

IPO Details	
<b>Opening Date</b>	Sept 15, 2023
<b>Closing Date</b>	Sept 20, 2023
<b>Stock Exchange</b>	NSE, SME
<b>Lot Size</b>	1200 Shares
<b>Issue Price</b>	₹ 87 to ₹ 92 per share
<b>Issue Size</b>	Aggregating up to 50.77 Cr.
<b>Fresh Issue</b>	Aggregating up to 50.77 Cr.
<b>Offer for Sale</b>	-
<b>Application Amount</b>	₹ 1,10,400

IPO Objective	
Working Capital Requirements	
General Corporate Purposes.	
Issue Expenses	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,08,05,985	69.95%
Public	46,42,995	30.05%

Promoter of the Company	
1	Ravi Agarwal
2	Nikhil Aggarwal

Competitive Strengths	
1	Presence of warehousing hubs & robust distribution channels to strengthen the logistics chain.
2	On-ground presence with an extensive sales network.
3	Standard warranty & after-sales service.
4	Strong R&D team.
5	Experienced Promoter and strong senior management team.
6	Quality sourcing & strong manufacturing linkages to meet the demands.

Company Background	
○	Cellecor Gadgets Limited was incorporated in the year 2020 and has its registered office in New Delhi.
○	The Company is engaged in the procurement, branding, and distribution of televisions, mobile phones, Smart Wearables, mobile accessories, smart watches, and neckbands.
○	The company sell the products under the flagship brand, i.e., CELLECOR.
○	The company categorize the business into Entertainment and communication, Peripherals, and Modern Accessories.
○	As of 31 <sup>st</sup> March 23, the Company has 211 employees on its payroll.

Market Capitalization	
(In Cr.)	
Pre-Issue	Post-Issue
₹ 142	₹ 193

Financial Summary			
(In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
<b>Total Assets</b>	10.00	2,367.23	7,002.52
<b>Net Assets</b>	7.58	221.14	1,381.26
<b>Total Borrowings</b>	-	121.75	2,084.38
<b>Total Revenue</b>	-	12,128.99	26,436.56
<b>Profit After Tax</b>	-2.42	213.56	797.07

Tentative Timeline	
<b>Opening Date</b>	Sept 15, 2023
<b>Closing Date</b>	Sept 20, 2023
<b>Basis of Allotment</b>	Sept 25, 2023
<b>Initiation of Refunds</b>	Sept 26, 2023
<b>Credit of Shares to Demat</b>	Sept 27, 2023
<b>Listing Date</b>	Sept 28, 2023



## Company Background and Analysis

The Company was originally incorporated on December 28, 2020. The company is engaged in the procurement, branding, and distribution of televisions, mobile phones, Smart Wearables, mobile accessories, smart watches, and neckbands. The company sells their products under the flagship brand, i.e., CELLECOR. Over the years the company has been able to build its presence in India by having 1200+ service centres, and 800+ Distributors, the products are also present at 24,000+ retail stores with 300+ wide range of products and users are purchasing a wide range of consumer products at affordable prices through the company's dealer channels (online as well as offline).

The company categorizes the business verticals into the following –

1. Entertainment and Communication – In this area, the company focuses on 35 SKUs of televisions, 15 SKUs of sound systems and sound bars, and 70 SKUs of mobile phones. The company offers a wide variety of sizes of smart and conventional televisions that are fully outfitted with the GENZ Android operating system. Also, the company provides the most suitable sound systems and sound bars to transform the living space into a large movie theatre.
2. Peripherals – In this area, the company focuses on True Wireless ("TWS") Earbuds, Neckbands, and Smart Watches. The company provides a new generation of reasonably priced smart watches equipped with the latest processors, operating systems, and technology so that they will be able to measure their daily improvement in health. These categories have more than 145 SKUs.
3. Modern Accessories – In this area, the company sells power banks, data cables, USB chargers, quick chargers, and other items under this category, many Wireless and Standard Power banks, all types of high-strength data lines, and the necessary adapters or chargers for each. More than 40 SKUs fall into this category.

