

Fair Valuation Report

Equity Valuation of

Arfin India Limited



CA ROSHAN NILESH VAISHNAV

REGISTERED VALUER

IBBI/RV/o6/2019/11653

This Valuation Report is being submitted by CA Roshan Nilesh Vaishnav, for the purpose as mentioned herein, and shall not be used for any other purpose whatsoever.



Date: March 18, 2024

Private & Confidential

To,

The Board of Directors,

Arfin India Limited,

Plot Number 117, Ravi Industrial Estate,
Behind Prestige Hotel, Billeshwarpura,
Chhatral, Gandhinagar, Gujarat, India – 382729

Dear Sir(s) / Madam(s)

Subject: Valuation Report to determine the fair value of the equity shares of Arfin India Limited, as on March 12, 2024

Arfin India Limited (**'Arfin', 'the Company', 'you', 'your'**), is engaged in manufacturing, trading and selling various non-ferrous metal products in the domestic and international market. The primary product portfolio of the Company consists of Aluminum Wire Rods, Aluminum Deox, Cored Wire, Master & Ferro Alloys, Aluminum Alloy Ingots and Conductor & Cables. The equity shares of the Company are listed on Bombay Stock Exchange Limited (**'BSE', 'the Stock Exchange'**).

The Company proposes to raise funds by way of a preferential issue of equity shares to an identified investor, estimated to result in allotment of more than 5% of the post issue fully diluted share capital of the Company (**'the Transaction'**). Accordingly, as required under Regulation 166A read with Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018, (**'the SEBI ICDR Regulations'**), and as required under Section 62(1)(c) of the Companies Act, 2013, read with the Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014, (**'the Companies Act'**), the Company intends to obtain a valuation report to determine the fair value of the equity shares from a Registered Valuer, registered under the Insolvency Bankruptcy Board of India, for the above-mentioned purpose as on March 12, 2024 (**'Valuation Date'**), being the Relevant Date as per the SEBI ICDR Regulations.

The Company has, through an engagement letter dated March 13, 2024 (**'Engagement letter'**), appointed Roshan Nilesh Vaishnav, Chartered Accountant bearing IBBI Registration Number – IBBI/RV/06/2019/11653 and ICAI RVO Membership Number – ICAIRVO/06/RV-P00014/2019-2020, registered under the Insolvency Bankruptcy Board of India read with the Companies (Registered Valuers & Valuation) Rules, 2017 (**'the Valuer', 'the Registered Valuer', 'I', 'me', 'my'**) to assist in determining the fair value of the equity shares of the Company and issue a valuation report, as on March 12, 2024, being the Relevant Date as per the SEBI ICDR Regulations.



My Valuation Report ('Report') is to be read in conjunction with the scope and purpose of the Report, the sources of information and the assumptions, exclusions, limitations, and the disclaimers, as detailed hereinafter.

This letter should be read in conjunction with the Report. Should you require any further information or explanations, please contact the undersigned.

Thanking you,



CA Roshan Nilesh Vaishnav

Registered Valuer – Securities or Financial Assets

ICAI RVO Membership Number – ICAIRVO/06/RV-P00014/2019-2020

IBBI Reg Number - IBBI/RV/06/2019/11653

UDIN: 24136335BKBHIN6170

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1. ABBREVIATIONS

Abbreviations	Meaning
Arfin	Arfin India Limited
BSE	Bombay Stock Exchange Limited
CIN	Corporate Identity Number
Cr.	Crores
CSRP	Company Specific Risk Premium
DCF	Discounted Cash Flow
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
FCFE	Free Cash Flow to Equity
FCFF	Free Cash Flow to Firm
FY	Financial Year
IVS	Indian Valuation Standards issued by the Institute of Chartered Accountants of India
INR	Indian Rupee
Kd	Cost of Debt
Ke	Cost of Equity
WACC	Weighted Average Cost of Capital



