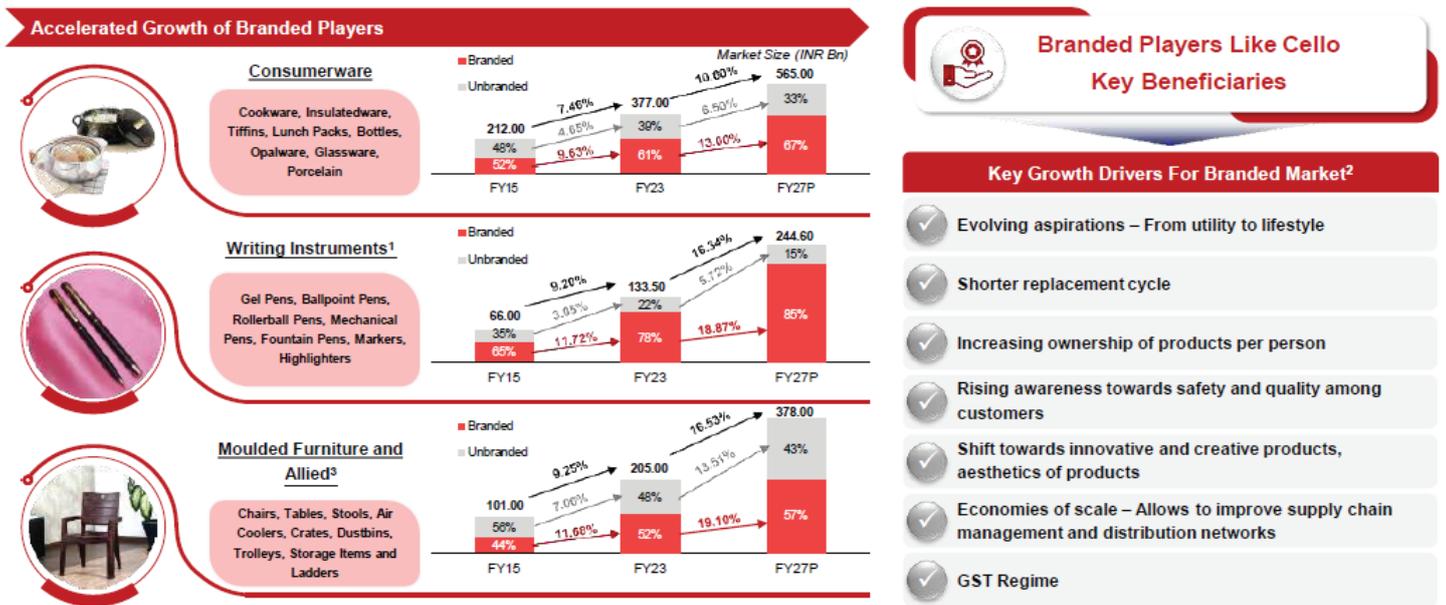
Source: RHP

Exhibit 7: Addressable Market Across Multiple Categories



Source: RHP

Exhibit 8: Multiple Drivers In Place For Growth Across Categories



Source: RHP, Technopak Industry Report

Note: 1. Does not include exports

2. Industry Report from Technopak

3. Includes plasticmoulded furniture and air cooler market

Exhibit 9: Diversified Product Portfolio (1/2)

Diverse range of products across different product categories, types of material and price points, which enables us to serve as a “one-stop-shop”, with consumers across all income levels purchasing our products¹

Labels in the kitchen display include: OPAL & GLASS STORAGE, MUGS, FOOD STORAGE, KLEENO (Cleaning Products), COOKWARE, STEEL CASSEPOLE, MIXER GRINDER, WATER BOTTLE (STEEL / INSULATED) PET, COPPER MATKA, INSULATED CASSEPOLE, HOTDRINKS, VACUSTEEL FLASK, OPAL DINNER SET, GLASS JAR, LUNCH BOX, and KIDS BOTTLE.

15,891
SKUs²

380
New Products
Launched in FY23

**Resilient
Business
Model**
Grown in adverse
events like Covid

Source: RHP; Note: 1. Industry Report from Technopak 2. As of June 30, 2023. SKUs denote the number of units available for sale at any point in time. Our SKUs may be either individual products, products packaged together or of a different colours. Hence, our number of SKUs and products are not equivalent.

Exhibit 10: Diversified Product Portfolio (2/2)

Consumer Houseware		Consumer Glassware		Writing Instruments		Moulded Furniture and Allied Products	
Cookware	Insulatedware	Hot Drinks	Dessert Set	Liquid Ball Point Pens	Geltron Pop Gel	Lifestyle Collection	Premium Collection
Lunch Packs	Kids Tiffin & Bottles	Condiment Set	Bowl Set	Mechanical Pencil	Highlighters	Horeca Collection	Stools Collection
Kitchen Appliances	Kleeno	Cups & Saucers	Bakeware	Markers	Gift Sets	Storage Collection	Crates
Pet Bottle	Storage	Borosilicate Drinkware	Gift Set	Roller Pens	Fountain Pens	Dustbin	Air Cooler

Diversified product portfolio, which caters to a wide range of consumer uses across different age groups, festive seasons and occasions

Source: RHP

Exhibit 11: Catering To Diverse Consumer Requirements

Key Players	Drinkware				Insulated ware			Dinnerware and Serveware				Glassware			Cookware			Small Kitchen Appliances	Stationery	Cleaning Supplies	Moulded Furniture	Air Coolers	
	Plastic	Plastic + Steel	Steel	Glass/ Copper	Plastic	Plastic + Steel	Steel	Opal-ware	Melamine	Porcelain	Steel	Plastic	Borosilicate	Soda lime	Vitrele	Hard-Anodised	Non-Stick	Stainless Steel					
cello	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Milton	✓	✓	✓	✓	✓	✓	✓		✓			✓	✓		✓	✓	✓				✓	✓	
LaOpala								✓															
Borosil								✓				✓	✓								✓		
Corelle													✓	✓									
LocknLock	✓		✓		✓		✓									✓							
Tupperware	✓		✓		✓		✓										✓						
Signoraware	✓		✓		✓		✓				✓	✓				✓							
Roxx			✓	✓			✓	✓		✓		✓											
Prestige			✓	✓			✓				✓												
Hawkins											✓				✓	✓	✓	✓				✓	✓
Gala																						✓	
Scotch-Brite																						✓	
Camlin																						✓	
Luxor																						✓	
LINC																						✓	
DOMS																						✓	
Flair																						✓	
Supreme																							✓
Nilkamal																							✓
Stovekraft			✓			✓	✓									✓	✓	✓				✓	✓

Advantages of diversified portfolio across materials

Withstand fluctuations in demand arising from seasonality

Enables us to serve as a "one-stop-shop" for consumers

Increased wallet share

Capture diverse consumer preferences

Source: RHP

Exhibit 12: Ability To Manufacture A Diverse Range Of Products..

79.37% FY23 revenues derived from in-house manufacturing

13 Manufacturing Facilities¹

Environmental, Social and Governance Compliance

~37% of our workforce consists of female workers¹

Maximizing energy efficiency by utilising solar energy

Establishing a glassware manufacturing facility in Rajasthan - Expected to house European-made machinery that enables high productivity and precision in design and finish

Cello 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 India²

Source: RHP

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