The company sells these products through 3 major channels –

1. Direct Distributor
2. Online/e-commerce platforms like Amazon, Flipkart etc.
3. Through the own website.

The company has its registered office in New Delhi and has warehouses in states like Delhi, Assam, Karnataka, Lucknow, Maharashtra, Noida, West Bengal, and Madhya Pradesh. The company sells its products to most of the states and the highest revenue generation is from the state of Uttar Pradesh and Delhi. The company has made no sales through the retail stores and through the company's website for the three fiscal years and the majority is through the direct distributors contributing to 96.74% of the total revenue generated for the FY 2023.



Product-wise revenue break-up for the fiscal year ended 2022, and 2023 are given below-

(Amount in Lakhs)

Particulars	Fiscal 2022		Fiscal 2023	
	Amount	%	Amount	%
Mobile Phones	8,278.90	68.26	12,360.88	46.76
Smart Hearables and Wearables	1,577.92	13.01	5,929.10	22.43
Accessories	2,272.16	18.73	5,314.87	20.11
Appliances	-	0.00	2,830.35	10.71
Total	12,128.98	100.00	26,435.20	100.00

Product-wise revenue break-up according to off-line and online sales for the fiscal year ended 2022, and 2023 are given below –

(Amount in Lakhs)

Particulars	Fiscal 2022		Fiscal 2023	
	Off-line	Online	Off-line	Online
Mobile Phones	8,254.56	24.33	12,012.94	347.93
Smart Hearables and Wearables	1,567.21	10.70	2,617.66	212.69
Accessories	2,262.68	9.48	5,120.13	194.73
Appliances	-	0.00	5,821.77	107.32
Total	12,084.45	44.51	25,572.50	862.67

To conclude, the company was originally incorporated in the year 2020. The company is engaged in the procurement, branding, and distribution of televisions, mobile phones, Smart Wearables, mobile accessories, smart watches, and neckbands. Most of the revenue for the company is generated from the state of Uttar Pradesh and New Delhi. The company's majority of the sales are made through offline mode and through direct distributors. The company is raising total gross proceeds of Rs. 50.77 Cr out of which Rs. 40 Cr to be utilized for working capital requirements of the company, Rs. 13.83 lakhs for issue expenses and the remaining amount are to be utilized for general corporate purposes.



## **Business Strategies**

### **1. Encouraging 1st-time buyers in Tier 3 and 4 markets to adopt the latest technology by offering standard quality products at economical prices.**

The company's product range is built to target volume from Tier 3 and Tier 4 markets. The company is offering gadgets to the masses in areas where access to such products is not readily available at such low prices. The company believes that this will enable it to differentiate itself from competitors and capture the attention of first-time buyers seeking affordable yet modern solutions. To effectively reach and engage with the target audience, the company will deploy a localized marketing strategy tailored specifically for Tier 3 and 4 markets.

### **2. Introduction of further consumer-based products and appliances.**

The Company is doing R&D on a regular basis to launch new products. The company is launching men's grooming goods & white goods i.e., Washing Machine etc. The company believes that these new products will not only strengthen its position in the market but also open new avenues for growth and success.

### **3. Increasing spending on Marketing Strategies by the company.**

The company is committed to delivering excellence and thus recognizes the need to invest in robust marketing initiatives that will capture the attention of the target audience, create meaningful connections, and generate tangible results. The company will leverage the power of digital channels, such as social media platforms, online advertising, and influencer marketing, to connect with the target audience in a more personalized and impactful manner.

### **4. Planning to own the owned manufacturing units.**

The company sells various products including mobile phones, data cables, and smart watches which are manufactured by the manufacturing partners as the company does not have their own manufacturing facilities. The company believes that manufacturing durable and reliable products is part and parcel of the industry, and the major expense of the product is manufacturing cost. The company believes that having its own manufacturing facilities will not only reduce the cost of the products but also help it to increase its profit share.

## **Competitive Scenario and Peer Mapping**

### **Competition**

The company operates in a highly competitive market and face competition from domestic and international companies. There are competitive threats and constant new entrants into the market making it a very less barrier to entry industry. The bargaining power with the suppliers is high in the type of sector in which the company is operating.

### **Peer Analysis**

The company believes there are no listed companies in India that engage in a business like that of the company, accordingly, there are no industry comparisons in relation to the company as per their offer document.