2. EXECUTIVE SUMMARY

2.1. Details of the Transaction

2.1.1. The Company proposes to raise funds by way of a preferential issue of equity shares to an identified investor.

2.2. Scope, Usage and Purpose of Valuation

2.2.1. The scope of my services as per my Engagement Letter dated March 13, 2024, is to carry out the valuation of the equity shares of the Company, as on March 12, 2024, using the methodology prescribed under the Indian Valuation Standards ('IVS') issued by the Institute of Chartered Accountants of India ('ICAI'), and issue a Valuation Report to be used by the Board of Directors of the Company for representing to the regulatory authorities for compliance under the Companies Act and the SEBI ICDR Regulations.

2.2.2. For the purpose of arriving at the valuation of the equity shares of the Company, I have considered the valuation base as 'Fair Value' and the premise of value as 'Going Concern'. Any change in the valuation base or premise could have a significant impact on the valuation analysis, and consequently, this Report.

2.2.3. I have carried out a valuation of the equity shares of the Company using the Market Price Method under the Market Approach, as per the methodology laid down in the SEBI ICDR Regulations. I have also carried out the valuation of the equity shares of the Company using Discounted Cash Flow Method ('DCF') under the Income Approach, and the Replacement Cost Method under the Cost Approach. The following table summarizes my valuation analysis along with weights given to the methods for the purpose of this transaction:

Valuation Approach	Method Used	Total Equity Value (INR Cr.)	Equity Shares	Weightage	Equity Value per share (INR)
Income Approach	Discounted Cash Flow Method (FCFF)	798.72	158,924,050	0.00%	50.26
Market Approach	Market Price Method	851.52	158,924,050	100.00%	53.58
Cost Approach	Replacement Cost Method	94.13	158,924,050	0.00%	5.92
Weighted Average Valuation		851.52			53.58



As per the first proviso to Regulation 166A(1) of the SEBI ICDR Regulations, the floor price for any preferential issue which may result in a change in control or allotment of more than 5% of the post issue fully diluted share capital of the issuer, shall be higher of the floor price determined under Regulation 164(1) of the SEBI ICDR Regulations or the price determined under the Valuation Report from an independent Registered Valuer. Accordingly, the fair value of the equity shares cannot be lower than the floor price determined under Regulation 164(1) of the SEBI ICDR Regulations.

As per proviso to regulation 164(1) of the SEBI ICDR Regulations, if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue. However, the Articles of Association do not provide for a method of determination of the floor price for the equity shares.

The fair value of the equity shares of the Company as per the Market Price Method under the Market Approach is as per the methodology under Regulation 164(1) of the SEBI ICDR Regulations. Since the fair value of the equity shares under the Income Approach and the Cost Approach is lessor than the fair value of the equity shares under the Market Approach, assigning any weightage to either Income Approach or the Cost Approach, would reduce the fair value of the equity shares below the floor price determined under Regulation 164(1) of the SEBI ICDR Regulations. Hence, I have not assigned any weightage to either the Income Approach or the Cost Approach in the valuation.

- 2.2.4. Accordingly, on the basis of my valuation analysis and methodology adopted and mentioned in my Report herein, I estimate the fair value of the equity shares of Arfin India Limited, as on March 12 2024, to be **INR 53.58 per equity share**.
- 2.2.5. My valuation working and summary are provided in **Annexure [A-C]** of this Report.

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3. SOURCES OF INFORMATION

I have relied on the following information provided by the Company for the preparation of this Report:

- 3.1 Memorandum & Articles of Association of the Company;
- 3.2 Shareholding pattern of the Company as on March 11, 2024;
- 3.3 Audited financial statements of the Company for the period ended March 31, 2022, and March 31, 2023;
- 3.4 Limited review un-audited financial results of the Company as on December 31, 2023;
- 3.5 Estimates of total debt and cash and cash equivalents as on March 11, 2024;
- 3.6 Projections of the future profitability and the Balance Sheet of the Company, as certified by management from April 1, 2025, to March 31, 2033 (Projected Financials);
- 3.7 Written Representations received from the management of the Company dated March 13, 2024;
- 3.8 Such other information, explanations and representations as required and as provided by the management of the Company, which are considered relevant for purpose of carrying out the valuation of the fair value of the equity shares and the preparation of this Report.

