

Cello World Limited

Companion for Life!



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Companion for Life!

Cello World Limited (“Cello World”) was incorporated on July 25, 2018. Cello World is 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 6 decades. The 6 decades of experience of their promoters (through their family) in the consumer products industry has enabled the company to better understand the preferences and needs of consumers in India, diversify the product portfolio and grow the multi-channel distribution network. This has enabled them to curate an extensive product portfolio that caters to a diverse range of consumer requirements and offers a broad range of contemporary products across different ranges, types of product categories.

Cello World offers their consumer products across 3 categories: Consumer Houseware, Writing Instruments and Stationery, and Moulded Furniture and Allied Products. The consumer-ware market is broadly divided into 2 categories, consumer houseware and consumer glassware and Cello World is the prominent player in the consumer-ware market in India with presence in the consumer houseware, writing instruments and stationery, and moulded furniture and allied products and consumer glassware categories.

The company owns/lease and operate 13 manufacturing facilities across 5 locations in India, as of June 30, 2023, and they are currently establishing a glassware manufacturing facility in Rajasthan.

Company’s nationwide sales and distribution network is supported by their 721 members sales team, as of June 30, 2023. Further, their products also reach consumers through modern trade and export channels, e-commerce marketplaces and their own websites.

Industry	Consumer ware
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Issue Details	
Listing	BSE & NSE
Open Date	30 th Oct 2023
Close Date	1 st Nov 2023
Price Band	INR 617-648
Face Value	INR 5
Market Lot	23 shares
Minimum Lot	1 Lot

Issue Structure	
Offer for Sale	100.00%
Fresh Issue	0.00%
Issue Size (Amt)	INR 1900cr
Issue Size (Shares)	29,337,023
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 35%
Pre issue sh (nos)	195,000,000
Post issue sh (nos)	212,231,034
Post issue M Cap	INR 13752 cr

Shareholding (%)	Pre (%)	Post (%)
Promoters	91.88	78.06
Public	8.12	21.94
TOTAL	100.00	100.00

Key Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITD A (%)	PAT (%)	EPS (₹)	BVPS (₹)	RON W(%)	ROC E(%)	P/E (X)	EV/Sales (X)	EV/EBITD A(X)
FY21	1049.5	276.7	165.5	26.4	15.8	7.8	3.4	52.2	58.7	83.6	12.2	46.4
FY22	1359.2	333.6	219.5	24.5	16.2	10.5	14.0	45.9	40.9	61.9	9.5	38.7
FY23	1796.7	420.5	285.1	23.4	15.9	13.6	27.5	40.0	44.5	47.5	7.1	30.4

Growth Strategies

Well-established brand name and strong market positions

Cello World is a prominent player in the consumer-ware market in India with products in the consumer houseware, writing instruments and stationery, and moulded furniture and allied products categories. Their brand “Cello” was awarded as one of the most trusted brands of India in 2021 by Commerzify. Further, they launched the writing instruments and stationery business in 2019 under the “Unomax” brand. To enhance brand awareness and strengthen brand recall for the brands and sub-brands that they use, they utilise a diverse array of promotional and marketing efforts, including in-shop displays, merchandising, advertisements in print and social media, retail branding and product branding.

Pan-India distribution network with a presence across multiple channels

Company’s pan-India distribution network is one of the key reasons behind their efficient launch of new range of products in the past. Their nationwide sales and distribution network is supported by their 721 member sales team, as of June 30, 2023. Their products also reach consumers through modern trade and export channels, e-commerce marketplaces and their own websites. In addition, they also sell their products in bulk quantities to corporate clients and government departments.

Key Risks & Concerns

- 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 products. A significant portion of the expenses come from the cost of raw materials. Thus, fluctuations in raw material prices, especially plastic granules and plastic polymer prices, and disruptions in their availability may have an adverse effect on the company’s business, results of operations, financial condition and cash flows.
- The regulatory and policy environment in which the company operates is evolving and subject to change. Such changes may adversely affect the company’s business, results of operations, financial condition, cash flows and prospects, to the extent that the company is unable to suitably respond to and comply with any such changes in applicable law and policy.
- India’s sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India’s foreign exchange reserves, all which are beyond control. The company’s borrowing costs and the access to the debt capital markets depend significantly on the sovereign credit ratings of India. Any adverse revisions to India’s credit ratings for domestic and overseas debt by international rating agencies may adversely impact the company’s ability to raise additional external financing, and the interest rates and other commercial terms at which such additional financing is available.

Issue Structure and Offer Details

The proposed offer for sale of Cello World Limited is INR 1900 cr, 100% being offer for sale and the price band for the issue is in the range of INR 617 -648 and the bid lot is 23 shares and multiples thereof.

