

Valuation Report

ON
FAIR EQUITY SHARE EXCHANGE RATIO
(STRICTLY PRIVATE AND CONFIDENTIAL)

PURSUANT TO THE SCHEME OF AMALGAMATION OF
Fibcorp Polyweave Private Limited (Transferor Company)

With

Sah Polymers Limited (Transferee Company)

Prepared by

MAHESH MANDOWARA (IBBI Regd. Valuer-SFA)

Regn. Number: IBBI/RV/06/2020/13459

Contact: 9702799000

E-mail: mmandowara@gmail.com

Strictly Private & Confidential

To,
Board of Directors,
Sah Polymers Limited/Fibcorp Polyweave Private Limited
E-260-261, Mewar Industrial Area,
Madri,
Udaipur-313003

Dear Sir/ Madam,

Sub: Recommendation of Share Exchange Ratio for the proposed amalgamation of Fibcorp Polyweave Private Limited (FPPL) with and into Sah Polymers Limited (SPL)

I refer to the engagement letters whereby, **Sah Polymers Limited ('SPL')/Fibcorp Polyweave Private Limited('FPPL')** , have engaged CA Mahesh Mandowara for recommendation of the Share Exchange Ratio for the proposed merger of **Fibcorp Polyweave Private Limited ('FPPL')** with and into SPL are together referred to as 'Companies'. CA Mahesh Mandowara has been hereafter referred to as 'Registered Valuer' or 'I' or 'me'.

SCOPE AND PURPOSE OF THIS REPORT

I understand that the management of the Companies ('Management') are contemplating merger of FPPL into SPL ('Transaction') pursuant to e Scheme of Merger ('Scheme') to be implemented under the provisions of section 230 to 232 and other applicable provisions of the Companies Act, 2013. In this regard, 1st April,2023 has been considered as the appointed date for the proposed Transaction. As a consideration for the merger, equity shareholders of FPPL would be Issued equity shares of SPL. Share Exchange Ratio for this Report refers to the number of equity shares of face value of INR 10/- each of SPL, which would be issued to the shareholders of FPPL. Equity Shares held by SPL in FPPL will stand cancelled.

For the aforesaid purpose, the Client has engaged the Registered Valuer to submit report recommending share exchange ratio. The scope of my services is to conduct a relative (and not absolute) valuation of the equity shares of the Companies and recommending the Share Exchange Ratio in accordance with generally accepted professional standards.

SOURCE OF INFORMATION

My valuation analysis is undertaken based on the following information relating to the Business of the Company, furnished to me by the management of the Company and Information available in public domain.

I have been provided with the following documents/information by the Client:

a) Draft Scheme of Amalgamation u/s 230 to 232 and other applicable provisions of the Companies Act, 2013;




- b) Audited financial statements of the Companies for the past 3 years as available in the public domain;
- c) The projected income statements and balance sheets of FPPL;
- d) Other relevant details regarding the Companies such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain;
- e) Such other information and explanations as I required and which have been provided by the management of the Companies.

DATE OF VALUATION

The valuation is done as of 30th June 2023. The Cut-off date for all the exercises is taken as 22nd September 2023.

BACKGROUND

SPL is a public listed company engaged in the business of marketing and manufacturing of the Flexible Intermediate bulk containers (FIBC), Flexible packaging and a DCA of the IOCL for their polymers business in respect of Udaipur region. The Company is in the business since 1998. The annual production capacity is 7200 MT.

Share Holding Pattern as on 30th June 2023

Sr. No.	Class of Shareholders	No. of shares held	% of total shareholding
1	Promoter & Promoter Group	15596000	60.46
2	Public	10200000	39.54
	Total	25796000	100.00

Corporate Information	
CIN	U24201RJ1992PLC006657
Registration Number	006657
Company Category	Company Limited by Shares
Company Sub Category	Non-Govt Company
Whether Listed or not	Listed
Class of Company	Public
Registered Address	E-260-261 MEWAR INDUSTRIAL AREA, MADRI UDAIPUR RJ 313003 IN
Company Status (for e-filing)	Active

(Handwritten Signature)



FPPL is a private limited company engaged in the business of marketing and manufacturing of the Flexible Intermediate bulk containers (FIBC), Flexible packaging .The Company is in the business since 2017.

