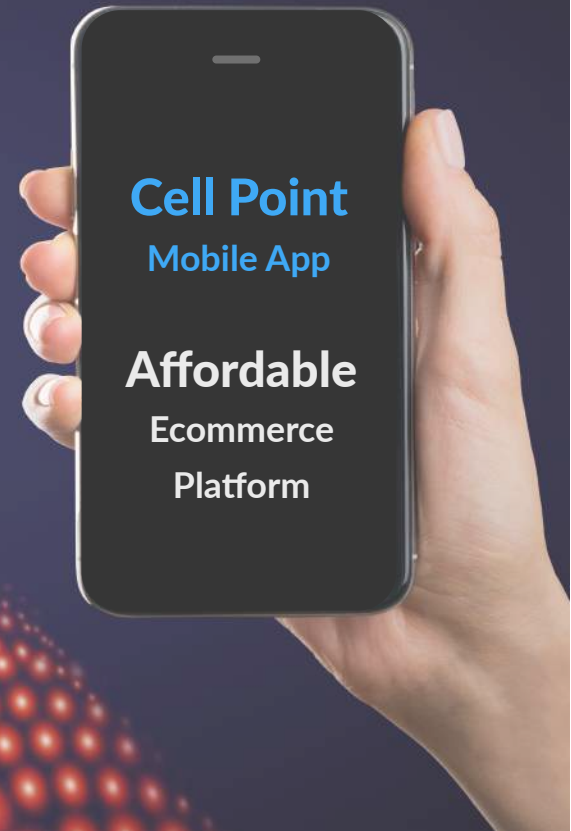




Cell Point

**SME
NOTE**



Basic Details of Cell Point India SME IPO

Basic Parameters	
IPO Price	₹100 per share
IPO Size	₹50.34 Cr
Lot size	1200 Shares
Listing At	NSE SME
MCap	186.8 Cr
P/E	24.1x
Lead Manager	First Overseas Capital Limited

About Cell Point India SME IPO

- Cell Point (India) Limited is a multi-brand retail company that specialises in the sale of smartphones, tablets, mobile accessories, and consumer
- The company operates 75 retail stores, all of which are located in Andhra Pradesh. Out of the 75 stores, 2 stores are owned properties and 73 stores are on leased properties.
- The company is also engaged in multi-brand retail selling of consumer durable electronics goods like Smart TVs of various brands such as Xiaomi, Realme, and One Plus.
- Company has direct access to manufacturers such as Oppo, Vivo, Xiaomi, Realme etc. allowing us to offer quality products at a reasonable discount.

Risk Factors

- The company's business heavily relies on the brand recognition and reputation of the products it sells. Any failure to maintain or enhance these brands'
- The company's business hinges on the availability, supply, and cost of products. Any major price increase, including taxes and levies, or decrease in product availability.
- Company operates in an extremely competitive industry.
- Company has a total debt of ₹ 48.38 Crore.

Company's Management

■ Mr. Mohan Prasad Panday

Mr. Mohan Prasad Panday is the Promoter and Managing Director of our Company. He holds a degree of Bachelor of Science from Andhra University. He started his entrepreneurial journey in the year 2005. He has over 18 years of experience in the

■ Mr. Bala Balaji Panday

Mr. Bala Balaji Panday, is a Whole time Director of our Company. He holds a Diploma in Medical Laboratory Technician Course from Murali Krishna School of Medical Technology, Nellore. He has 17 years of work experience in the field of mobile industry. He has been associated with our Company since April 10, 2013. He oversees operations in our Company.

Objects of the Issue (₹ 50.34 Cr)

The Net Proceeds from the Issue are proposed to be utilised by our Company for the following objects:

- Repayment of certain borrowings (16.86 cr)
- Repairs and Renovation of existing retail stores & setting of new retail stores(12 cr)
- To meet the Working Capital requirements (10 cr)
- General Corporate Expenses (10.68 cr)
- Issue Expenses

IPO Valuation

- The IPO is coming at Mcap of ₹ 186.8 Crore and P/E of 24.1x.

Standalone Financials

Basic Parameters	2023	2022	2021
Revenue	294	269	223
EBITDA	18.4	10.7	7.57
PAT	7.75	1.65	0.69

(Fig in Cr.)

Shareholding Pattern



Promoters &
Promoter Group
(100%)

Final Review of Cell Point India SME IPO

- Cell Point (India) is a multi-brand retailer specializing in smartphones, tablets, and accessories. However, their revenue growth has been stagnant over the past four years, while online players like Amazon and Flipkart dominate the sector. The absence of an online sales channel poses a significant challenge.
- With 75 stores located in Andhra Pradesh, Cell Point (India) primarily relies on rental showrooms for sales. Their business model requires managing a substantial inventory, leading to a consistently high working capital requirement. This can impact their financial stability.
- In the fiscal year 2022, Cell Point (India) reported a revenue of 270 Crores with a modest 14% gross margin. However, 5 Cr of their revenue went towards sales commission for senior management, affecting overall profitability. The company also faces substantial interest costs and carries a debt of 52 Crores.
- It is worth noting that instead of utilizing commission payments to reduce their debt, Cell Point (India) opted not to pursue that course of action. This decision raises concerns about their debt management strategy and its impact on their financial health.
- The lack of revenue growth over the past four years raises questions about Cell Point (India)'s ability to compete effectively in the market. Their limited online presence further limits their reach and potential for expansion in a highly competitive landscape dominated by e-commerce giants.
- Cell Point (India) is requesting a P/E ratio of 24x based on projected FY23 numbers, which show improved margins which is doubtful. However, considering the FY22 numbers, the P/E ratio would exceed 100x, suggesting a potential overvaluation. Investors should approach this aspect with caution.
- Based on our analysis, Cell Point (India) receives a rating of 2/10 for their SME IPO. Limited revenue growth, absence of online presence, high debt burden, intense competition, and potential overvaluation pose significant risks for potential investors.
- It is crucial for investors to conduct thorough due diligence, carefully evaluating Cell Point (India)'s financial stability, debt management strategy, and growth prospects. A comprehensive understanding of the risks involved is essential before making any investment decisions.



**For getting
regular updates of
IPO, Buyback & NCDs
please visit
www.investorzone.in**

Disclaimers & Risk Factors : The above information is meant only for education and not to be construed as investment advice. If anyone is looking for an investment please consult your financial advisors. InvestorZone will not be responsible for any losses arising due to investment in the IPO, Buyback and NCDs as they are risky instruments and investors should do proper due diligence before investing in them.