Ramji Mahadevan
Regd Valuer (Fin Assets), PMLA,
FCA, RV, IRP, CMA(USA), CMA(INDIA)
IBBI / RV / 05 / 2019 / 10894
Certified Data Analyst, ESG SEBI Auditor
ICAI#204541, RV#10894

#15-7, Maruthi, 35th Street,
Nanganallur, Chennai - 600 061.
Mobile : 99624 96298
E-mail : yahooramji@gmail.com
ICMA#39478, IP#12258

TO
THE BOARD OF DIRECTORS,
SHAYA POLYMERS LTD
CIN-U24100TN2017PLC115377
PLOT NO. E4, SIPCOT INDUSTRIAL PARK,
IRRUNGATTUKOTTAI, Sriperumbudur, Tamil Nadu-602117

Subj: Valuation Report of your Entity and Shares for the purpose of Further Issue of Equity Shares, CCD Issue and swap of shares to acquire shareholding in subsidiary company.

Hello Madam & Sirs,

Reference

We are writing to confirm our appointment for conducting the business valuation of your entity and Shares, as detailed in the engagement letter, electronic communication modes and emails.

We acknowledge the task of determining the value of your entity and shares, as specified above and as mentioned in the engagement letter. Considering this, we have commenced the valuation assignment based on your entity operating as a going concern, aligning with the purpose detailed therein.

ENTITY INCORPORATION DATE – 08-MARCH-2017

Valuation Date – 31 AUGUST 2026
Valuer Engagement Date – 10 SEPTEMBER 2026
Valuer Report Date – 20 SEPTEMBER 2026
IBBI RV-MCA ICMAI-CA ICAI UDIN- 26204541JXQQXI5214

Valuation Method adopted here - DCF (as per IVS, ICAI, TAX LAWS)
Valuation methods and workings are followed here on an arm's length basis.
Latest Audited financials considered- 31 March 2026.
For the subsequent period Projected Management certified financials are considered

MR
CA. Ramji S/o Mahadevan
Regd Valuer - Finance - SFA - IBBI
FCA, RV, CMA (USA), CMA (INDIA), IRP
Chennai - 9962496298
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CA. Ramji S/o Mahadevan
MR
Regd Valuer-SFA-IBBI

Amt in Crores Rs

Particulars	FY27	FY28	FY29	FY30	FY31
Revenue	503	749	974	1,169	1,347
Revenue growth		48.99%	30.10%	20.00%	15.18%
PBT % on Sales	20.50%	20.15%	19.42%	18.79%	17.54%
PBT	103	151	189	220	236
Tax @ 25%	26	38	47	55	59
PAT	77	113	142	165	177
Depreciation	15	19	21	23	27
Owners' capital inflow	-	-	-	-	-
Additional Capex	55	91	51	59	57
Working capital change	80	92	85	31	41
FCFF	-42	-51	27	98	105
Terminal value					2,230
Total FCFF	-42	-51	27	98	2,336
Discount Factor	0.87	0.75	0.65	0.57	0.49
PV of FCFF	-37	-39	18	56	1,151
Enterprise Value	1,149				
Less: Debt	151				
Equity Value	998				

No. of Equity Shares	23,544,075
Share price	**₹ 424**



Assumptions	
Rf	7.02%
Rm	12.74%
Equity Risk Premium	5.72%
Levered Beta	1.6
Project Specific Risk	7%
Cost of Equity	23%
Cost of Debt	12%
Debt %	70%
Equity %	30%
WACC	15.2%
Terminal growth	10.0%

Rf-10 Year GSEC Bond Yield has been considered as on 31st March 2026 has been considered

Rm-Historical Market total return since inception has been considered

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Valuation Methodology & Fair Value:

DCF Valuation Methodology (Discounted Cash Flow) is used for this Valuation assignment.

Since the entity is a Going Concern, we have adopted the DCF (Discounted Cash Flow) Valuation method as prescribed by Valuation Standards. Also, this company's free cash flows align with the company's profitability, hence DCF method is the suitable method of Valuation. In DCF Method the Valuation is based on Future earnings.

The DCF method assesses the entity's worth by discounting its future free cash flows, both within the forecast period and in perpetuity thereafter, to Value the entity based on its Future Earnings.

The Entity's (firm's) forecasted free cash flows (FCFF) are discounted back to the Valuation date, resulting in the Present Value of the asset (Entity/Share). The perpetuity period value or Terminal Value represents the cash flow at the end of the explicit projection period. The Terminal Value is being considered by Gordon Growth Method. The discount rate r (WACC) is computed as per CAPM (Capital Assets pricing Model).

The other Valuation methods are not suitable here - NAV-Net Assets Valuation method & Replacement Cost Valuation Methods are primarily used when an entity is undergoing liquidation or experiencing complete transformation in its products, services, customer base, ownership, or shareholders. They help determine the expected payout in a liquidation scenario.

The CCA-Comparable Company Analysis method and P/E (price earnings) ratio methods are typically applied when shares are publicly traded regularly and comprehensive data is available for similar companies—considering factors such as company size, market presence, product offerings, and workforce.



The Book Value Method-Investors often use this method for listed entities when they suspect significant undervaluation or overvaluation of shares compared to the market price or IPO price.

Precedent transaction analysis Method- This valuation method involves analyzing historical mergers and acquisitions (M&A) transactions to assess the current value of a comparable business. It is commonly used when valuing an entire company in the context of a merger or acquisition.