Share Holding Pattern as on 30th June, 2023

Sr. No.	Class of Shareholders	No. of shares held	% of total shareholding
1	Promoter & Promoter Group	33884	51.01
2	Public	32546	48.99
	Total	66430	100.00

Corporate Information	
CIN	U17309RJ2017PTC058691
Registration Number	058691
Company Category	Company Limited by Shares
Company Sub Category	Non-Govt Company
Whether Listed or not	unlisted
Class of Company	Private
Registered Address	E 260-261, MEWAR INDUSTRIAL AREA MADRI UDAIPUR Udaipur RJ 313003 IN
Company Status (for e-filing)	Active



EXCLUSIONS AND LIMITATIONS

My report is subject to the scope limitations detailed in engagement letter dated 4th August 2023. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

No Investigation of the Companies' claims to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid.

No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

My work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in report as per the agreed terms of the engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particulars. This report is Issued on the understanding that the Client has drawn my attention to all the material information, which it is aware of concerning the financial position of the Company and any other matter, which have an impact on my opinion, on the fair value of shares of the Companies for the purpose of the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies, after the report date. I have no responsibility to update this report for events and circumstances occurring after the date of the report.

During valuation, I was provided with both written and verbal information. I have evaluated the information provided to me by the Client through broad inquiry, analysis and review but have not carried a due diligence or audit of the information provided for the purpose of this engagement. I assume no responsibility for any errors in the above information furnished by the Client and consequential impact on the present exercise.

While valuation work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the client.




Valuer is not responsible for arithmetical inaccuracies/logical inconsistencies of any financial model or business plan or other information / data provided by the Corporate Debtor /Liquidator and used in connection with this Report. Also, valuer has been given to understand that it has not omitted any relevant and material factors and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. Valuer assumes no responsibility for any errors in the information furnished and their impact on the present exercise

The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and I normally express my opinion on the value as falling within a likely range.

I am independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis

my report is not, nor should it be construed as my opinion or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market laws or as regards any legal Implications or issues arising from such proposed transaction. This report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for submission to any regulatory / statutory authority as may be required under the law. Valuer, nor its managers, employees, or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness, or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

The information contained herein, and my report is confidential. Any person/ party intending to provide finance / Invest in the shares/I businesses of any of the Companies, 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. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed amalgamation as aforesaid, can be done only with my prior permission in writing. my report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein




APPROACH TO VALUATION ENGAGEMENT

In connection with this exercise, I have adopted the following procedures to carry out the valuation:

- Discussion with the Management to understand the business and fundamental factors that affect its earning-generating capability including strength, weaknesses, opportunity and threats analysis and historical financial performance.
- Analysis of information shared by the Management.
- Analysis of Information related to the Companies and its peers as available in public domain.
- Selection of appropriate internationally accepted valuation methodology/(ies) after deliberation
- Arriving at Valuation of Shares for the Proposed Transaction

VALUATION MEHTODOLOGY

The Scheme contemplates the Merger of FPPL into SPL. Arriving at the valuation of Shares of SPL, would require determining value of the business of SPL. The valuation is to be determined independently but on a relative basis, and without considering the Proposed Transaction. There are several commonly used and accepted methods for determining the valuation, which have been considered in the present case, to the extent and applicable, including:

1. Market Approach:
2. Income Approach: Discounted Cash Flow Method.
3. Cost Approach: Net Asset Value Method.

As discussed below for the Proposed Transaction I have considered these methods, to the extent relevant and applicable. This valuation could fluctuate with passage of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financials and otherwise, of the Companies, and other factors which generally influence the valuation of the companies and their assets.