**Industry Overview**

Exhibit 1: Indian E-commerce Market (US\$ billion)

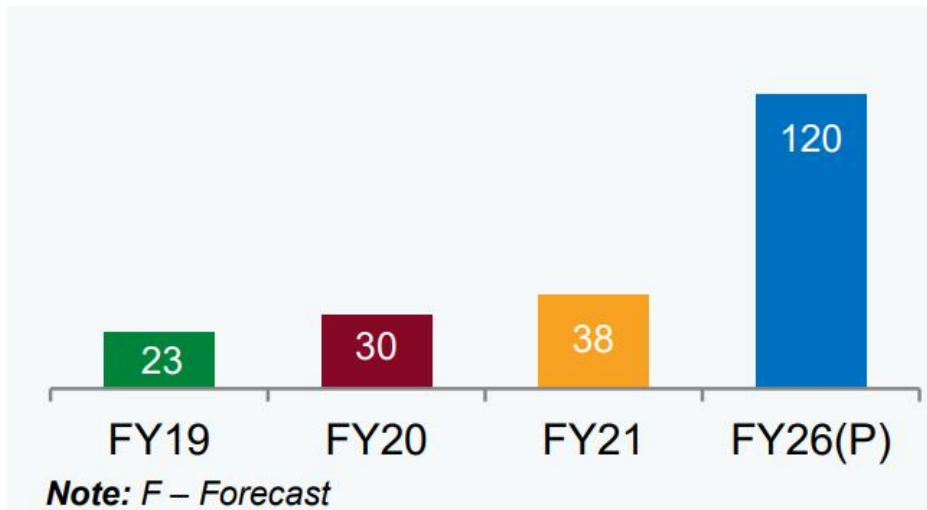
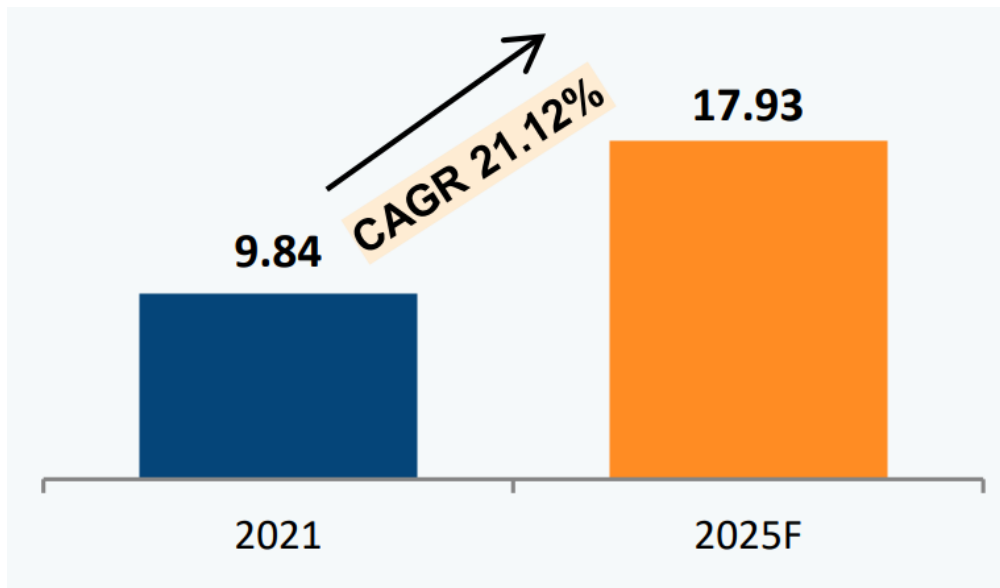


Exhibit 2: Indian Appliance and Consumer Electronics Industry (US\$ billion)



(Source: ibef.com)



### **Indian Mobile Accessories Market-**

The India Mobile Accessories market is anticipated to register an impressive CAGR during the forecast period. The market is driven by the increasing number of smartphone users, rising internet penetration, and product innovation. Any type of hardware that is not already included in a mobile phone's body is referred to as a mobile accessory. Most of the time, these accessories are bought for mobile phone safety and to fully utilize their benefits. Accessories for mobile phones can improve their usability, efficiency, and aesthetic appeal.

The market for mobile phone accessories in India is expected to increase favourably over the projected period because of trends such as the rising urban population and higher usage of e-commerce. For instance, the predicted urban population of India was close to 400 million in 2021. Owing to their accessibility, consumers are more likely to purchase such accessories in metropolitan regions.