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4. SCOPE, USAGE AND PURPOSE OF THE REPORT

- 4.1 My scope of work involves determining the fair value of the equity shares of the Company, as on March 12, 2024, and issue a Report to be used by the Board of Directors of the Companies as well as to represent to the regulatory authorities for compliance under the SEBI ICDR Regulations and the Companies Act.
- 4.2 The valuation presented in this Report is specific to this Valuation Date and the facts and circumstances mentioned in this Report.
- 4.3 This Report is my deliverable to this engagement.
- 4.4 The Company shall not disclose the contents or use this Report or its part thereof, or its name reference, whether in private or public domain for any other purpose whatsoever, unless it is expressly required by any regulatory authority or for any regulatory process.

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5. OVERVIEW OF THE COMPANY

5.1 Arfin India Limited (CIN: L65990GJ1992PLC017460) is engaged in manufacturing, trading and selling various non-ferrous metal products in the domestic and international market. The primary product portfolio of the Company consists of Aluminum Wire Rods, Aluminum Deox, Cored Wire, Master & Ferro Alloys, Aluminum Alloy Ingots and Conductor & Cables. The equity shares of the Company are listed on BSE.

5.2 The Company is an industry leader in Aluminum products and has an annual installed capacity of 63,000 Metric Ton (MT) across five plants located at Gujarat, India. The Company supplies its products to renowned groups like Tata Steel, JSW, JSPL & AMNS in the Steel Sector. The current production capacity across the product portfolio of the Company is as follows:

Type of Product	Production Capacity (MTPA)
Aluminium Wire Rods	12,000
Aluminium Deox	12,000
Cored Wire	3,500
Master and Ferro Alloys	3,600
Aluminium Alloy Ingots	18,000
Conductor & Cables	12,000
Total	63,000

5.3 The share holding pattern of the Company as on March 11, 2024 is as follows:

Equity Shares with a face value of INR 1.00 each

Name of the Shareholders	Shares Held	Shareholding (%)
Promoter and Promoter Group	11,77,50,820	74.09
Public	4,11,73,230	25.91
Total	15,89,24,050	100.00

Sources: BSE Website

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- 5.4 A brief summary of the financial profile of the Company for the period ended March 31, 2023, and December 31, 2023, is as under:

Balance Sheet of the Company:

(INR In Lakhs)

Particulars	December 31, 2023 (Un-audited)	March 31, 2023 (Audited)
Non-Current Assets		
Plant, Property and Equipment	6,563.38	6,527.60
Capital Work in Progress	0.00	86.62
Loans	0.00	0.00
Other Financial Assets	71.47	84.12
Other Non-Current Assets	35.32	53.28
Total Non-Current Assets	6,670.17	6,751.62
Current Assets		
Inventories	14,381.40	11,163.62
Investments	2.02	2.02
Trade Receivables	4,665.78	5,706.86
Cash & Cash Equivalents	31.42	751.19
Bank balance other than cash and cash equivalent	196.06	160.17
Loans	1,561.89	1,007.76
Other Current Financial Assets	0.00	1.04
Other Current Assets	1,049.19	1,135.99
Total Current Assets	21,887.76	19,928.65
Total Assets	28,557.93	26,680.27
Equity		
Equity Share Capital	1,589.24	1,589.24
Other Equity	7,823.33	7,219.25
Total Equity	9,412.57	8,808.49
Non-Current Liabilities		
Long Term Borrowings	3,060.98	3,530.49
Provisions	51.15	42.15
Deferred Tax Liabilities	207.71	174.73
Total Non-Current Liabilities	3,319.84	3,747.37
Current Liabilities		
Short Term Borrowings	8,279.54	7,684.40
Trade Payables	7,189.05	6,190.87
Other Current Financial Liabilities	59.75	90.38



