VIVRO

Vivro Financial Services Private Ltd.
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May 20, 2017

To,
The Board of Directors,
Arfin India Limited
B 302, 3rd Floor, Pelican House,
Near Natraj Cinema,
Gujarat Chamber of Commerce Building,
Ashram Road, Ahmedabad – 380 009

Subject: Fairness Opinion on the report of Sandip Desai & Co., Chartered Accountants, Ahmedabad with respect to the proposed amalgamation of Mahendra Aluminum Company Limited into Arfin India Limited

Dear Sirs,
We, Vivro Financial Services Private Limited ('Vivro', 'we', 'us', 'our'), refer to our engagement letter dated December 15, 2016 whereby Arfin India Limited (hereinafter referred to as 'ARFIN' the Transferee Company', 'You', 'Your') has appointed us as an Independent Merchant Banker for furnishing a "Fairness Opinion" on the valuation carried out by Sandip Desai & Co., Chartered Accountants, Ahmedabad, ("Valuer"), vide its Valuation Report dated **May 20, 2017** pursuant to the proposed Scheme of Amalgamation of Mahendra Aluminum Company Limited (hereinafter referred to as 'MALCO', 'the Transferor Company') with Arfin India Limited pursuant to sections 230 - 232 of the Companies Act, 2013.

1. SOURCES OF INFORMATION

We have relied on the following information made available to us by the management of both the Companies for purpose of this opinion:

1. Memorandum and Articles of Association of ARFIN and MALCO;
2. Audited Financial Statements of ARFIN and MALCO for the year ended on March 31, 2015, March 31, 2016 and March 31, 2017;
3. Valuation Report prepared by Sandip Desai & Co., Chartered Accountants, Ahmedabad, dated May 20, 2017 for the purpose of ascertaining share exchange ratio for the proposed Scheme of Amalgamation of ARFIN and MALCO;
4. Draft Scheme of Arrangement in nature of Amalgamation of MALCO into ARFIN;
5. Shareholding Pattern of both the Companies as on March 31, 2017 as well as the proposed shareholding pattern after considering the effect of the proposed scheme of amalgamation;
6. Financial Projections of MALCO from April 1, 2017 to March 31, 2021 duly certified by the Management of MALCO;
7. Details of Market Price and trading volume of Equity Shares of ARFIN on BSE;
8. Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for purpose of carrying out this assignment.

ARFIN INDIA LTD. AHMEDABAD

CIN - U67120GJ1996PTC029182, Merchant Banker Sebi Reg. No. INM000010122, AMBI Reg. No. AMBI/086

2. BACKGROUND OF COMPANIES

❖ ARFIN INDIA LIMITED - TRANSFEREE COMPANY

Arfin India Limited is a public limited company incorporated on April 10, 1992 under the Companies Act, 1956 having its registered office situated at B 302, 3rd Floor, Pelican House, Near Natraj Cinema Gujarat Chamber of Commerce Building, Ashram Road Ahmedabad – 380 009. ARFIN is engaged in the business of manufacturing Aluminum Products, Auto & Cored Wire Products.

The Equity Shares of the Company are listed on BSE Limited. The Equity Shares are frequently traded on BSE Limited.

Financial Performance of ARFIN:

₹ in Lakhs

Particulars	2017A	2016A	2015A
Total Revenue	34,471.64	27,321.71	25,094.07
Profit Before Tax	2,052.58	1,000.66	705.31
Profit After Tax	1,301.77	660.98	467.13
Shareholders' Funds	5,388.95	2,377.20	1,770.71

Board of Directors of ARFIN:

Sr. No.	Names of Directors	Designation
1.	Jatin Mahendrakumar Shah	Managing Director
2.	Mahendrakumar Rikhavchand Shah	Chairman & Whole Time Director
3.	Pushpa Mahendra Shah	Executive Director
4.	Bherulal Lalchand Chopra	Additional Independent Director
5.	Dilip Kumar Daga	Independent Director
6.	Shantilal Mehta	Independent Director

Shareholding Pattern as on March 31, 2017:

Particulars	No of shares	Shareholding (%)
Promoters & Promoter Group	29,44,257	72.68%
Public	11,06,900	27.32%
Total	**40,51,157**	**100%**

❖ MAHENDRA ALUMINUM COMPANY LIMITED - TRANSFEROR COMPANY

MALCO is a Public Company incorporated on April 25, 1995 under the Companies Act, 1956. It is an unlisted public limited company having its registered office at B 302, 3rd Floor, Pelican House, Near Natraj Cinema Gujarat Chamber of Commerce Building, Ashram Road Ahmedabad – 380 009. MALCO is engaged in the business of manufacturing Aluminum Products and trading in Aluminum scrap.