I have relied on the judgement of the Management as regards contingent and other liabilities. The application of any method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. My choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature, regulatory guideline and my reasonable Judgement, in an independent and bona fide manner based on my previous experience of assignments. The Valuation methodologies as may be applicable which have been used to arrive at the value attributable to the equity shareholders of SPL is discussed hereunder:

Market Price (MP) Method:

The market price of an equity share as quoted on a stock Entitlement is normally considered as the value of the equity shares of that company where such quotations are available from the shares being regularly and freely traded in, subject to the element of speculative support that may be Inbuilt in the value of the shares.

In terms of Regulation 164 (1) of Part IV of Chapter V of the SEBI ICDR Regulations, if the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

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- a) the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date;
- b) the 10 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date.

Since SPL is a listed Company and equity shares of SPL are traded on NSE and BSE over a reasonable period, I have considered Market Price method to determine the value of equity shares of SPL, I understand that shares are frequently traded as per SEBI ICDR regulations. I have been informed by the Management of SPL that the board meeting of SPL is proposed to be scheduled on 25th September 2023. Hence the relevant date as per the SEBI ICDR regulations read with the SEBI Circular, for the purpose of calculation of the price per share of SPL for the proposed preferential issue of shares is 25th September 2023. I have considered the stock prices of SPL from NSE for calculating the fair market value of equity shares of SPL considering the volumes traded on NSE is higher than that in BSE.

Discounted Cash Flow (DCF) Method:

The discounted cash flow method has also been used to value the equity of the companies. The discounted cash flow method is a modern valuation method which relates the value of an asset to the present value of the expected future cash flows on that assets. Under this method the value of the business has been determined by the formula:

$$\text{Value of Business} = \sum_{t=1}^{\infty} \frac{\text{FCFF}_t}{(1+\text{WACC})^t}$$

The value of equity is the value of the firm minus the value of the firm's debt:

Where,

t = period 1 to n,

FCFF = Expected free cash flow to firm in period n,

WACC = Weighted Average Cost of Capital

The WACC of the FPPL has been calculated with a target Debt Equity ratio. The said target Debt Equity Ratio has been derived by averaging the Debt Equity Ratio of Industry Leaders. The terminal value has been estimated in the last year of forecast period and the present value of the same is added to present value of all the cash flows.



In my valuation model, I have considered EBITDA Multiple to arrive at the terminal value in case of FPPL. Terminal Value: EBITDA for Final Projected Year X EV Multiple of Industry Peers. In case of Net Assets

Method, the value is determined by dividing the Net Assets of the Company by the number of shares. The underlying asset approach represents the value with reference to the historical cost of the assets owned by the Company and attached liabilities as at the valuation date. Since the shares are valued on a "going concern" basis and an actual realization of operating assets are not contemplated; I have considered it appropriate not to determine the realizable or replacement value of the assets. The operating assets have therefore been considered at their book values.

RECOMMENDATION ON FAIR EXCHANGE RATIO

The fair basis of merger of the Companies would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at, under each of the above approaches, for the purpose of recommending a ratio of exchange, it is necessary to arrive at a single value for the shares of each company.

It is however important to note that in doing so, I am not attempting to arrive at the absolute values of the shares of each Company. My exercise is to work out relative value of shares of the Companies to facilitate the determination of ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

Considering the fact that, after the merger, the business of SPL is intended to be continued on a "going concern" basis and that there is no intention to dispose-off the assets, further coupled with the fact that SPL being a listed entity, Market Approach is being considered appropriate. In case of FPPL Income Approach is being considered appropriate and Cost Approach and market approach are not being considered appropriate for the valuation purpose.

Valuation approach	SPL		FPPL	
	Value per share	Weightage	Value per share	Weightage
Asset Approach - NAV Method*	NA	NA	NA	NA
Income Approach- DCF Method**	NA	NA	5236	100%
Market Approach	105.97	100%	NA	NA
Relative Value Per Share	105.97		5236	
Fair Exchange Ratio (rounded off)	494/10			

*Both the companies are assumed to continue business on "going concern basis", and there being no intention to dispose off the assets, therefore, I have not considered Asset Approach Method for the said transaction.