Particulars	December 31, 2023 (Un-audited)	March 31, 2023 (Audited)
Other Current Liabilities	121.91	23.76
Provisions	175.27	135.00
Total Current Liabilities	15,825.52	14,124.41
Total Equity and Liabilities	28,557.93	26,680.27

Sources: Audited and Limited reviewed un-audited financial statements

Profit and Loss of the Company:

(INR In Lakhs)

Particulars	December 31, 2023 (Un-audited)	March 31, 2023 (Audited)
Revenue from Operations	39,835.60	54,411.22
Other Income	178.80	248.34
Total Operating Revenue	40,014.40	54,659.56
Cost of Raw Material	34,341.40	48,466.95
Purchase of stock in trade	0.00	0.00
Inventory Cost	(1,060.38)	(2,031.65)
Employee Benefit Expenses	724.04	831.79
Finance Cost	1,321.73	1,438.64
Depreciation and Amortization	281.67	355.14
Other Expenses	3,636.80	4,500.54
Total Expense	39,245.26	53,561.41
Profit Before Tax	769.14	1,098.15
Current Tax / Past Tax / MAT	97.58	0.00
Deferred Tax Expense / (Income)	67.51	66.47
Profit After Tax	604.05	1,031.68

Sources: Audited and Limited reviewed un-audited financial statements

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6. REGULATORY GUIDANCE

As per Regulation 161 of the SEBI ICDR Regulations, relevant date means, in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue. As informed by the management of the Company, the date of the meeting of shareholders is proposed as April 11, 2024, and hence, the relevant date is March 12, 2024 ('the Relevant Date').

As per Regulation 164(5) of the SEBI ICDR Regulations, 'frequently traded shares' means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least 10% of the total number of shares of such class of shares of the issuer. As the traded turnover of the equity shares on BSE during the last 240 trading days preceding the Relevant Date is 21%, which is more than 10% of the total number of outstanding equity shares of the Company, the equity shares of the Company are 'frequently traded shares'.

Regulation 164 of the SEBI ICDR Regulations, which provides guidance on pricing of frequently traded shares, inter alia, reads as follows:

- (1) *If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading 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:*
- a. *the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or*
 - b. *the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.*

Regulation 166A of the SEBI ICDR Regulations, which provides guidance on other conditions for pricing, inter alia, reads as follows:

- (1) *Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:*

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined



under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

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7. PROCEDURE FOR THE VALUATION

I have performed the following procedures to carry out this valuation analysis:

- 7.1 I had requested and was provided with the data as per the detailed requisition list including, key business parameters, its earning capacity and the expected financial performance;
- 7.2 Analyzed the business projections of the Company for the purpose of my analysis;
- 7.3 Selected valuation methodology as considered appropriate for the purpose of my valuation;
- 7.4 Obtained necessary data from the public domain, as considered relevant for my valuation analysis;
- 7.5 Determined the fair value of the equity shares of the Company;
- 7.6 Prepared a draft report and shared it with the Company (excluding the recommended fair value) for confirming the facts stated in the Report;
- 7.7 Issued the final Valuation Report.

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8. METHODOLOGY OF THE VALUATION

8.1 In order to arrive at the fair value of the Company, there are three traditional approaches which can be considered:

8.1.1. Market approach:

The Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business. The market approach should be applied and afforded significant weight if the subject asset or substantially similar assets are actively publicly traded, or there are frequent and / or recent observable transactions in similar assets.

8.1.2. Income approach:

The Income approach is a valuation approach that converts maintainable or future amounts such as cash flows or income and expenses, to a single current (discounted or capitalized) amount. The fair value measurement is determined based on the value indicated by current market expectations about those future amounts. The income approach should be applied and afforded significant weight if the income-producing ability of the asset is the critical element affecting value and / or reasonable projections of the amount and timing of future income are available for the subject asset.

