

Date: December 23, 2025

To,  
**The Board of Directors,**  
**Balkrishna Paper Mills Limited**  
A/7, Trade World, Kamala City,  
Senapati Bapat Marg, Lower Parel (West),  
Maharashtra, India – 400013

Dear Sir/Ma'am,

**Subject: Fairness opinion on recommendation on the capital reduction of Balkrishna Paper Mills Limited**

We refer to our discussion undertaken with the Management of Balkrishna Paper Mills Limited (“BPML” or the “Company”) wherein the Management has appointed **Rarever Financial Advisors Private Limited**, a Category I Merchant Banker registered with SEBI having Registration Number – INM000013217 (hereinafter referred to as “RFAPL” or “Valuer” or “We” or “Us” or “Our”) to provide a fairness opinion on the capital reduction of equity and preference shares of the Company pursuant to the scheme of reduction of share capital under section 66 read with section 52 and other applicable provisions of the Companies Act, 2013 read with applicable Rules as recommended by SSPA & Co., Chartered Accountants, Registered Valuer – Securities or Financial Assets (hereinafter referred to as ‘SSPA’ or ‘Registered Valuer’) vide report dated December 23, 2025.

*Hereinafter the Board of Directors of BPML shall be referred to as the “Management” that they are considering a proposal of reduction of equity and preference share capital of the Company (hereinafter referred to as the ‘Proposed Transaction’).*

Please find enclosed our deliverables in the form of a report (*the “Report”*). This Report sets out the transaction overview, scope of work, background of the Company, sources of information and our opinion on the capital reduction of Company for the aforesaid Proposed Transaction recommended by the Registered Valuer.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein. This Report has been issued only to facilitate the Proposed Transaction and should not be used for any other purpose.

**For, Rarever Financial Advisors Private Limited**

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**Mr. Pavan Vanjani**  
Authorised Signatory

**Date: December 23, 2025**  
**Place: Ahmedabad**

## 1. BACKGROUND OF THE COMPANY

Balkrishna Paper Mills Limited is a public company, limited by shares, incorporated on June 29, 2013, under the provisions of the Companies Act, 1956 bearing Corporate Identification Number (“CIN”) L21098MH2013PLC24496 and having its registered office at A/7, Trade World, Kamala City, Senapati Bapat Marg Lower Parel (W), Mumbai City, Mumbai, Maharashtra, India, 400013

BPML was originally incorporated as a public limited company on June 29, 2013 under the provisions of Companies Act, 1956 in the name and style of “Nirvikara Paper Mills Limited” (‘NPML’). Further, pursuant through a Scheme of Arrangement between BPML, Balkrishna Industries Limited (‘BIL’) and NPML, BPML got merged with BIL and the entire paper business of BIL (i.e. undertaking, its assets and liabilities) was transferred to NPML. Since then, NPML was carrying on paper business of BPML. Subsequently, the company’s name was changed to “Balkrishna Paper Mills Limited” on August 23, 2016. The Company is engaged in the business of manufacturing and selling of “Paper and Paper Boards” and Trading of plastic & packaging materials. However as informed by the Management, during the year, the Company has discontinued its manufacturing activities of ‘Paper and Paper Board’. The Company is carrying out trading activities in sustainable plastic and packaging materials.

The equity shares of the Company are listed on BSE Limited (‘BSE’) and the National Stock Exchange of India Limited (‘NSE’).

The summary of the equity shareholding pattern of BPML as on date, is as under:

Category of the Shareholder	No. of shares held (FV – INR 10 each)	Shareholding (%)
Promoter & Promoter Group	1,93,15,802	59.95%
Public	1,29,03,730	40.05%
<b>Total</b>	<b>3,22,19,532</b>	<b>100.0%</b>

The summary of the 6.5% Non-Cumulative Redeemable Preference Shares:

Name of the Shareholder	No. of Preference shares (FV - 100 each)	Shareholding (%)
Promoter and Promotor Group	1,10,00,000	100.0%
<b>Total</b>	<b>1,10,00,000</b>	<b>100.0%</b>

*[This space has been left blank intentionally.]*

## 2. TRANSACTION OVERVIEW, RATIONALE OF THE SCHEME AND SCOPE OF SERVICES

### ❖ Transaction Overview

We understand that the management of BPML are contemplating a capital reduction of equity and preference share capital of the Company in accordance with the provisions of section 66 read with section 52 and other applicable provisions of the Companies Act, 2013 read with applicable Rules with effect from the Appointed Date and in a manner provided in the draft scheme of capital reduction (the “Scheme”).