The market is also driven by the increasing number of social network users. For instance, the estimated number of social network users in India as of 2020 was 500 million, and by the year 2040, it is expected to exceed 1 billion. Owing to consumers being more active in posting advertisements for products, the industry is growing rapidly as the number of social network members increases. The market is also expanding because of the acceptance of online shopping.

### **Indian Smart Watch Market -**

Global smartwatch shipments contracted 1.5% YoY in Q1 2023, according to Counterpoint Research's latest Global Smartwatch Model Tracker. The 121% growth in India's shipments managed to restrict the decline. This was the second consecutive quarter of a YoY decrease in global shipments, which were hit by the seasonal decline in demand for products from major players like Apple and Samsung, along with consumer sentiment dampened by global financial pressures.

In terms of the regional markets, India surpassed North America, reclaiming its position as the top region with a 27% share of global smartwatch shipments. China's smartwatch market experienced a significant contraction of 28% compared to the previous year, as the country's economy showed a slower recovery than expected. This decline represents the sharpest contraction among the major regional markets and the lowest quarterly shipments since the outbreak of COVID-19 in Q1 2020.

### **Indian Smart TV Market -**

India's smart TV shipments grew 28% YoY in 2022, according to the latest research from Counterpoint's IoT Service. The growth for the year was primarily driven by strong shipments during the festive season in the third quarter, multiple new launches, discounts and promotions, and the demand for bigger screen-size TVs in the lower price tier. For Q4 2022, the growth was almost flat at 2% YoY due to a slowdown in demand after the festive season.

(Source: prospectus)



## Key Managerial Personnel

**Ravi Agarwal**, aged 38, is one of the Promoters, and Managing Director of the company. His qualification is Intermediate. He has more than 12 years of experience in the field of telecom sector.

**Nikhil Aggarwal**, aged 32, is one of the Promoters, and Whole-Time Director of the company. His qualification is Intermediate. He had more than 10 years of experience in the Marketing.

**Gunjan Aggarwal**, aged 37, is the Non-Executive Director of the company. She holds a degree in Bachelor of Arts and a Bachelor of Education. She has around 8 years of experience in the field imparting knowledge, training and manoeuvring the company's resources.

**Jitendra Sharma**, aged 47, is the Independent Director of the Company. He is a Chartered Accountant. He has over 17 years of experience in audit assurance, internal audit, accounting, taxation, and finance advisory services.

**Vivek Mishra**, aged 39, is the Independent Director of the Company. He holds a bachelor's degree in commerce, and a master's in law, and is a fellow member of the Institute of Company Secretaries of India and an associate member of the Institute of Cost Accountants of India (ACMA). He has more than 12 years of experience in the same field.

To conclude, the company has 2 promoters, and they have decent experience in the industry. The remaining directors also have good experience in the fields which help in the growth of the business. The roles and responsibilities of the directors/ management are not disclosed accurately.



## Financial Snapshot

<b>Profit and Loss Statement</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Revenue from Operations	-	12,128.99	26,435.20
Other Income	-	-	1.36
<b>Total Income</b>	-	12,128.99	26,436.56
<b>Expenses</b>			
Cost of Material Consumed	-	10,457.77	20,880.77
Employee benefits expense	-	667.23	1,048.15
Finance costs	-	-	182.03
Depreciation and Amortization expense	-	1.94	45.62
Other expenses	2.42	703.31	3,218.59
<b>Total Expenses</b>	2.42	11,830.25	25,375.16
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	-2.42	300.68	1,287.69
<b>EBITDA Margin</b>	-	2%	5%
<b>Profit before exceptional and extraordinary items and tax</b>	-2.42	298.74	1,061.40
<b>Exceptional items</b>	0	0	0
<b>Profit/(Loss) before tax</b>	-2.42	298.74	1,061.40
Tax Expense			
Current Tax	-	86.28	272.00
Last year's excess provision was Written Back	-	-	-
Deferred tax (net)	-	-1.10	-7.67
Total Tax Expense	-	85.18	264.33
<b>Profit/(Loss) for the year</b>	-2.42	213.56	797.07
Net Profit Margin	-	1.76%	3.02%