8.1.3. Cost approach:

The Cost approach seeks to determine the business value based on the value of its assets. The Cost approach should be applied and afforded significant weight if the asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, or the asset can be recreated with substantially the same utility as the subject asset.

8.2 To arrive at the fair value of the equity shares of the Company, I have considered it appropriate to use the Market Price Method under the Market Approach as the equity shares of the Company are frequently traded shares. I have not considered the Comparable Companies Multiple Method under the Market Approach, as there is a lack of availability of comparable listed entities, with a similar size and scale and having a similar product portfolio.

8.3 I have considered the DCF Method under the Income Approach as the DCF Method considers the earning potential of the business. However, I have not assigned any weights to the Income Approach as the fair value of the equity shares under the Income Approach is less than the fair value of the equity shares under the Market Approach.



- 8.4 I have considered the Replacement Cost Method under the Cost Approach as the fair value of assets and liabilities of the Company is representative of the fair value of the Company. However, I have not assigned any weights to the Cost Approach as the fair value of the equity shares under the Income Approach is less than the fair value of the equity shares under the Market Approach.
- 8.5 The fair value of the equity shares along with the rationale for assigning the weights under each approach has been mentioned in the Executive Summary Section and the Conclusion Section of this Valuation Report.

8.6 MARKET PRICE METHOD

- 8.6.1 The fair value of the equity shares of the Company under the Market Price Method has been as per the methodology prescribed in Regulation 164(1) of the SEBI ICDR Regulations i.e., higher of the following:
- the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date;
 - or,
 - the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Weighted Average Price has been calculated by dividing the total trading turnover for the relevant period by the total number of shares being traded for the relevant period.

8.7 DISCOUNTED CASH FLOWS (DCF) METHOD

- 8.7.1 Under this method, the fair value of the equity shares of the Company is arrived at by discounting the projected free cash flows to the firm or the equity holders including perpetual or terminal values using an appropriate discounting factor.
- 8.7.2 There are two fundamental approaches under this method: (i) Free Cash Flow to the Firm ('FCFF') or (ii) Free Cash Flow to the Equity ('FCFE'). Under the FCFF approach the free cash flows arrived at using the DCF methodology represent cash flows available to the equity owners of a business as well as its creditors. Such free cash flows in the explicit period and perpetuity / terminal value are discounted using the Weighted Average Cost of Capital ('WACC'), which is based on the cost of equity and the cost of debt adjusted for the capital structure applicable to the business. Under the FCFE approach the increase and decrease in debt is considered a part of the free cash flow computations and hence the free cash flow arrived at is the free cash flow available to the equity owners of the business. Such free cash flow in the explicit period and perpetuity / terminal value are discounted using the Cost of Equity applicable to the business.



- 8.7.3 I have thought it appropriate to adopt the FCFF approach in my valuation analysis as the Company uses both Equity and Debt to fund its operations and FCFF represents the amount of free cash available for distribution to all investors.
- 8.7.4 The discount rate reflects the time value of money and the risk associated with the projected future cash flows. The WACC is the discount rate used to arrive at the value of the Company.
- 8.7.5 In order to estimate the cost of equity, I have applied the Capital Asset Pricing Model ('CAPM'). According to CAPM, the cost of equity consists of a risk-free rate and risk premium. The risk premium is calculated by multiplying the market risk premium by the beta factor, a measure of the systematic risk of an equity investment adjusted with the leverage in the company. An appropriate percentage of Company Specific Risk Premium ('CSR') is further added to account for the risks not captured.
- 8.7.6 Terminal value is the present value of all future cash flows expected to yield to a business at the end of the explicit period considering a mature phase of the business. The Terminal Value may be arrived at using the Gordon Growth Model, H-model, Exit Multiple, Salvage Value or Capitalization of Profit Method at the end of the explicit period.
- 8.7.7 I have used the Gordon Growth model to calculate the Terminal value for which FCFF at the end of explicit period is determined and is divided by the net of discount rate and the estimated perpetuity growth rate.
- 8.7.8 The present value of the terminal value is added to the present value of the explicit period cash flow to arrive at the enterprise value of the business. The enterprise value arrived at is adjusted for the fair value of investments and non-operating surplus assets, borrowings and cash & cash equivalents, to determine the fair value of the equity shares of the Company.