### ❖ Rationale of the Scheme

As per the Scheme, the Company has, over the years, incurred losses in its paper business, resulting in an erosion of its net worth. As per the limited reviewed financial statements as on September 30, 2025, the accumulated losses stand at INR 278.39 crores. Consequently, the existing share capital no longer reflects the true financial position and performance of the Company.

As per the Scheme, the Company has outstanding redeemable preference shares amounting to INR 110 crores carrying a dividend rate of 6.5% and given the Company’s current financial condition, reduced business operations and significant accumulated losses, the Company will not have adequate profits, reserves or liquidity to redeem its preference shares in the foreseeable future.

In light of the foregoing and with a view to rationalising and reorganising the capital structure of the Company, the Board of Directors has proposed to undertake a reduction of share capital in accordance with Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013 with effect from the appointed date which shall be the effective date (as defined in the Scheme) (hereinafter referred to as ‘Appointed Date’), subject to requisite approvals, as set out below:

- a. The Company proposes to write off its accumulated losses to the maximum extent possible by first utilising the balance available in the Securities Premium Account amounting to INR 23.28 crores and thereafter shall be adjusted by reducing the face value of equity shares of the Company from INR 10 each to INR 1 each, without any payment or consideration to the equity shareholders;
- b. Reduction of 1,10,00,000 - 6.5% Non-Cumulative Redeemable Preference Shares of INR 100 each, issued by the Company. The consideration payable to such preference shareholders shall be discharged as and when adequate funds become available with the Company. Until such time, the amount so payable shall stand reclassified and reflected as an unsecured non-interest-bearing loan.

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## ❖ Scope of Services

Pursuant to the requirements of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time, we have been requested by the Management to issue a fairness opinion in relation to the capital reduction for the Proposed Transaction.

In this regard, the Management has appointed **Rarever Financial Advisors Private Limited**, a Category I Merchant Banker registered with SEBI having Registration Number – INM000013217 to provide a fairness opinion on the capital reduction for the Proposed Transaction recommended by the Registered Valuer vide report dated December 23, 2025.

Our scope of work only includes forming an opinion on the fairness of the recommendation of the Registered Valuer on the capital reduction arrived at for the Proposed Transaction and does not involve evaluating or opining on the fairness or economic rationale of the Proposed Transaction per se. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts, in conjunction with the relevant documents referred to herein.

## 3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the Management obtained from the public domain for this report:

- Annual Report of BPML for FY 2024-25 and Limited Reviewed financial statements of BPML for the period ended September 30, 2025;
- Shareholding pattern of BPML as on September 30, 2025;
- Draft scheme of reduction of share capital;
- Signed capital reduction report issued and prepared by SSPA & CO., Chartered Accountants Registered Valuer – Securities or Financial Assets vide report dated December 23, 2025;
- Relevant data and information provided by management either in written or oral form or in the form of soft copy; and discussions with representatives of the Company.

The Management has been provided with the opportunity to review the draft fairness opinion report (excluding our opinion) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided.

## 4. PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedures to carry out the opinion:

- Discussion with the Management to understand the business and the fundamental factors that affect its earning generating capability of Company and including strength, weakness, opportunity and threat analysis and historical financial performance;
- Analysis of information shared by Management;

- Requested and received financial and qualitative information and obtained data available in the public domain;
- Reviewed the signed capital reduction report issued and prepared by SSPA & Co. Chartered Accountants, Registered Valuer – Securities or Financial Assets vide report dated December 23, 2025;
- Discussion with a Registered Valuer on such matters which we believed were necessary or appropriate for issuing this opinion.

## 5. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- The fairness opinion contained herein is not intended to represent a fairness opinion at any time other than the Report date.
- We have no obligation to update this report. This Report, its contents and the results herein are specific to (i) the purpose of fairness opinion agreed upon as per the terms of our engagement; (ii) the Report Date; and (iii) other data detailed in the Section 3 of this report “*Sources of Information*”.
- A fairness opinion of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.
- The fairness opinion rendered in this Report only represents our opinion based upon information furnished by BPML and gathered from the public domain (and analysis thereon) and the said opinion shall be considered to be in the nature of non-binding advice. Our fairness opinion should not be used for advising anybody to make a buy or sell decision for which a specific opinion needs to be taken from expert advisors.
- We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Company and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Company. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion.
- It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of the Company to facilitate to give fairness opinion to the Management regarding capital reduction report issued by Registered Valuer to comply with SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 as amended from time; disclosures to be made to relevant regulatory authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.
- The Report assumes that BPML comply fully with relevant laws and regulations applicable in all its areas of operations and that the Company will be managed competently and responsibly. Further,

this Report has not considered matters of a legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not represented to us by the Management. Our fairness opinion assumes that the assets and liabilities of the Company and, reflected in their respective balance sheet remain intact as of the Report date.