<b>Balance Sheet</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10.00	10.00	11.32
Reserves and Surplus	-2.42	211.14	1,369.94
<b>Total Equity</b>	7.58	221.14	1,381.26
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	-	86.75	563.19
Deferred Tax Liabilities (Net)	-	-	-
Long term provisions	-	3.77	5.98
<b>Total Non-current liabilities</b>	-	90.52	569.17
<b>Current liabilities</b>			
(i) Short Term Borrowings	-	35.00	1,521.19
(ii) Trade Payables			
i) Due to micro and small enterprises	-	-	-
ii) Due to other than micro and small enterprises	-	1,585.43	2,483.70
Other Current Liabilities	2.42	360.98	780.03
Short-Term Provisions	-	74.16	267.17
<b>Total Current liabilities</b>	2.42	2,055.57	5,052.09
<b>Total Liabilities</b>	2.42	2,146.09	5,621.26
<b>Total Equity and Liabilities</b>	10.00	2,367.23	7,002.52
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	-	4.21	123.08
Intangible assets	-	-	0.49





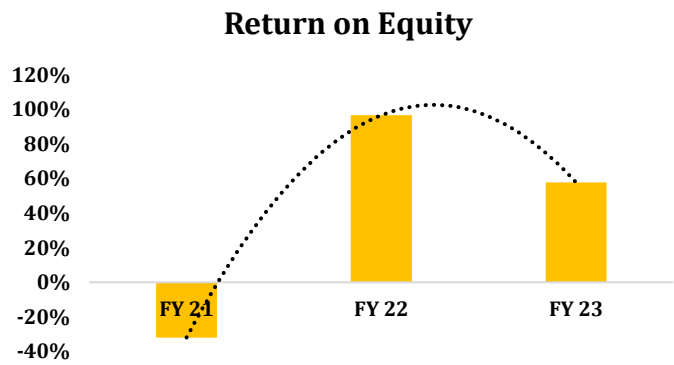
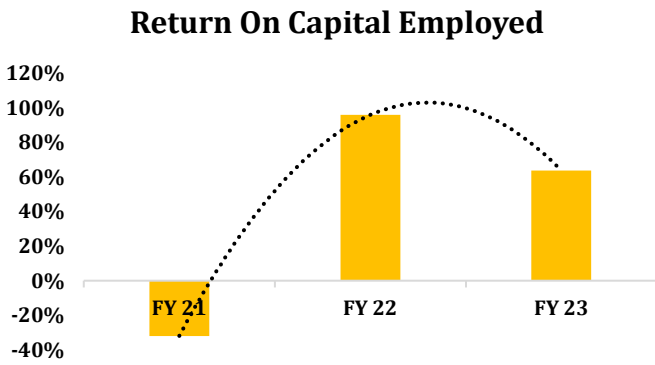
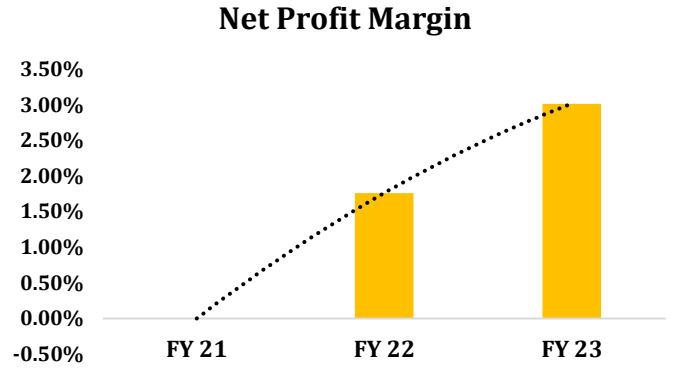
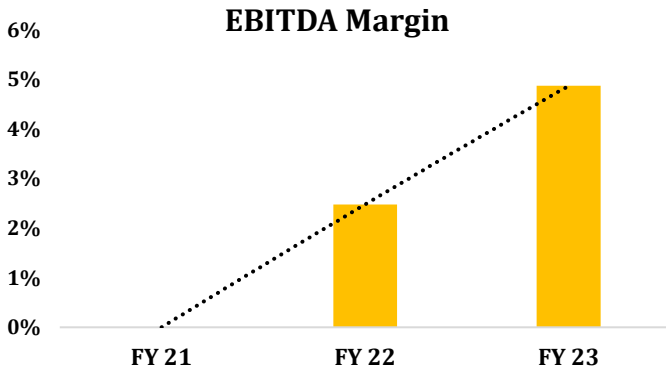
<b>Balance Sheet</b>			<b>(In Lacs)</b>
Capital WIP	-	-	1.63
Deferred tax assets (Net)	-	1.10	8.77
Other Non-Current Assets	-	-	10.00
<b>Total Non-Current assets</b>	-	5.31	143.97
<b>Current Assets</b>			
Inventories	-	1,197.98	5,143.86
Trade Receivables	-	92.16	714.82
Cash and Cash Equivalents	10.00	75.68	16.40
Short-Term Loans and Advances	-	969.22	869.61
Other current assets	-	26.88	113.86
<b>Total Current assets</b>	10.00	2,361.92	6,858.55
<b>Total Assets</b>	10.00	2,367.23	7,002.52

