

**IPO NOTE**

**Issue Details**

**Price Band:** ₹ 617 to ₹ 648  
**Employee Discount:** ₹ 61/share  
**Issue Opens on:** October 30, 2023  
**Issue Closes on:** November 1, 2023  
**Lot Size:** 23 Shares & in Multiples thereafter

**Issue Highlights**

**Issue Size:** ₹ 1,900 Cr.  
**No of Shares:** 29,320,927  
**Face Value:** ₹ 5

**Offer Structure**

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	1,900
<b>Total</b>	<b>1,900</b>

**Issue Breakup**

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	945.00
HNI	15	283.50
Retail	35	661.50
Employee	-	10.00
<b>Total</b>	<b>100</b>	<b>1,900.00</b>

**Listing**

**BSE & NSE**

**Lead Managers**

- Kotak Mahindra Capital Company Limited  
 - ICICI Securities Limited  
 - IIFL Securities Limited  
 - JM Financial Limited  
 - Motilal Oswal Investment Advisors Limited

**Registrar**

**Link Intime India Pvt. Ltd.**

**ANALYST**

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**SALES**

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**COMPANY OVERVIEW**

Cello World Ltd. was incorporated in 2018 and associated with Cello Plastic Industrial Works (“CPIW”) and the “Cello” brand since 1962. Their Promoters (through their family) have since diversified their product range and brand portfolio over the last six decades. Cello world offers products across 3 categories: (i) Consumer Houseware, (ii) Writing Instruments and Stationery and (iii) Moulded Furniture and Allied Products. As of June 30, 2023, it offered 15,891 stock-keeping units (“SKUs1”) across their product categories.

The company own/lease and operate 13 manufacturing facilities across five locations in India, as of June 30, 2023, and are currently establishing a glassware manufacturing facility in Rajasthan. Company’s nationwide sales and distribution network is supported by 721 member sales team, as of June 30, 2023. Further, their products also reach consumers through modern trade and export channels, e-commerce marketplaces and websites. In addition, they also sell products in bulk quantities to corporate clients and government departments.

Company trades in houseware, insulatedware, electronic appliances and cleaning aids products. While majority of the products traded in are manufactured by their Subsidiaries, others are manufactured by third parties. Further, certain Subsidiaries sell products directly while others sell through the Company.

**HIGHLIGHTS**

1. Well-established brand name and strong market positions
2. Diversified product portfolio across price points catering to diverse consumer requirements
3. Track record of scaling up new businesses and product categories
4. Pan-India distribution network with a presence across multiple channels
5. Ability to manufacture a diverse range of products and maintain optimal inventory levels
6. Skilled and experienced management team

**OBJECTS OF THE ISSUE**

1. To achieve the benefits of listing the Equity Shares on the Stock Exchanges
2. To carry out the Offer for Sale of up to ₹ 1,900 Cr. by the Selling Shareholders.

**OUR VIEW**

Cello World Limited (“Cello World”) incorporated in July, 2018. They have an extensive product portfolio that caters to a diverse range of consumer requirements. Their brands include “Cello” for glassware and opal-ware business, Writing instruments are under the brand name “Unomax” and launch of the cleaning aids business under the “Kleeno” sub-brand (under the “Cello” brand).

The company faces stiff competition from other consumer ware, household products and writing instruments producers. Additionally, the company is exposed to fluctuations in raw material prices, dependency on distribution networks, and reliance on third-party contract manufacturers. There’s also a trademark-related risk. Also identifying and effectively responding to changing consumer preference in a timely manner can affect the demand.

The revenue CAGR for the period FY 2021-2023 stood at about 30.8%. The company operated on an EBITDA margin of 24.34% and PAT margin of 15.87% for year ended FY 2023. Generating an ROCE of 44.48% for FY 2023. The company is asking for a PE multiple of 49.2x on the upper end of the price band and using diluted EPS for FY 2023 (₹ 13.17) and a PE of 44.38x annualizing diluted EPS for Q1 FY 2024 (₹ 3.65). The listed peers like Kokuyo Camlin trading at P/E 58x (Highest) and Linc Limited is trading at P/E of 33x (Lowest) and industry average P/E is 45x.

Cello world Ltd. is a well-established brand name has a strong market position, a diversified product portfolio, and a track record of scaling up new businesses. These strengths are supported by a pan-India distribution network and strong historical financial results. Looking at all the factors, risks and opportunities the investors may apply for the issue with a medium to long-term view.

### Brief Financials

PARTICULARS	As at June 30, 2023			₹ in Million
		FY '23	FY '22	FY '21
Total Income	4,798.83	18,134.35	13,751.09	10,595.84
Total Expenditure	3,649.63	14,282.39	10,760.09	8,238.91
EBITDA	1,273.02	4,372.78	3,495.04	2,868.70
Profit before Tax	1,149.20	3,851.96	2,991.00	2,356.93
Profit after Tax	828.42	2,850.66	2,195.23	1,655.48
E.P.S. (Diluted)	3.65*	13.17	10.46	7.75
P/E (x) (Diluted)	-	49	-	-
RONW (%)	6.31*	23.17	45.94	52.21

\* Not Annualised

### PRICE CHART (@ ₹ 648) (Retail Category)

LOT SIZE	Amount
23	14,904
46	29,808
69	44,712
92	59,616
115	74,520
138	89,424
161	104,328
184	119,232
207	134,136
230	149,040
253	163,944
276	178,848
299	193,752

### HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	322	208,656
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	1,541	998,568
Above ₹ 10 Lakhs	1,564	1,013,472

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	6/11/2023
Initiation of refunds/unblocking ASBA Fund	7/11/2023
Credit of Equity Shares to demat accounts of Allottees	8/11/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	9/11/2023

For more details, Please refer RHP,

[https://www.sebi.gov.in/filings/public-issues/oct-2023/cello-world-limited-rhp\\_78312.html](https://www.sebi.gov.in/filings/public-issues/oct-2023/cello-world-limited-rhp_78312.html)

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