



Cello World Limited

(formerly known as 'Cello World Private Limited')

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

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

Tel: 022 6997 0000, e-mail: cello.sales@celloworld.com, grievance@celloworld.com

Website: www.corporate.celloworld.com CIN: L25209DD2018PLC009865

REPORT OF THE AUDIT COMMITTEE OF CELLO WORLD LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT AMONGST WIM PLAST LIMITED AND CELLO CONSUMER PRODUCTS PRIVATE LIMITED (WHOLLY OWNED SUBSIDIARY COMPANY OF CELLO WORLD LIMITED) AND CELLO WORLD LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS, ON NOVEMBER 12, 2024, AT CORPORATE OFFICE OF THE COMPANY SITUATED AT CELLO HOUSE, CORPORATE AVENUE, 'B' WING, SONAWALA ROAD, GOREGAON (EAST), MUMBAI – 400 063, INDIA

The following audit committee members were present

1. Mr. Pushapraj Singhvi
2. Ms. Manali Kshirsagar

In attendance

1. Mr. Atul Parolia, Chief Financial Officer
2. Ms. Hemangi Trivedi, Company Secretary

1. Background

- 1.1. A meeting of Audit Committee of Cello World Limited ("**Company**" or "**CWL**") was held on November 12, 2024 to *inter-alia*, consider and recommend the draft Composite Scheme of Arrangement amongst Wim Plast Limited ("**WPL**") and Cello Consumer Products Private Limited ("**CCPPL**") (*incorporated as a wholly owned subsidiary company of Cello World Limited*) and the Company and their respective shareholders and creditors under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").
- 1.2. CWL is incorporated under the provisions of the Act. The equity shares of CWL are listed on BSE Limited and the National Stock Exchange of India Limited. Further, CCPPL is the wholly owned subsidiary of CWL under the provisions of the Act.
- 1.3. WPL is incorporated under the provisions of the Companies Act, 1956. The equity shares of WPL are listed on BSE Limited.
- 1.4. The Scheme, *inter alia*, provides for:
 - (a) the demerger, transfer and vesting of the Demerged Undertaking (*as defined in the Scheme*) from WPL into CCPPL on a *going concern* basis, and issue of equity shares by CWL to the shareholders of WPL (other than the shares held by CWL), in consideration thereof,
 - (b) the amalgamation of WPL with CWL and issue of equity shares by CWL to the shareholders of WPL (other than the shares held by CWL), in consideration thereof; and

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(c) also provides for various other matters consequent and incidental thereto.

1.5. The Appointed Date (as defined in the Scheme) means the opening business hours of April 1, 2025 or such other date as may be mutually agreed by the respective Board of the companies or as may be directed by the Appropriate Authority (as defined in the Scheme).

1.6. This report of Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular") including amendments thereto.

1.7. The following documents were placed before the Audit Committee:

- (a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;
- (b) Share Exchange Ratio Report dated November 12, 2024 issued by KPMG Valuation Services LLP (Registration No. IBBI/RV-E/06/2020/115), Registered Valuer ("**Share Exchange Ratio Report**"), describing the methodology adopted by them in arriving at the share exchange ratio;
- (c) Fairness Opinion dated November 12, 2024 issued by Ernst & Young Merchant Banking Services LLP (Registration No. INM00001070), an Independent SEBI registered Merchant Banker ("**Fairness Opinion**"), providing an opinion on the fairness of the share exchange ratio specified in the Share Exchange Ratio Report; and
- (d) Draft Certificate, issued by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants the Statutory Auditor of the Company, confirming the accounting treatment stated in the Scheme is in compliance with the accounting standards prescribed under Section 133 of the Act and other generally accepted accounting principle.

2. Proposed Composite Scheme of Arrangement

2.1. NEED FOR THE ARRANGEMENT AND RATIONALE OF THE SCHEME

The Audit Committee of the Company noted the rationale and the benefits of the Scheme which, *inter-alia*, are as follows:

- 2.1.1 CWL is currently engaged in the business of trading of Consumer Products which is manufactured by its subsidiaries and others. WPL is a subsidiary of CWL and it is *inter alia* engaged in manufacturing of various products. The Scheme is being proposed with a view to simplifying the management and operational structures of the Parties in order to increase efficiencies and generate synergies.