<b>Cash Flow Statement</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Net Cash Flow from Operating Activities	-	-6.15	-166.61
Net Cash Flow from Investing Activities	-	-6.15	-166.61
Net Cash Flow from Financing Activities	10.00	121.75	2,143.65

<b>Ratio Sheet</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>Per Share Data</b>			
Diluted EPS	0.16	1.98	10.34
BV per share	0.04	1.05	6.59
<b>Operating Ratios (%)</b>			
EBITDA Margins	-	2%	5%
PAT Margins	-	2%	3%
Inventory days	-	36.05	71.02
Debtor days	-	2.77	9.87
Creditor days	-	49.68	36.55
<b>Return Ratios (%)</b>			
RoCE	-32%	96%	64%
RoE	-32%	97%	58%
<b>Valuation Ratios (x)</b>			
EV/EBITDA	1.00	0.89	2.68
Market Cap / Sales	-	1.59	0.73
P/E	575.00	46.46	8.90
Price to Book Value	2,544.90	87.23	13.97
<b>Solvency Ratios</b>			
Debt / Equity	0.00	0.55	1.51
Current Ratio	4.13	1.15	1.36
Quick Ratio	4.13	0.57	0.34
Asset Turnover	0.00	5.12	3.78
Interest Coverage Ratio	-	-	6.82



**Financial Charts**



**Key Risk Factors**

1. The Company, Promoter and Directors are involved in certain litigation which is currently pending at various stages 6 cases against the promoter amounting to Rs. 2 lakhs. Any adverse decisions in these cases against the Company, Promoter and Director. may impact the business and operations of the Company.
2. The company have experienced negative cash flows in previous years. Any operating losses or negative cash flows in the future could adversely affect the results of operations and financial conditions. The company had negative operating cash flow from operations for FY 2022, and FY 2023.



### Track Record of Lead Manager

The lead manager to the issue is Narnolia Financial Services Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

#### Narnolia Financial Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Yudiz Solutions Limited	44.94	165.00	August 17, 2023	201.55
2.	Drone Destination Limited	44.20	65.00	July 21, 2023	134.50

\*CMP for all the above-mentioned companies is taken as of 8<sup>th</sup> September 2023.

As per the offer document, Narnolia Financial Services Limited has had 2 mandates in the last three fiscal years. Narnolia Financial Services Limited's above-mentioned mandates had opened at premiums on the listing date.



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# Cellecor Gadgets Limited

## IPO Note

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### Recommendation

The company has been in the industry since 2020 and is very new to the business. The company's financials have seen a surge for FY 23 but cannot be commented upon its sustainability majorly due to reasons such as the operation of the business was started very recently from FY 2022, and no revenue was generated from FY 2020. To comment on sustainability or future growth will have to wait for future financial reports.

The PE on an annualised and post-IPO basis is around 24.20 times which seems to be fairly priced by looking at the performance of the company.

The company operates in a competitive segment. The sector in which the company operates is a very concentrated market. The management outlook is not that satisfactory. The company has seen a surge in its financials but as it has been generated only for two years comparability cannot be done for the same. The company also has negative cashflows for the operating years since incorporation which would be for FY 2022, and 2023. All the above-mentioned points place the company in a not-so-favourable position thus making it a risky buy. Thus, one can **AVOID** applying to this IPO.



**CELLECOR**  
EXPANDING POSSIBILITIES

**Cellecor Gadgets Limited**

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