- The Report does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- This fairness opinion is issued on the understanding that each of the Company has drawn our attention to all the matters which may have an impact on our opinion including any significant changes that have taken place or are likely to take place in the financial position or businesses up to the date of report. We have no responsibility to update this fairness opinion for events and circumstances occurring after this date.
- The fee for the engagement is not contingent upon the results reported.
- We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Company. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Company, their directors, employees or agents.
- This report is not a substitute for the third party's due diligence/appraisal/inquiries/ independent advice that the third party should undertake for his purpose.
- This Report is subject to the laws of India.
- Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Transaction and filing it with relevant authorities, without our prior written consent.
- In addition, this report does not in any manner address the prices at which equity shares of BPML will trade following the announcement of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of Company should vote at any shareholder's meeting(s) to be held in connection with the Proposed Transaction. Our opinion contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

## 5. OUR RECOMMENDATION

As stated in the capital reduction report dated December 23, 2025 prepared by SSPA & CO, Registered Valuer – Securities or Financial have recommended the following:

### To the equity shareholders of BPML for the Proposed Transaction:

The Company proposes to write off its accumulated losses to the maximum extent possible by first utilising the balance available in the Securities Premium Account amounting to INR 23.28 crores. The balance losses, if any, shall thereafter be adjusted by reducing the face value of the equity shares of the Company from INR 10 each to INR 1 each, without any payment or consideration to the equity shareholders.

Pursuant to the Scheme, as on the effective date, there shall be no change or reduction in the number of equity shares issued by the Company. Accordingly, the proportion of equity shareholding of the existing

equity shareholders shall remain unchanged, and no prejudice shall be caused to the equity shareholders by the aforesaid reduction in equity share capital.

Further, pursuant to the proposed transaction, the beneficial ownership of the Company shall remain the same, and there shall be no change in the percentage equity shareholding of any of the pre-transaction equity shareholders.

No new equity shares shall be allotted pursuant to the capital reduction. The transaction involves only a reduction of the paid-up equity share capital of the Company by 90%, which shall be given effect to by reduction in the face value of the equity shares. All pre-transaction equity shareholders shall continue to remain equity shareholders of the Company after the transaction in the same proportion as prior thereto.

### **To the preference shareholders of BPML for the Proposed Transaction:**

The Company proposes a reduction of its issued, subscribed and paid-up preference share capital comprising 1,10,00,000 6.5% Non-Cumulative Redeemable Preference Shares of INR 100 each. The consideration payable to the preference shareholders pursuant to such reduction shall be discharged as and when adequate funds become available with the Company. Until such time, the amount payable shall be reclassified and recorded as an unsecured non-interest-bearing loan in the books of the Company. Such unsecured non-interest-bearing loan shall be subordinate to all existing and future secured and unsecured liabilities and claims of the Company.

Upon the Scheme becoming effective, the issued, subscribed and paid-up preference share capital of the Company shall stand cancelled.

The proposed reduction of preference share capital shall not cause any prejudice to the creditors of the Company, as the unsecured non-interest-bearing loan created pursuant to the cancellation of the preference shares shall rank subordinate to all other secured and unsecured liabilities and claims of the Company.

The creditors of the Company shall not be affected by the proposed reduction, as there shall be no reduction in the amounts payable to any creditor arising out of this transaction. Further, the proposed reduction shall not adversely affect the ordinary operations of the Company or its ability to honour its commitments and discharge its debts in the ordinary course of business. The Scheme does not, in any manner, alter, vary, or affect the rights of the creditors. The capital reduction shall not affect the payment of any dues or outstanding amounts, including statutory dues payable by the Company.

Further, the reduction of preference share capital and the recording of the consideration payable as an unsecured non-interest-bearing loan is not prejudicial to the equity shareholders of the Company, since the inter se rights of equity shareholders remain unaffected. Preference shareholders, by their nature, have priority over equity shareholders in the event of liquidation, and the proposed scheme does not adversely impact such priority.