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2.1.2 The proposed demerger pursuant to this Scheme is expected, *inter alia*, to result in following benefits:

- (a) creating a dedicated manufacturing vertical pursuant to demerger of Manufacturing Business from WPL to CCPPL will enable a focused attention on the Manufacturing Business, which will lead to increased efficiencies and generate synergies amongst the various manufacturing businesses owned by CWL and better resource allocation, resulting in enhancement of shareholders' value;
- (b) the shareholders of WPL (other than CWL) will be allotted shares of CWL and therefore, they will become shareholders of a larger branded consumer products business with multiple growth avenues and at the same time, will continue to participate in the Manufacturing Business; and
- (c) pursuing growth in the respective business verticals with focused management approach and de-risking the businesses from each other.

2.1.3 Post demerger, CWL is desirous of consolidating the Remaining Business of WPL pursuant to amalgamation. Consolidating the assets and liabilities of WPL with CWL would streamline the corporate structure by consolidating multiple entities and enable efficiency in operations and processes through reduction in legal and regulatory compliances and related administrative costs;

2.1.4 The amalgamation will also result in the following benefits:

- (a) the amalgamation of WPL with CWL would bring about synergy of operations and economies of scale and additionally, the legal and regulatory compliances of both the listed entities will be unified and streamlined;
- (b) consolidation of ownership interests in one listed company instead of two listed entities; and
- (c) unified approach on customer engagement, distribution and supply chain management would lead to operational and financial efficiencies in all these functions.

2.2. SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

The background and information of the companies is, *inter-alia*, as under:

- (a) WPL is *inter alia* engaged in the businesses of manufacturing of plastic products such as plastic moulded furniture, extrusion sheets, air coolers, dustbin industrial pallets and industrial and engineering moulds and investment business;
- (b) CCPPL is incorporated to carry on the Manufacturing Business (*as defined in the Scheme*);



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- (c) CWL is engaged in the business of trading of "Consumer Products" namely plastic and rubber products such as water bottles, storage container and jars, tiffins and lunch carriers, glassware, steel flasks and jars;
- (d) It is proposed to consolidate all the resources of WPL with the Company and streamline the promoter holding structure. Further, pursuant to the Scheme, it is also contemplated to reorganise, segregate and demerge the business from WPL to CCPPL.
- (e) Further, the benefits arising out of the proposed Scheme are stated in paragraph 2.1 above.

2.3 IMPACT OF THE SCHEME ON THE COMPANY AND ITS SHAREHOLDERS

- (a) In terms of Part II of the Scheme, as consideration for the transfer and vesting of the Demerged Undertaking of WPL into CCPPL, all the equity shareholders of WPL (other than the shares held by CWL), as on the Record Date (*as defined in the Scheme*) shall receive equity shares of CWL in the same proportion as their holding in WPL;
- (b) In terms of Part III of the Scheme, as consideration for the amalgamation of WPL with the Company, all the equity shareholders of WPL (other than the shares held by CWL), as on the Record Date (*as defined in the Scheme*) shall receive equity shares of the Company. There will be no change in the economic interest of the shareholders of the Company, before and after Scheme;
- (c) Upon the Scheme becoming effective, WPL shall be dissolved without being wound up and the shareholders of WPL (other than the shares held by CWL) shall become shareholders of CWL;
- (d) After the effectiveness of the Scheme and subject to receipt of regulatory approvals, the equity shares of CWL issued as consideration pursuant to the Scheme, shall be listed on BSE Limited and the National Stock Exchange of India Limited; and
- (e) The Scheme is expected to be beneficial to the shareholders of CWL leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders, achieving cost and operational efficiencies.

The Scheme will result in benefits and/or synergies to the Company as listed in paragraph 2.1 and 2.2 of this report.

2.3. COST BENEFIT ANALYSIS OF THE SCHEME

Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

3. RECOMMENDATION OF THE AUDIT COMMITTEE

The Audit Committee after due deliberations and detailed discussions, and *inter alia* taking into consideration the draft Scheme, Share Exchange Ratio Report, Fairness Opinion and draft



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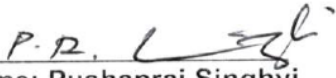
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certificate issued by Statutory Auditor of the Company, have noted the need and rationale of the Scheme, synergies of the business of the companies, impact of the Scheme on the Company and its shareholders, cost benefit analysis of the Scheme and other documents placed before the Audit Committee. Based on the foregoing, the Audit Committee is of the view that the Scheme is in the interest of the Company and all the stakeholders, and hereby recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Audit Committee

For and on Behalf of **CELLO WORLD LIMITED**


Name: Pushapraj Singhvi
Director
DIN: 00255738

Place: Mumbai

Date: November 12, 2024