



Ecoplast Ltd.

Annexure - 4

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CIN-L25200GJ1981PLC004375



ISO 9001, 14001
& 22000
Certified Co.

**REPORT OF THE AUDIT COMMITTEE OF ECOPLAST LIMITED ("COMPANY"),
RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF KUNAL
PLASTICS PRIVATE LIMITED WITH ECOPLAST LIMITED AND THEIR RESPECTIVE
SHAREHOLDERS ("SCHEME") AT ITS MEETING HELD ON SATURDAY, 14th
DECEMBER 2024 AT 03:30 PM**

Members Present

- | | |
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| 1. Mr. Bikash Ranjan Tarafdar | Chairman |
| 2. Mr. Monil Vijay Shah | Member |
| 3. Mrs. Charulata Patel | Member |

1. Background

- 1.1 The proposal to consider and recommend the draft Scheme of Amalgamation of Kunal Plastics Private Limited ("**Transferor Company**" or "**KPPL**") with Ecoplast Limited ("**Transferee Company**" or "**Company**" or "**Ecoplast**") and their respective shareholders (the "**Scheme**") under Sections 230 to 232 and any other applicable provisions of the Companies Act, 2013 (the "**Act**") and rules & regulations framed thereunder was placed before and considered by the members of the Audit Committee at its meeting held on Saturday, 14th December 2024.
- 1.2 **KUNAL PLASTICS PRIVATE LIMITED**, is a private company, limited by shares, incorporated under the provisions of erstwhile Companies Act, 1956 on 26th December, 1983 and having its registered office at 401 Ashiyana Appt No.7, Tithal Road, Tithal, Valsad, Gujarat - 396001, India. The Corporate Identification Number of the Transferor Company is U25209GJ1983PTC156834. It is engaged in the business of manufacturing, processing and marketing of co-extruded plastic film, mono films, laminates, sheets, moulded and extruded products, printed bags and tubings for packaging, industrial, agricultural and consumer applications.
- 1.3 **ECOPLAST LIMITED**, is a listed public company, incorporated under the provisions of the erstwhile Companies Act, 1956 on 07th May, 1981 and having its registered office at N H Road No. 8, Water Works Cross Road, Abrama, Valsad, Gujarat - 396001, India. The Corporate Identification Number of the Transferee Company is L25200GJ1981PLC004375. The equity shares of the Transferee Company are listed on BSE Limited ("**BSE**" or "**Stock Exchange**").



- It is engaged in the business of manufacturing, processing and marketing of Co-extruded Plastic Film for packaging, industrial and other specialty applications.
- 1.4 The Company will be filing the draft Scheme along with the necessary documents/information with BSE for obtaining Observation / No Objection Letter pursuant to Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**").
- 1.5 This report of the Audit Committee is made in compliance with the requirement of the Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, in relation to the Scheme of Arrangement ("**SEBI Scheme Circular**"), issued by the Securities and Exchange Board of India ("**SEBI**"), read with the SEBI Listing Regulations,
- 1.6 In connection with the draft Scheme, *inter alia*, the following documents, duly initialled by the Company Secretary of the Company for the purpose of identification, were placed before the Audit Committee:
- (i) Draft Scheme;
 - (ii) Valuation Report dated 14th December 2024 issued by Bhavesh M. Rathod, Registered Valuer - Securities or Financial Assets (Registration No: IBBI/RV/06/2019/10708) ("**Valuation Report**"), recommending the fair share exchange ratio for the purpose of the Scheme;
 - (iii) Fairness Opinion Report dated 14th December 2024 issued by Navigant Corporate Advisors Limited, Category-I Merchant Banker (Registration No: INM000012243) ("**Fairness Opinion**"), expressing fairness opinion on the share exchange ratio recommended in the Valuation Report; and
 - (iv) Auditor's certificate dated 14th December 2024 issued by M/s. Y. B. Desai & Associates, Chartered Accountants (Firm Registration No. 102368W), the statutory auditors of the Transferee Company, certifying that the accounting treatment contained in the draft Scheme is in compliance with the applicable Indian Accounting Standards notified under section 133 of the Companies Act, 2013.

2. Proposed Scheme

- 2.1 The draft Scheme, inter-alia, provides the following:
- (i) amalgamation of Kunal Plastics Private Limited with Ecoplast Limited; and
 - (ii) Various other matters consequential or otherwise integrally connected herewith.
- 2.2 Appointed Date of the draft Scheme shall mean the opening of business hours on 01st April, 2025 or such other date as may be approved by the Hon'ble National Company Law Tribunal ("NCLT") and which is acceptable to the Board of Directors of the Companies.
- 2.3 Effective Date of the draft Scheme means last of the dates on which the conditions and matters referred to in Clause 17 of the draft Scheme are complied with or otherwise duly waived. The effectiveness of this draft Scheme is conditional upon and subject to:
- (i) Obtaining observation / no-objection letter from the Stock Exchange as required under