**Business plan of SPL could not be provided by the Management of the Company being a forward price sensitive information, hence did not consider Income Approach Method for SPL valuation.

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RATIO:

494 equity share of SPL of Rs. 10 each fully paid up for every 10 equity shares of FPPL of Rs. 100/- each fully paid up. The share exchange ratio has been arrived based on a relative valuation of the shares of the Companies based on the various methodologies explained herein earlier and various qualitative factors relevant to each of the company and the business dynamics and growth potential of the businesses of the Companies, having regard to information base, management representations and perceptions, key underlying assumptions, and limitations.

In the ultimate analysis, valuation will have to involve the exercise of Judicious discretion and judgement considering all the relevant factors. There will always be several factors, e.g. present and prospective competition; yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. This concept is also recognized in various Judicial decisions.

FAIR EXCHANGE RATIO FOR MERGER OF FPPL into SPL

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed, and outlined hereinabove referred to earlier in this report, In my opinion, a fair ratio of exchange in the event of merger of FPPL into SPL would be: 494 equity share of SPL of Rs. 10 each fully paid up for every 10 equity shares of FPPL of Rs. 100 each fully paid up.

Sincerely Yours,



Mahesh Mandowara

Registered Valuer-SFA

Regn. Number: IBBI/RV/06/2020/13459

UDIN: 23408134BGQPTM4019

Date: 25th September 2023



SAH POLYMERS LIMITED

www.sahpolymers.com CIN : U24201RJ1992PLC006657

To,
The Manager,
Listing Department,
National Stock Exchange Limited,
Exchange Plaza, C-1, Block-G
Bandra Kurla Complex,
Bandra(E),
Mumbai- 400051
Scrip Code: SAH

Dear Sir/ Madam,

Sub: Confirmation

Ref: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme of Amalgamation of FIBCORP POLYWEAVE PRIVATE LIMITED ("Transferor Company") with SAH POLYMERS LIMITED ("Transferee Company") and their respective shareholders ("Scheme")


The Company does hereby confirm that:

No Material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.

Thanking you.
Yours faithfully,

Certified True Copy
For SAH POLYMERS LIMITED




RUNEL SAXENA
Company Secretary and Compliance Officer
Place: Udaipur
Dated: 25.09.2023



AN ISO 9001:2015
Reg. No. D00417060

Regd. Office & Factory :
E 260-261, Mewar Industrial Area, Madri, Udaipur-313003 (Rajasthan)
Tel : 0294-2490242, 9983349242, Tele/Fax : 0294-2490534
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+91 9461017253

Where commitment supersedes everything else

FIBCORP
POLYWEAVE +

FIBCORP Polyweave Pvt. Ltd.

Regd. Office : E 260-261, Mewar Industrial Area, madri,
Udaipur (Rajasthan) – INDIA

www.fibcorpp.com, info@fibcorpp.com

CIN: U17309RJ2017PTC058691

GST: 08AADCF1666R1Z1

To,
The Manager,
Listing Department,
National Stock Exchange Limited,
Exchange Plaza, C-1, Block-G
Bandra Kurla Complex,
Bandra(E),
Mumbai- 400051

Dear Sir/ Madam,

Sub: Confirmation

Ref: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme of Amalgamation of FIBCORP POLYWEAVE PRIVATE LIMITED (“Transferor Company”) with SAH POLYMERS LIMITED (“Transferee Company”) and their respective shareholders (“Scheme”)

The Company does hereby confirm that:

No Material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.

Thanking you.

Yours faithfully,
Certified true Copy

For FIBCORP POLYWEAVE PRIVATE LIMITED


Murtaza Ali Moti

Director
Place: Udaipur
Dated: 25.09.2023