8.8 REPLACEMENT COST METHOD

- 8.8.1 The Replacement Cost Method involves valuing an asset based on the cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) of the asset to be valued, adjusted for obsolescence. The net asset value of the Company, is considered as the Replacement Cost. I have not been provided with the Registered Valuer reports for the fair valuation of the immovable assets. Accordingly, I have considered the book value of the assets and the liabilities as their fair value.

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9. BASIS FOR THE DETERMINATION OF THE FAIR VALUE

- 9.1 The valuation of the Company has been arrived at based on the methodology explained hereinabove, various qualitative factors relevant to the business, business dynamics and growth potential of the business and taking into consideration the information, key underlying assumptions and limitations as articulated hereinabove. I have determined the fair value of the equity shares of the Company, as on the Valuation Date, by considering the method as have been articulated hereinabove.
- 9.2 As per the second proviso to Regulation 166A(1) of the SEBI ICDR Regulations, if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the Registered Valuer shall also cover the guidance on the control premium, which shall be computed over and above the price determined in terms of the first proviso. I have considered whether control premium would be required from an operational and shareholding perspective. As represented to me by the management, the allottee of the preferential issue will neither be entitled to any board position nor possess any decision-making authority in the operational matters of the Company. Also, the shareholding of the allottee is estimated to be less than 6% of the post issue fully diluted share capital of the Company. Considering both the operational and shareholding perspective, in my opinion, attributing a premium to the value for control would not be appropriate or justifiable, given the circumstances.
- 9.3 In the ultimate analysis, the valuation will have to be arrived at by the exercise of judicious discretion and judgments considering all the relevant factors. There will always be several factors, such as the quality of management, present and prospective competition, market sentiment and other factors, which are not evident from financial information, but which influence the worth of a business. This concept is also recognized in judicial decisions.

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10. ASSUMPTIONS, DISCLAIMERS, EXCLUSIONS, LIMITATIONS AND QUALIFICATIONS

- 10.1 This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. This Report is restricted for the purposes as indicated in the Report but does not preclude the management of the Company to provide a copy of this Report to the relevant regulatory authorities whose review would be consistent with the intended use. I do not take any responsibility for any unauthorized use of this Report.
- 10.2 This Report is presented to facilitate the Board of Directors of the Company to ascertain the fair value of the equity shares of the Company, as mentioned hereinabove.
- 10.3 I 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 I be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the management of the Company or its directors, employees, or agents of the Company.
- 10.4 In the course of the valuation, I was provided with both written and verbal information, which I have evaluated through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose. I have also relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. I have not been provided with the Registered Valuer reports for the fair valuation of the immovable assets. Accordingly, I have considered the book value of the assets and the liabilities as their fair value.
- 10.5 The valuation of the Company has been performed based on the last available financial statements, as shared by the management of the Company. As implied by the financial statements, the Company is assumed to have those legal rights to the assets and be subject to those claims represented by the liabilities presented in the financial statements. As informed by the management of the Company, there are no contingents liabilities which are expected to devolve or contingent assets with the Company and there are no surplus assets in the Company as of the date of this Report beyond those as are captured in this Report. 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 Company.
- 10.6 Forward-looking statements and financial projections certified and provided by the management of the Company have been considered for this Report. I do not provide any assurance on the achievability of the financial projections by the management of the Company. I express no opinion as to how closely the actual results will correspond to the projected financials as the achievement



of the financial projections is dependent on actions, plans and assumptions. As the events and the circumstances may not occur as are expected, the differences between the actual results and the financial projections might be material. While I have received the Projected Financials for performing the valuation under the DCF Method, the same are not a part of the Annexures of the Report, as such an information is considered Unpublished Price Sensitive Information under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Consequently, my workings under the DCF Method shall not form part of the working papers as well.

