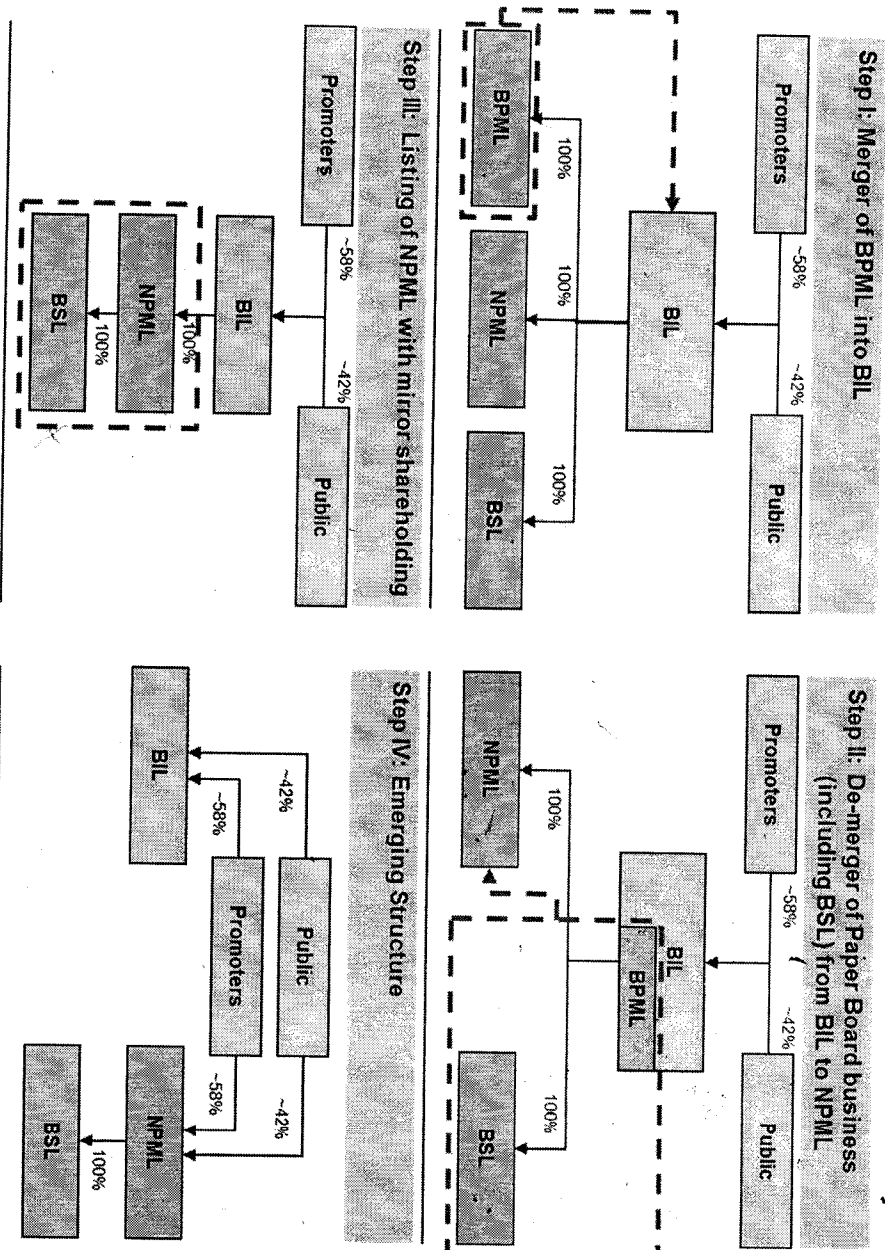


Balkrishna Industries Limited –Scheme of Arrangement

Brief Overview:

- Step I:
 - Merger of BPML with its parent BIL
- Step II:
 - De-merger of Paper Board Business along with BIL's investment in BSL from BIL to NPML
- Step III:
 - NPML to issue shares to shareholders of BIL in the same proportion as their holding in BIL
 - Shareholding of BIL in NPML to be cancelled
 - NPML to be listed on same stock exchanges as BIL
- Step IV:
 - Emerging structure showing two independent listed entities



Note:
1. BIL: Balkrishna Industries Limited; BPML: Balkrishna Paper Mills Limited; BSL: Balkrishna Synthetics Limited; NPML: Ninkhara Paper Mills Limited

Background and Rationale:

- (i) BIL is engaged in the business, *inter alia*, of manufacturing, buying, selling, exchanging, processing, importing, exporting or dealing, *inter alia*, in pneumatic tyres, BPML is engaged in the business, *inter alia*, of manufacturing, buying, selling, exchanging, processing, importing, exporting or dealing, *inter alia*, in paper products and NPML is a newly incorporated Company (incorporated on June 29, 2013) to engage in manufacturing, buying, selling, exchanging, processing, importing, exporting or dealing, *inter alia*, in paper products.
- (ii) BIL, by itself and through its subsidiaries, is engaged in two distinct lines of business namely (i) manufacturing and marketing of pneumatic tyres; and (ii) other businesses *inter alia*, manufacturing and marketing of paper boards and processing of textile fabrics.
- (iii) The nature of risk and competition involved in the aforesaid line of businesses are distinct from each other necessitating different management and growth focus. Consequently, the aforesaid businesses require different set of investors, strategic partners, lenders and other stakeholders for their growth.
- (iv) With a view to realize the aforesaid growth potentials, BIL proposes to re-organize and segregate, by way of a scheme of arrangement, its business, undertaking and investments in the paper board business.
- (v) The emerging structure will result in two separate listed entities *viz.* BIL and NPML engaged in tire business and paper & allied businesses respectively.

Consideration:

Upon the Scheme becoming effective and in consideration of the demerger including the transfer and vesting of the Demerged Undertaking in NPML, NPML shall allot to each member of BIL, whose name is recorded in the register of members on the Record Date, in accordance with the terms of the Scheme one fully paid up equity share of Rs. 10 of NPML each credited as fully paid up for every Nine fully paid equity share of Rs. 2 each held by such shareholder or his/her/its heirs, executors, administrators or successors in BIL.

In case any member's holding in BIL is such that such member becomes entitled to a fraction of one equity share of NPML, NPML shall not issue fractional share certificate to such member and shall consolidate such fractions and issue the consolidated shares to a trustee nominated by the board of directors of BIL in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to such members in proportion to their respective fractional entitlements.