After evaluating these factors and consulting various stakeholders, we have determined that the **Discounted Cash Flow (DCF) Method** is the most suitable approach for valuing this entity and its shares. Accordingly, we have chosen to employ the **DCF valuation method** in this assignment.

DCF Calculation Process

The derived Free Cash Flow for Equity (FCFE) is the result of discounting the cash flows by the weighted average cost of capital ('r), which encapsulates the enterprise's business and financial risks. The Enterprise value is then computed by summing the discounted cash flows for the explicit forecast period with the present value of terminal value, along with any market value of non-operating investments, minus any current and forecasted debts and liabilities.

Discount Rate Consideration

The chosen discount rate reflects the return on equity investment, adjusted for the assumed risk borne by investors and their corresponding capital contribution. The discount rate is considered after reviewing the Risk-Free Return, Equity Risk Premium, Beta, Tax rates, Debt Equity mix, Debt Leverage ratio, Opportunity cost Rate of return if the investments were deployed in other ventures, Liquidity Premium.

The DCF method is widely acknowledged as a robust valuation tool, particularly for Going Concerns, owing to its comprehensive consideration of future cash flows.

Usage of this Report

The information provided in this document is intended exclusively for the use and knowledge of the specified entity and solely for the above-mentioned purpose.

Anyone intending to provide financing, invest in the business or shares of the entity, or engage in any dealings with the entity should conduct their own due diligence and seek professional advice to make an informed decision. Please note that reproducing, copying, or quoting any part of this report is only permitted with our written consent.

Sources of Information:

Our analysis derives from an examination of industry-related data, along with details, representations, and explanations furnished by the management. The specific sources of information include:

Accounting Records: Audited financials & Details provided by the management from the accounting records.

MCA Records- Information available in MCA, Projected financial, Limited Review financials.

Management Approved Provisional Estimates and actuals: Future-year estimates and current period actuals as approved by the management.



Discussions with the Management of the company on various issues relating to the operational income and costs, funds flow, the capital structure including but not limited to the industry, business plan, taxes, HR policies, Artificial Intelligence, Machine Language, BLOCKCHAIN Technologies Deployment plans, Digital Assets deployment plans, Risks, additional Capex, Maintenance capex and depreciation, amortization workings, export, import plans, working capital management, Weighted cost of capital, Opportunity cost of capital investments, Long term sustainable growth rate, Terminal values, expected long term sustainable return on capital, product life cycle, Services Life cycle, Research and Development plans, CSR plans, Long term reinvestment rate and all other relevant issues relating to this venture.

Management and the Valuer are in the same page with regard to Cash flow forecasts, debts forecasts, Discount rate, Additional capex, Additional owners' equity inflows and all other workings in this Valuation Report. Other industry-related information from various publicly available sources and reports provided by the management are also considered. In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of the Analysis.

Assumptions Made:

Working Capital and Capex, Sales Growth and Profitability, Debt Equity calculations are made based on the specific requirements of the business and based on comprehensive discussions with Management and projected business expansions.

Liquidity Premium in WACC: Reflects the increased cost associated with investments that are not easily liquidated, determined through detailed discussions and market analysis. Liquidity premium is the additional cost to consider while making an additional investment, since this investment is not easy to liquidate. As unlisted businesses are difficult to liquidate.
The cost of the capital/cost of the investment / expected rate of returns by the investors will be increased because of non-easy liquidity. As of now, there is no authenticated data available in India for similar kinds of private enterprises' data and there is no written rule or guidance to consider Liquidity Premium %. In this case the Liquidity Premium number is adopted after detailed discussions with the Management and seeing the Unlisted Indian companies share transfers' trend.

Limitations

Our report is subject to various limitations and caveats outlined below.

Valuation Analysis & Events after date
The valuation analysis provided in this report reflects the value only as of the specific date mentioned herein. We operate under the understanding that the Management has disclosed all pertinent matters within their knowledge that could affect our report up to the date of its issuance. However, we bear no responsibility for updating the report for events occurring after its publication.

Scope of Services
Our services do not encompass accounting, assurance, audit, financial due diligence review, investment advice, consulting, transfer pricing, or domestic/international tax-related services typically provided by us. We have relied on explanations and information furnished by the Management, presuming them to be accurate and comprehensive. Although we have assessed this data for consistency and reasonableness in a broad level, we have not independently verified it through investigation.



Information Evaluation
While the Management has provided us with written, verbal, or other representations regarding various industry, operational, or financial matters, we have evaluated these inputs through broad inquiry and review, without conducting audit, due diligence, investigation, or verification. Profit forecasts inherently involve subjective judgment, and we have also relied on data from external sources, assuming their reliability without assuming liability for their accuracy.

Asset Title, Govt Approvals, Our Fee Independence
Our work does not confirm the Entity's claim to the title of any asset, project approvals, or any lien or encumbrances thereon. We have operated under the assumption that all necessary Govt and Legal approvals are obtained, legal compliances are being properly complied, and the business will continue without disruptions due to statutory or other external/internal occurrences. We have no present or planned future interest in the entity, and our fee for this report is not contingent upon the values reported herein.

Valuation Standards (ICAI + IVS)
We have adhered to the ICAI RVO Valuation Standards (Institute of Chartered Accountants of India, Registered Valuers Organization) and IVS (International Valuation Standards) wherever applicable.

Arm's Length Transactions.
We have been informed by the management that the share issues and share transfers will be made at arm's length price. All the assets of the entity will be used in the Highest and Best way.

END OF THE REPORT.