Issue Structure		
Investor Category	Allocation	No. of shares
QIB	Not more than 50% of the Offer	14,583,332
NIB	Not less than 15% of the Offer	4,375,000
Retail	Not less than 35% of the Offer	10,208,334
Employees		170,357

Number of shares based on a higher price band of INR 648

Source: Company Reports

Cello financial summary & analysis

Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23
Income Statement				Per share data & Yields			
Revenue	1,049.5	1,359.2	1,796.7	Adjusted EPS (INR)	7.8	10.5	13.6
<i>YoY Growth (%)</i>		<i>29.5</i>	<i>32.2</i>	Adjusted Cash EPS (INR)	10.3	12.9	16.2
Raw Material Cost	12.7	(54.0)	(63.3)	Adjusted BVPS (INR)	3.4	14.0	27.5
<i>RM Cost to Sales (%)</i>	<i>1.2</i>	<i>(4.0)</i>	<i>(3.5)</i>	Adjusted CFO per share (INR)	9.9	9.6	11.7
Employee Cost	96.8	131.9	157.6	CFO Yield (%)	1.5	1.5	1.8
<i>Employee Cost to Sales (%)</i>	<i>9.2</i>	<i>9.7</i>	<i>8.8</i>	Adjusted FCF per share (INR)	8.7	7.1	6.4
Other Expenses	663.1	947.7	1,281.9	FCF Yield (%)	1.3	1.1	1.0
<i>Other Exp to Sales (%)</i>	<i>63.2</i>	<i>69.7</i>	<i>71.3</i>	Solvency Ratio (X)			
EBITDA	276.7	333.6	420.5	Total Debt to Equity	4.9	1.7	0.6
<i>Margin (%)</i>	<i>26.4</i>	<i>24.5</i>	<i>23.4</i>	Net Debt to Equity	3.3	1.0	0.3
<i>YoY Growth (%)</i>		<i>20.5</i>	<i>26.1</i>	Net Debt to EBITDA	0.8	0.8	0.4
Depreciation & Amortization	48.9	47.6	50.3	Return Ratios (%)			
EBIT	227.8	286.0	370.2	Return on Equity	(141.6)	232.8	79.1
<i>Margin (%)</i>	<i>21.7</i>	<i>21.0</i>	<i>20.6</i>	Return on Capital Employed	74.3	38.9	41.4
<i>YoY Growth (%)</i>		<i>25.5</i>	<i>29.4</i>	Return on Invested Capital	210.8	77.2	76.1
Other Income	10.1	15.9	16.7	Working Capital Ratios			
Bill discounting & other charges	2.3	2.9	1.8	Payable Days (Nos)	34	34	27
Fin Charges Coverage (X)	100.1	100.4	210.8	Inventory Days (Nos)	107	101	87
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	129	109	94
PBT	235.7	299.1	385.2	Net Working Capital Days (Nos)	202	177	154
<i>Margin (%)</i>	<i>22.5</i>	<i>22.0</i>	<i>21.4</i>	Net Working Capital to Sales (%)	55.3	48.4	42.2
<i>YoY Growth (%)</i>		<i>26.9</i>	<i>28.8</i>	Valuation (X)			
Tax Expense	70.1	79.6	100.1	P/E	83.6	61.9	47.5
<i>Tax Rate (%)</i>	<i>29.8</i>	<i>26.6</i>	<i>26.0</i>	P/BV	193.1	46.3	23.6
PAT	165.5	219.5	285.1	EV/EBITDA	46.4	38.7	30.4
<i>Margin (%)</i>	<i>15.8</i>	<i>16.2</i>	<i>15.9</i>	EV/Sales	12.2	9.5	7.1
<i>YoY Growth (%)</i>		<i>32.6</i>	<i>29.9</i>	Cash Flow Statement			
Min Int/Sh of Assoc	(14.3)	(15.5)	(18.9)	PBT	235.7	299.1	385.2
Net Profit	151.2	204.0	266.1	Adjustments	48.1	45.5	42.5
<i>Margin (%)</i>	<i>14.4</i>	<i>15.0</i>	<i>14.8</i>	Change in Working Capital	(22.1)	(77.8)	(100.2)
<i>YoY Growth (%)</i>		<i>34.9</i>	<i>30.5</i>	Less: Tax Paid	(68.1)	(79.6)	(100.1)
Balance Sheet				Cash Flow from Operations	193.6	187.3	227.4
Share Capital	0.0	0.0	97.5	Net Capital Expenditure	(24.8)	(51.6)	(103.2)
Total Reserves	65.4	272.8	438.9	Change in Investments	(28.4)	(210.2)	(453.6)
Shareholders Fund	65.4	272.8	536.4	Cash Flow from Investing	(53.2)	(261.8)	(556.8)
Long Term Borrowings	0.0	0.0	8.7	Change in Borrowings	(130.4)	103.0	(124.7)
Deferred Tax Assets / Liabilities	6.1	5.6	3.7	Less: Finance Cost	(2.3)	(2.9)	(1.8)
Other Long Term Liabilities	10.4	8.7	490.2	Proceeds from Equity	0.0	0.0	475.0
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	(15.1)
Long Term Provisions	3.6	4.5	2.5	Dividend Paid	(0.1)	(6.0)	(9.6)
Total Liabilities	85.6	291.6	1,041.5	Cash flow from Financing	(132.8)	94.1	323.8
Net Block	259.2	258.6	271.7	Net Cash Flow	7.5	19.6	(5.7)
Capital Work in Progress	4.3	11.8	20.9	Forex Effect	0.0	0.0	0.0
Intangible assets under development	0.0	2.8	4.8	Opening Balance of Cash	9.1	16.7	36.3
Non Current Investments	45.0	35.0	50.6	Closing Balance of Cash	16.7	36.3	30.6
Long Term Loans & Advances	11.4	23.9	55.5				
Other Non Current Assets	3.9	3.7	3.6				
Net Current Assets	(238.3)	(44.2)	634.4				
Total Assets	85.6	291.6	1,041.5				

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