SSPA & CO.
Chartered Accountants
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STRICTLY PRIVATE & CONFIDENTIAL

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(s) /Madam(s),

Re: Report on recommendation on the capital reduction of Balkrishna Paper Mills Limited

We refer to the engagement letter dated December 17, 2025, whereby, SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Registered Valuer' or 'We') has been appointed by the management of Balkrishna Paper Mills Limited (hereinafter referred to as 'BPML' or the 'Company') to provide recommendation 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 ('Co. Act') read with applicable Rules (hereinafter referred to as the 'Scheme').

1. SCOPE AND PURPOSE OF THIS REPORT

1.1 We have been informed by the management of BPML (hereinafter 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').

1.2 As mentioned in 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.

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1.3 As mentioned in the Scheme, the Company has outstanding redeemable preference shares amounting to INR 110 crores carrying a dividend rate of 6.5%. 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.

1.4 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:

i. 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;

ii. 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.

2. BRIEF BACKGROUND OF BALKRISHNA PAPER MILLS LIMITED

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

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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').

As provided by the Management, the shareholding pattern of BPML as on date is as follows:

(a) **Equity Shares:**

Particulars	No. of equity shares	% of holding
Promoter and Promoter group	1,93,15,802	59.95%
Public	1,29,03,730	40.05%
Total (face value of INR 10 each)	**3,22,19,532**	**100.00%**

(b) **6.5% Non-Cumulative Redeemable Preference Shares:**

Name of the shareholder	No. of preference shares	% of holding
Promoter and Promoter Group	1,10,00,000	100%
Total (face value of INR 100 each)	**1,10,00,000**	**100%**

As per the limited reviewed financial results of the Company for six months period ended September 30, 2025 ('6ME Sep25'), the issued, subscribed and paid-up equity share capital of the Company is INR 32.21 crores and the issued, subscribed and paid-up preference share capital of the Company is INR 110 crores.

3. REGISTERED VALUER - SSPA & CO., CHARTERED ACCOUNTANTS

SSPA, is a partnership firm, located at 1st Floor, "Arjun", Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing valuation and various other corporate consultancy services.

We are a firm of practising Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

4. SOURCES OF INFORMATION

For the purpose of this exercise, we have relied upon the following sources of information received from the Management and information available in the public domain:

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- Annual report of the Company for Financial Year ('FY') 2024-25.
- Limited reviewed financial results of the Company for 6ME Sep25.
- Draft scheme of reduction of share capital.
- Discussion with the Management including the management representation letter in connection with the operations of the Company and such other information and explanations as we required and which have been provided by the Management.

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

5.1. Our report is subject to the scope and limitations 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 and in the context of the purpose for which it is made. Further, our recommendation is in accordance with ICAI Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.

5.2. The report assumes that the Company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to us.

5.3. The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.

5.4. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Company and / or their auditors / consultants of the Company, is that of the Management. Also, with respect to explanations and information sought from the Company, we have been given to understand by the Management that they have not omitted any relevant and material information about the Company. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our conclusions.

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5.5. Our work does not constitute an audit, due diligence, or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any information referred to in this report and consequential impact on the present exercise. However, we have evaluated the information provided to us by the Company through broad inquiry, analysis, and review. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.

5.6. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on the report including any significant changes that have taken place or are likely to take place in the financial position of the Company. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this report.

5.7. We are independent of the Company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

5.8. Our report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law including companies, competition, taxation, and capital market related laws or as regards any legal implications or issues arising in India or abroad from the Proposed Transaction.

5.9. Any person/party intending to provide finance/divest/invest in the shares/convertible instruments/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

5.10. The decision to carry out the Proposed Transaction lies entirely with the parties concerned and our work and our finding shall not constitute a recommendation as to whether or not the parties should carry out the Proposed Transaction.

5.11. Our report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. It is exclusively for the use of the Company and may be submitted to regulatory/statutory authority for obtaining

SSPA & CO. PSV REGISTERED VALUER CHARTERED ACCOUNTANTS requisite approvals. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to whom the report is disclosed or otherwise made available.

