

**CERTIFIED TRUE COPY  
For EPL LIMITED**

  
**SURESH SAVALIYA  
HEAD - LEGAL & COMPANY SECRETARY**



**Report of the Audit Committee of EPL on Scheme of Amalgamation of Creative Stylo Packs Private Limited with EPL Limited.**

**This Report is considered and approved by Audit Committee in its meeting held on 12<sup>th</sup> November 2020. All members of Audit Committee were present in the meeting.**

**1 Background**

- 1.1. A meeting of the Audit Committee of EPL Limited was held on 12 November 2020 to consider and recommend to the Board of Directors the proposed Scheme of Amalgamation or Merger under Sections 230 to 232 and applicable provisions of the Companies Act 2013, between Creative Stylo Packs Private Limited (CSPL or the Transferor Company) and EPL Limited (the Company or EPL or the Transferee Company) and their respective Shareholders and creditors (the Scheme).
- 1.2. The Equity shares of EPL Limited are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company will be filing the Scheme along with necessary documents with the above mentioned Stock Exchanges for their no objection or observation letter pursuant to regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and applicable statutory provisions.
- 1.3. This report of Audit Committee is made in order to comply with the requirements of the SEBI circular dated March 10, 2017 and November 3, 2020 after considering the following:
  - a) Draft Scheme duly initialed by Company Secretary of the Company for the purpose of identification;
  - b) Valuation Report dated 12 November 2020 issued by SSPA & Co., Chartered Accountants and registered valuer;
  - c) Fairness Opinion dated 12 November issued by Keynote Financial Services Private Limited SEBI Registered merchant banker;
  - d) Audited financial statements of the Transferor Company and EPL for the year ended 31 March 2020, 2019 and 2018; and
  - e) Certificate from Statutory Auditor confirming that the Scheme is in compliance with the applicable accounting standards.
  - f) Management presentation relating to acquisition of equity shares of Transferor Company and proposed Amalgamation / Scheme after completion of the acquisition of the controlling stake.



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## 2 Proposed Scheme and review

The salient features of the draft Scheme are as under.

2.1 Merger of Creative Stylo Pack Private Limited (the Transferor Company) into EPL Limited (the Transferee Company), transfer of Undertaking of Transferor Company and issue of equity shares by EPL to the shareholders of CSPL.

2.2 Rationale, objective & purpose of the Scheme

The amalgamation of the Transferor Company with the Transferee Company would *inter alia* have the following benefits.

(a) Transferor Company has a significant wallet share in some customers and therefore EPL's wallet share of the same customers will increase after the Merger. The Merger will strengthen EPL's capabilities in high-end decoration of plastic tubes of EPL and thereby enhance EPL's ability to win customers in the Beauty and Cosmetics Segment. The plastic business of Transferor Company has grown very well in last two years and thus the Merger will help us refocus on the plastic tubes business. In addition, the Transferor has significantly invested in plastics business and has superior decoration capabilities and the Transferor Company has been able to attract renowned customers on the back of advanced technical capabilities.

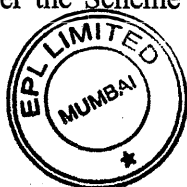
(b) The Transferor Company is in the business of manufacturing items which are similar and synergistic to those manufactured and dealt with by the Transferee Company. Upon the Scheme coming into effect, the synergistic benefits arising from the amalgamation of the Transferor Company and the Transferee Company would result in an even more effective business strategy for the Transferee Company and in greater efficiency, cost management, centralization of resources and technologies and cost effectiveness in the functioning and operation of the Transferee Company.

(c) The Scheme will assist in achieving higher long term financial returns than would have been achieved as separate entities, as the Scheme will make available assets, financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of the Transferor Company and the Transferee Company leading to synergistic benefits, enhancement of future business potential, cost reduction, enhance efficiencies, productivity gains and logistical advantages, thereby contributing to future growth and enhancement of shareholder value.

(d) The Scheme will result in economies of scale and consolidation of opportunities offered by the Scheme which will contribute to make the Transferee Company, pursuant to the sanctioning of the Scheme, more profitable, thereby further enhancing the overall shareholder value.

2.3 The Audit Committee reviewed the reports and documents as mentioned in this Report and recommended the following:

In consideration for the Amalgamation of the Transferor Company with EPL Limited as per the Scheme and based on the Valuation Report issued by SSPA & Co, and



fairness opinion issued by Keynote Financial Services Limited will issue equity shares to the shareholders of the Transferor Company in the following ratio:

“2500 equity shares of EPL (Transferee Company) of INR 2 each fully paid up for every 927 equity shares of CSPL (Transferor Company) of INR 10 each fully paid up.”

Shares to be held by EPL Limited in Transferor company (after completion of the Acquisition of 72.46% stake in CSPL) shall be cancelled or extinguished.

- 2.4 Further, pursuant to the Scheme, the Company shall account for the Amalgamation as per the applicable accounting principles prescribed under Indian Accounting Standards (IndAS)
- 2.5 Further, the Fairness Opinion confirmed that the Share Entitlement / Allotment as mentioned in the Valuation Report is fair to the EPL Limited and Transferee Company, and their respective shareholders.
- 2.6 The proposed Appointed Date for the proposed merger will be the date as referred in the Scheme or such other date as may be fixed or approved by the National Company Law Tribunal as may be applicable.
- 2.7 The equity shares of EPL to be issued to the shareholders of the Transferor Company pursuant to the Scheme shall be listed on the stock exchanges BSE and NSE.

### **3 Comment by the Audit Committee on the Scheme**

The Audit Committee reviewed and provided the following comments on the Scheme.

#### **3.1 Need for the Merger**

In addition to the reasons mentioned in Sr. 2.2 above, economies of scale and consolidation of opportunities will help make the Transferee Company, pursuant to the sanctioning of the Scheme, more profitable, thereby further enhancing the overall shareholder value.

#### **3.2 Rationale of the Scheme**

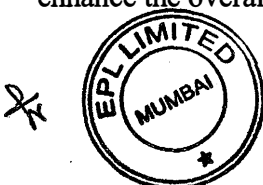
The Audit committee is of the view that the rationale of Merger as mentioned in Sr. 2.2 is justifying the basis for the Merger.

#### **3.3 Synergies of business of the entities involved in the scheme**

In views of the Audit Committee, both the entities are in a similar line of business thus there will be synergies of business of both the entities.

#### **3.4 Impact of the Scheme on the Shareholders**

The Scheme will result in economies of scale and consolidation of opportunities will contribute to make the Transferee Company more profitable and accordingly further enhance the overall shareholder value.



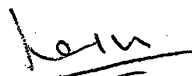
### 3.5 Cost benefit analysis of the Scheme

Keeping in view synergies and cost benefits expected (refer Sr. 2.2 above) the Audit Committee is of the view that post-Merger, the company would be able to achieve synergies of business, cost reduction, increase efficiencies, productivity gains and logistical advantages, thereby contributing to future growth and enhancement of shareholder value.

### 4 Recommendations of the Audit Committee

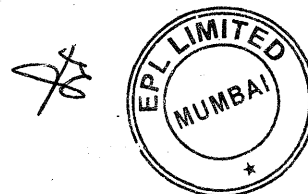
The Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, share exchange ratio, valuation report, fairness opinion and the specific points mentioned above, recommends the draft Scheme of Amalgamation for favourable consideration by the Board of Directors of the Company, the Stock Exchanges, SEBI and authorities.

For Audit Committee of  
EPL Limited



Sharmila Karve  
Chairperson of the Audit Committee

Date: 12 November 2020  
Place: Mumbai

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