



IPO NOTE

CELLO WORLD LIMITED



Rating:

SUBSCRIBE

(Only for High Risk Investors)



ISSUE OFFER

Issue Opens on	OCT 30, 2023
Issue Close on	NOV 01, 2023
Total IPO size (cr)	1900.00
Fresh issue (cr)	NIL
Offer For Sale (cr)	1900.00
Price Band (INR)	617- 648
Market Lot	23
Face Value (INR)	5
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div><div></div></div>	50%
NIB Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue

195,000,000

Post Issue

212,231,034

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	06-11-2023
Refunds/Unblocking ASBA Fund	07-11-2023
Credit of equity shares to DP A/c	08-11-2023
Trading commences	09-11-2023

Cello World Limited is 60 year old business that is a prominent player in the consumerware market in India with presence in the consumer houseware, writing instruments and stationery, and moulded furniture and allied products and consumer glassware categories.

OBJECTS OF THE ISSUE

- The company will not receive any proceeds from the Offer and all the Offer Proceeds will be received by the Selling Shareholders,

OUTLOOK & VALUATION

Cello is a well-known brand in Indian households, and it has a strong market position. The company offers a diversified product portfolio with 15841 SKUs. It has a pan-India presence with a strong distribution network. The financial performance of the company has also been consistent, and it has further plans for expansion as well.

However, there are some concerns as well, like that it does not own trademarks for its key brands. Secondly, it faces significant competition from other players in the industry. Additionally, the issue is a complete offer for sale.

In terms of valuation, the IPO is priced at a P/E of 47.47x, which seems fully priced. Thus, we will suggest a subscribe rating to high-risk investors with a long-term view.



KEY MANAGERIAL PERSONNEL

01

Pradeep Ghisulal Rathod

Chairman and Managing Director of the Company. He has more than 40 years of experience in the business of manufacturing and trading in, inter alia, plastic articles, insulatedware articles and raw materials. He has been a Director of the Company since its incorporation.

02

Pankaj Ghisulal Rathod

Joint Managing Director of the Company. He has more than 34 years of experience in the business of manufacturing and trading in, inter alia, plastic articles and raw materials and insulatedware articles. He has been a Director of the Company since its incorporation.

03

Gaurav Pradeep Rathod

Joint Managing Director of the Company. He has more than 9 years of experience in the marketing of consumerware products and is instrumental in the launch of opalware range of products, and the growth of online and e-commerce sales of the Company.

04

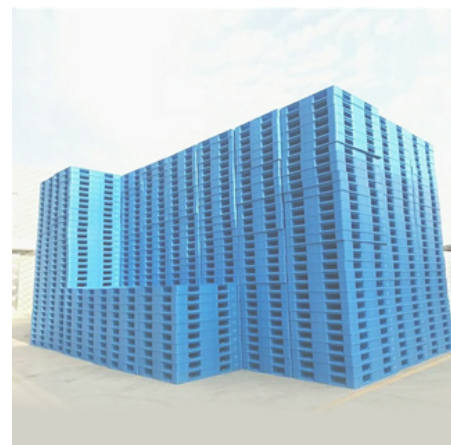
Atul Parolia

Chief Financial Officer of the Company. He has been associated with the Company since April 1, 2023 and was appointed in his current role as the Chief Financial Officer of the Company with effect from the same date. He has more than thirty years of experience in finance and accounting.

05

Hemangi Trivedi

Company Secretary and Compliance Officer of the Company. She has been associated with the Company since April 17, 2023. She is responsible for the secretarial, compliance and legal functions of the Company.



COMPANY PROFILE

- 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 Company trades in houseware, insulatedware, electronic appliances, and cleaning aids products. While the majority of the products it trades in are manufactured by its Subsidiaries, others are manufactured by third parties.
- Cello owns/leases and operates 13 manufacturing facilities across five locations in India, as of June 30, 2023, and it is currently establishing a glassware manufacturing facility in Rajasthan.
- The Company has a strong pan-India distribution network. Its nationwide sales and distribution network is supported by its 721-member sales team, as of June 30, 2023
- As of March 31, 2023, the company has 15,841 stock-keeping units ("SKU") across all product ranges.

COMPETITIVE STRENGTHS

- 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.
- Ability to manufacture a diverse range of products and maintain optimal inventory levels.
- Skilled and experienced management team.

KEY STRATEGIES

- Continued innovation to grow wallet share and expand consumer base.
- Expand our distribution network.
- Scale up branding, promotional and digital activities.
- Grow manufacturing capabilities and expand production capacities.

KEY CONCERNS

- Fluctuations in raw material prices may have an adverse effect on its business.
- Reliance on third-party contract manufacturers for some of its products subjects it to risks.
- The Company does not own the trademark for its key brands, including "Cello", "Unomax", "Kleeno", "Puro" and their respective logos.
- The business is subject to seasonality, which may contribute to fluctuations in its results of operations and financial conditions.
- It faces significant competition which may lead to a reduction in its market share.
- The company will not receive any proceeds from the Offer.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	P/E	Total Income (Mn)	NAV	RONW(%)
Cello World Limited	13.65	-	17,966.95	56.84	23.17
Peer Group					
Borosil Limited	7.86	50.59	10,271.21	67.97	11.55
Kokuyo Camlin Limited	2.44	57.97	7,749.43	26.18	9.31
La Opala RG Limited	11.08	40.81	4,523.24	69.81	15.87
Stove Kraft Limited	10.87	51.49	12,838.47	122.13	8.87
TTK Prestige Limited	18.34	43.78	27,771.30	139.85	13.11
Linc Limited	25.15	33.39	4,867.55	123.39	20.38
Hawkins Cookers Limited	179.24	40.23	10,057.95	522.20	34.32

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	975.00	0.10	0.10
Other Equity	2,389.50	876.36	(1,067.62)
Net Worth	5,363.89	2,727.80	654.36
Total Borrowings	86.62	-	-
Revenue from Operations	17,966.95	13,591.76	10,494.55
EBITDA	4,372.78	3,495.04	2,868.70
Profit Before Tax	3,851.96	2,991.00	2,356.93
Net Profit of the Year	2,850.66	2,195.23	1,655.48



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