5.12. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness, or completeness of the information, based on which this report is issued. We owe responsibility only to the Client that has appointed us under the terms of the Engagement Letter. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions, or advice given by any other person. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or wilful default on part of the Client, their directors, employees, or agents.

6. RECOMMENDATION ON REDUCTION OF EQUITY SHARE CAPITAL OF THE COMPANY

6.1. As mentioned hereinabove, the Board of Directors has proposed to undertake a reduction of equity 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, subject to requisite approvals, as set out below:

- 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.

6.2. As stated in SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023, valuation is not required in cases where there is no change in the shareholding pattern of the Company. Therefore, **no valuation of the Company is required to be undertaken** for the proposed reduction of equity share capital through the Scheme since:

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i. Pursuant to the Scheme as on the effective Date, there will be no change or reduction in the number of equity shares issued by the Company, and hence, the proportion of the equity shares held by the existing members of the Company will remain intact and no prejudice will be caused to the equity shareholders of the Company by the aforesaid reduction in equity share capital;

ii. The pre and post beneficial equity ownership of the Company is as below:

Particulars	Prior the implementation of the Scheme of Reduction		Post the implementation of Scheme of Reduction	
	No. of equity shares (face value of INR 10 each)	% of holding	No. of equity shares (face value of INR 1 each)	% of holding
Promoter and Promoter group	1,93,15,802	59.95%	1,93,15,802	59.95%
Public	1,29,03,730	40.05%	1,29,03,730	40.05%
Total	**3,22,19,532**	**100.00%**	**3,22,19,532**	**100.00%**

Pursuant to the Scheme, the beneficial equity ownership of the Company remains the same, there shall not be any change in the proportion of equity shareholding of any of the pre-scheme equity shareholders of the Company;

iii. There shall not be any allotment of new equity shares upon reduction of capital. There is only reduction of the paid-up equity share capital of the Company by 90% which shall be given effect; and

iv. All the pre-scheme equity shareholders shall remain the equity shareholders of the Company after Scheme in the same proportion.

7. RECOMMENDATION ON REDUCTION OF PREFERENCE SHARE CAPITAL OF THE COMPANY

7.1. As mentioned hereinabove, the Board of Directors has proposed to undertake a reduction of preference share capital in accordance with Section 66 and other applicable provisions of the Companies Act, 2013 with effect from the Appointed Date, subject to requisite approvals, as set out below:

i. 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. The said unsecured non-interest-bearing loan shall be subordinate to all other secured and unsecured liabilities and claims of the Company; and

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

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7.2. Based on our review, information made available to us and discussions with the Management, in our opinion, the aforementioned proposed reduction of preference share capital through the Scheme is fair and reasonable considering the following:

i. The Reduction will not cause any prejudice to the interest of the Creditors of the Company as the unsecured non-interest-bearing loan created pursuant to cancellation of Preference Shares will be subordinate to all other secured and unsecured liabilities and claims of the Company. The Creditors of the Company are in no way affected by the proposed reduction of the Preference Share Capital, as there will not be any reduction in the amount payable to any of the Creditors arising out of this reduction. Further, the proposed reduction would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or pay the debts in ordinary course of business. The above proposal, does not in any manner, alter, vary, or affect the rights of the Creditors;

ii. The Capital Reduction in any manner whatsoever does not, alter, vary, or affect the payment of any types of dues or outstanding amounts including all or any of the statutory dues payable or outstanding; and

iii. The preference share capital reduction and recording of consideration payable as unsecured non-interest-bearing loan is not prejudicial to the equity shareholders of the Company, since their *inter-se* position is unaffected as preference shareholders have priority over equity shareholders, in case of liquidation.

Thanking you,
Yours faithfully,

For SSPA & CO.
Chartered Accountants
ICAI Firm registration number: 128851W
IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126

Parag S. Ved

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Parag Ved
Partner
ICAI Membership No. 102432
IBBI Registered Valuer No.: IBBI/RV/06/2018/10092
UDIN: 25102432MDPCYV8552
Place: Mumbai
Date: December 23, 2025