



# Cello World Limited

(formerly known as 'Cello World Private Limited')

**Admin Office :** Cello House, Corporate Avenue, 'B' Wing, 8th Floor, Sonawala Road, Goregaon (East), Mumbai-400 063, (INDIA),

**Tel :** 2685 1027 / 2685 3080, **Fax :** (022) 2685 3333, **e-mail :** cello.sales@celloworld.com, cellothermoware@hotmail.com

**Website:** <https://celloworld.com> **CIN:** U25209DD2018PLC009865

**Regd. Office:** 597/2A, Somnath Road, Dabhel, Nani Daman, Daman & Diu - 396 210. (INDIA)

## MATERIALITY POLICY

### I. INTRODUCTION

This policy (the “**Policy**”) has been formulated to define the respective materiality thresholds in connection with the proposed initial public offering of the equity shares of Cello World Limited (the “**Company**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of material companies to be disclosed as Group Companies;
- B. Identification of material litigation (excluding outstanding criminal proceedings, outstanding regulatory and statutory authorities, disciplinary actions against the promoters including outstanding actions and taxation matters) involving the Company, its subsidiaries, its directors, its promoters and its Group Companies; and
- C. Identification of material outstanding dues to creditors.

### II. APPLICABILITY

The board of directors of the Company (the “**Board**”) at their meeting held on August 05, 2023 discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the updated draft red herring prospectus, the red herring prospectus, the prospectus and any addenda or corrigenda thereto, to be filed and/or submitted by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India (“**SEBI**”), Registrar of Companies, Goa, Daman and Diu at Goa (the “**RoC**”) and/or stock exchanges where the equity shares of the Company are proposed to be listed (the “**Stock Exchanges**”), as applicable.

All other capitalised terms not specifically defined in this Policy shall have the meanings ascribed to such terms in the Offer Documents.

#### A. Identification of material companies to be disclosed as Group Companies

*Requirement:*

The SEBI ICDR Regulations define “group companies” as “such companies (other than promoter(s) and subsidiary/ subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer”.



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Therefore, as per the requirements of the SEBI ICDR Regulations, 'group companies' shall include companies (other than the promoters and subsidiaries):

- a) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Documents; and
- b) other companies that are considered material by the Board. (the "Group Companies")

### *Policy on Materiality:*

With respect to point (b) above, for the purpose of disclosure in the Offer Documents, a company (other than the companies covered under the schedule of related party transactions) shall be considered "material" and will be disclosed as a 'Group Company' in the Offer Documents if it is a part of the promoter group (in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations) with which there were one or more transactions during the most recent completed financial year (and the relevant stub period, as applicable) in the restated consolidated financial statements of the Company included in the Offer Documents, which individually or cumulatively in value, exceeds 5% of the consolidated revenue from operations of the Company as per the restated consolidated financial statements of the Company for the most recent completed financial year included in the Offer Documents.

## **B. Identification of material litigation**

### *Requirement:*

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Company, its directors, its promoters, its subsidiaries (collectively the "Relevant Parties") in the Offer Documents:

- a) all outstanding criminal proceedings (including any notices received for such criminal proceedings);
- b) all outstanding actions by regulatory and statutory authorities;
- c) disciplinary actions including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years preceding the date of the relevant Offer Document, including outstanding action;
- d) all outstanding claims related to direct and indirect tax matters to be disclosed in a consolidated manner, giving the number of cases and the total amount; and
- e) details of any other pending litigation or arbitration proceedings, involving the Relevant Parties, which are determined to be material by the Board.



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Further, as per the requirements of the SEBI ICDR Regulations, the Company shall also disclose such outstanding litigations involving the Group Companies which may have a material impact on the Company.

## *Policy on materiality:*

Other than the litigations mentioned in points (a) to (d) above, for the purpose of point (e) above, any pending litigation or arbitration proceedings involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (i) the monetary amount of the claim/dispute amount/liability by or against the Relevant Party in any such proceeding is equal to or in excess of 1% of the profit after tax of the Company as per the most recently completed financial year as per the latest restated consolidated financial statements (the "**Litigation Materiality Threshold**");
- (ii) where the monetary liability is not quantifiable, or the amount involved does not cross the Litigation Materiality Threshold, but the outcome of any such proceeding (including any proceedings relating to infringement of trademark or intellectual property) may have a material adverse bearing on the business, operations, performance, prospects or reputation of the Company, or its subsidiaries, on a consolidated basis; or
- (iii) the decision in one case is likely to affect the decision in similar cases such that the cumulative amount involved in such cases exceeds the Litigation Materiality Threshold, even though the amount involved in an individual case may not exceed the Litigation Materiality Threshold.

All Group Companies shall identify pending litigation which are considered material by the respective group company. The board of directors of the Company will determine which of these identified litigation matters may have a material impact on the Company.

It is clarified that for the purpose of this Policy, pre-litigation notices (excluding show cause notices) received by the Relevant Parties and Group Companies from third parties (excluding governmental/statutory/regulatory/ judicial/taxation authorities or notices threatening criminal action) shall, in any event, not be considered as litigation until such time that the Relevant Parties or Group Companies are impleaded as defendants or respondents in proceedings initiated before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

The above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013, as amended and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents or by SEBI and/or such other applicable authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints. In this regard, it is clarified that the above policy on



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materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose including for disclosure of material information by listed entities pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

## C. Identification of material outstanding dues to creditors

*Requirement:*

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures for outstanding dues to creditors as follows:

- a) based on the Policy defined by the Board, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Offer Documents;
- b) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of creditors and amount involved will be disclosed in the Offer Documents; and
- c) complete details about outstanding dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the Company with a web link thereto in the Offer Documents.

*Policy on materiality:*

For the purpose of identification of material creditors for disclosure in the Offer Documents in terms of point (a) above, a creditor of the Company to whom an amount having a monetary value which exceeds 5% of the total trade payables of the Company as at the end of the latest period included in the restated consolidated financial statements of the Company disclosed in the Offer Documents shall be considered 'material'.

## III. GENERAL

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

The Policy shall be without prejudice to any disclosure requirements which may be prescribed by SEBI and/ or any other regulatory or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints.

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