- SEBI LODR read with the SEBI Scheme Circular;
- (ii) The sanction and approval including sanction of any Governmental Authority or any other agency, department or authority, as may be required, under any Applicable Law for time being in force;
 - (iii) The Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and creditors of the Transferor Company and the Transferee Company as required under the Act or as may be directed by the Hon'ble NCLT or such other Appropriate Authority, as may be applicable;
 - (iv) The Scheme being approved by the public shareholders of the Transferee Company through e-voting in terms of the relevant provision of the SEBI Master Circular. The Scheme shall be acted upon only if the votes cast by the public shareholders of the Transferee Company in favour of the Scheme are more than the number of votes cast by the public shareholders of the Transferee Company against it;
 - (v) The Scheme being sanctioned by the Hon'ble NCLT or any other Appropriate Authority under Sections 230 to 232 and other applicable provisions of the Act; and
 - (vi) Certified copies of the Orders of the Hon'ble NCLT sanctioning the Scheme being filed with the Jurisdictional Registrar of Companies by the Transferor Company and the Transferee Company.

2.4 The following share exchange ratio is determined:

"52 (Fifty-Two) fully paid-up equity shares having face value of Rs. 10 (Rupees Ten Only) each of the Transferee Company to be issued and allotted for every 1 (One) fully paid-up equity share having face value of Rs. 100 (Rupees One Hundred Only) each of the Transferor Company."

3. Need for the amalgamation and Rationale for the Scheme

- 3.1 Both the Companies are in similar line of business and are part of same promotor group. Accordingly, the proposed amalgamation will create synergies amongst the business.
- 3.2 The proposed amalgamation will result in a simplification of the existing group structure and eliminate administrative duplications, consequently reducing the administrative costs of maintaining separate companies, reduction in overheads including administrative, managerial costs, while reducing multiple legal and regulatory compliances.
- 3.3 The proposed amalgamation will provide an opportunity to leverage combined assets, capabilities, experience, expertise, infrastructure of both companies enabling optimum utilization of existing resources and economies of scale.
- 3.4 The proposed amalgamation will result in improved cash flows and more efficient utilization of capital, human resources and infrastructure to create a stronger base for future growth, enhance future business potential, and achieve greater efficiencies, productivity gains and



advantages by pooling of resources of the group companies thereby significantly contributing to future growth and maximizing shareholder's value.

4. Synergies of business of the entities involved in the Scheme

As elaborated in the rationale of the Scheme, the amalgamation of the Transferor Company with the Transferee Company provides an opportunity to the Transferee Company to leverage combined assets, capabilities, experience, expertise, infrastructure of both companies and enabling optimum utilization of existing resources and economies of scale. It will contribute to improved cash flows and more efficient utilization of capital, human resources and infrastructure to create a stronger base for future growth, enhance future business potential, and achieve greater efficiencies, productivity gains and advantages by pooling of resources of the group companies thereby significantly contributing to future growth and maximizing shareholder's value. Further, it will result in simplification of the existing group structure and eliminate administrative duplications, consequently, reducing the administrative costs of maintaining separate companies, reduction in overheads including administrative, managerial costs, while reducing multiple legal and regulatory compliances.

5. Impact of the Scheme on the Shareholders

- 5.1 Audit Committee reviewed the Valuation Report and Fairness Opinion providing the share exchange ratio under the Scheme.
- 5.2 Pursuant to the draft Scheme, equity shares of the Transferee Company are proposed to be issued to the shareholders of the Transferor Company on the basis of share exchange ratio, as recommended by the Registered Valuer. Further, the Fairness Opinion report from Merchant Banker has confirmed that the share exchange ratio as recommended by the Registered Valuer is fair for both Companies and their respective shareholders.
- 5.3 Audit Committee is of the informed opinion that the draft Scheme is in the best interests of the Company and its shareholders. The impact of the draft Scheme on the shareholders, including the public shareholders, would be the same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner. The draft Scheme is not in any manner prejudicial or against public interest and would serve the interest of the shareholders and all other stakeholders at large.

6. Cost Benefit Analysis of the Scheme

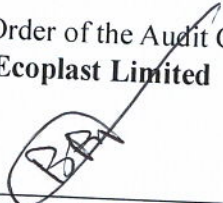
Although the Scheme involves certain costs such as transaction cost, implementation cost, regulatory fees, stamp duties, etc., the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company entailing benefits specified in Paragraph 3 above.

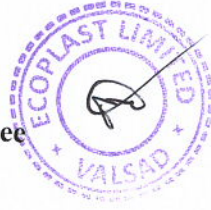
7. Recommendations of the Audit Committee



After due deliberations and detailed discussions, and taking into consideration the draft Scheme, Valuation Report, Fairness Opinion and Accounting Certificate issued by the Statutory Auditor of the Company, the Audit Committee have noted the rationale, benefits and the impact of the Scheme on shareholders and other concerned. 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 favourable consideration and approval.

By Order of the Audit Committee
For **Ecoplast Limited**


Bikash Ranjan Tarafdar
Chairman of the Audit Committee
DIN: 01690748



Date: 14th December, 2024
Place: Mumbai