Financial Performance of MALCO:

₹ in Lakhs

Particulars	2017A	2016A	2015A
Total Revenue	10,616.94	7,488.98	7,7720.57
Profit Before Tax	205.43	56.87	123.59
Profit After Tax	132.99	39.06	83.08
Shareholders' Funds	685.76	552.77	513.71

Board of Directors of MALCO:

Sr. No.	Names of Directors	Designation
1.	Jatin Mahendrakumar Shah	Director
2.	Mahendrakumar Rikhavchand Shah	Director
3.	Pushpa Mahendra Shah	Additional Director

Shareholding Pattern as on March 31, 2017:

Particulars	No of shares	Shareholding (%)
Promoters & Promoter Group	10,65,000	89.87%
Public	1,20,000	10.13%
Total	**11,85,000**	**100%**

3. DISCLAIMER & LIMITATIONS

This Fairness Opinion Report is prepared by Vivro under an engagement letter from Arfin India Limited on the basis of information, documents, papers and explanations given by the management, officers and staff of the Companies to Vivro.

In preparing the Fairness Opinion Report, Vivro has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data (which shall include, but not be limited to historical financial information, financial projections or forward looking statements that have a bearing on financial information) provided by the Companies. Vivro has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Actual performance, results of operations or facts may differ from management certified projected financial information or forward looking statements.

Our work does not constitute an audit or certification or due diligence of the past financials of the Companies and we have relied upon the information provided to us by the Companies as regards such working results.

Vivro has not conducted any independent valuation or appraisal of any of the assets or liabilities of the Company. As implied by the financial statements, Companies are assumed to have the

legal rights to the assets and be subject to those claims represented by the liabilities presented in their financial statements respectively. No investigation was undertaken to confirm these legal rights or claims.

Vivro shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out herein in this report.

Vivro has not provided any accounting, tax or legal advice to Companies. This Fairness Opinion Report should not be construed as investment advice or any form of recommendation either for making or divesting investment in the Company. The Companies are assumed to be in compliance with all the laws applicable to them.

This report does not constitute a solvency opinion or an investment recommendation and should not be construed as such.

This Fairness Opinion Report is furnished on strictly confidential basis. This report was prepared for the purpose stated in this report and may not be used for any other purpose. This report, its contents, and its conclusions may not be referred to or quoted, in whole or in part, in any registration statement, prospectus, public filing, loan agreement or other document without the prior approval of Vivro. The analysis and the report are not intended for general circulation or publication; they are not to be reproduced or distributed except for the stated purpose of the valuation.

Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed merger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

The Fairness Opinion Report is necessarily based on various factors and conditions as of the date of report, and the written and oral information made available to us until date hereof. It is understood that subsequent developments may affect the conclusions of this report and Vivro has no obligation to update, revise or reaffirm the fairness opinion given under this report.

4. SCOPE AND PURPOSE OF THIS REPORT

We understand that the Board of Directors of ARFIN and MALCO have considered and proposed a Scheme of Amalgamation of MALCO with ARFIN, pursuant to the provisions of sections 230 - 232 and other relevant provisions of the Companies Act, 2013.

In order to comply with the requirements of the regulations, the Company has appointed Sandip Desai & Co., Chartered Accountants, Ahmedabad as the Valuer.

In this connection, the Management has engaged Vivro to submit a report on the Fairness of the Share Exchange Ratio provided by the Valuer. Our scope of work only includes forming an opinion on the fairness of the recommendation given by the Valuer on the exchange ratio arrived at for the purpose of the proposed Scheme of Arrangement and not on the fairness or economic rationale of the amalgamation per se.

This report is subject to the scope, assumptions, limitations and disclaimers detailed above. As such the report is to be ready in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the Amalgamation and should not be used for any other purpose.

ARFIN INDIA LTD AHMEDABAD

5. VALUER'S RECOMMENDATION

After using several commonly used and accepted methods of determining the value of equity shares of a company, it has been recommended by the Valuer that the fair exchange ratio for the merger of MALCO with ARFIN shall be as follows:

"31 (Thirty One) equity shares of ARFIN of ₹ 10/- each fully paid up for every 100 (Hundred) equity shares of MALCO of ₹ 10/- each fully paid up."

6. OUR OPINION ON THE VALUER'S REPORT

The fairness opinion has been prepared based on the Valuer's report and our analysis of the various factors relevant to the Companies, having regard to the information submitted, management representations, key underlying assumptions and limitations.

In view of the above and on consideration of all relevant factors and circumstances, we believe that the Valuer's recommendation that 31 (Thirty One) equity shares of ARFIN of ₹ 10/- each fully paid up to be issued to the equity shareholders of MALCO for every 100 (Hundred) equity shares of ₹ 10/- each fully paid up held in MALCO, is Fair.

For, Vivro Financial Services Private Limited

Jayesh Vithlani
Sr. Vice President

Date: May 20, 2017
Place: Ahmedabad