- 10.7 This Report and the results herein are specific to the purpose of valuation, are specific to the date of this Report and are necessarily based on the prevailing financial and economic conditions as well as the written and oral information, as made available by the management of the Company as on date of this Report. Events occurring after this date may affect this Report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.
- 10.8 I have not provided any accounting, tax, or legal advice to the Company, neither am I required to do so. I have not carried out a revaluation of any assets of the Company, nor physically verified any assets of the Company.
- 10.9 This Report does not constitute a fairness opinion, solvency opinion, or an investment recommendation and is not to be construed as giving an opinion on making or divesting investments.
- 10.10 I am independent of the Company and hold no specific interest in the Company or any of the assets of the Company, nor do I have any conflict of interest with the Company.
- 10.11 The fee for this Report is not contingent upon the result of the valuation arrived therein.
- 10.12 I am aware that based on the opinion of the value expressed in this Report, I may be required to give testimony or attend judicial proceedings with regard to the valuation, although it is out of scope of the assignment. In such an event, the party seeking the evidence in the proceedings shall bear the full cost and the fees of the judicial proceedings, and the tendering of evidence before such authority, if any, will be as per the applicable laws.

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11. CONCLUSION

On the basis of the methodology of the valuation and the basis for the determination of the fair value as mentioned above, I estimate the fair value of the equity shares of Arfin India Limited, as on March 12, 2024, to be follows:

Valuation Approach	Method Used	Total Equity Value (INR Cr.)	Equity Shares	Weightage	Equity Value per share (INR)
Income Approach	Discounted Cash Flow Method (FCFF)	798.72	158,924,050	0.00%	50.26
Market Approach	Market Price Method	851.52	158,924,050	100.00%	53.58
Cost Approach	Replacement Cost Method	94.13	158,924,050	0.00%	5.92
Weighted Average Valuation		851.52			53.58

As discussed in my report in adequate detail, 100% weightage has been attributed to the Market Price Method under the Market Approach. Accordingly, I estimate the fair value of the equity shares of Arfin Limited, as on the Relevant Date, to be INR 53.58 per equity share.

Thanking you,



CA Roshan Nilesh Vaishnav

Registered Valuer – Securities or Financial Assets

ICAI RVO Membership Number – ICAIRVO/06/RV-P00014/2019-2020

IBBI Reg Number - IBBI/RV/06/2019/11653

UDIN: 24136335BKBHIN6170

Date: March 18, 2024

Place: Ahmedabad

Annexure :A

Valuation Summary Working:

Valuation of Equity Shares of Arfin India Limited as on March 12, 2024

Numbers in INR Crores

Method Used	Enterprise Value	Less: Net Debt	Business Equity Value	Add: Surplus Assets	Total Equity Value	Total Equity Shares	Method Weightage (%)	Equity Value Per Share in INR
	A	B	C = A-B	D	E = C+D	F	G	I = (E*G)/F
Discounted Cash Flow Analysis FCFF	918.07	(119.37)	798.70	0.02	798.72	158,924,050	0.00%	50.26
Market Price Method*	970.87	(119.37)	851.50	0.02	851.52	158,924,050	100.00%	53.58
Net Asset Value Method	213.50	(119.37)	94.13	NA	94.13	158,924,050	0.00%	5.92
Weighted Average Valuation					851.52		100.00%	53.58

Source: Vivro Analysis

*Refer Annexure B



Annexure :B (1 of 2)

Arfin India Limited

Market Price Method

Valuation Date : March 12, 2024

Numbers in INR Crores

Date	Open Price	High Price	Low Price	Close Price	WAP	Shares	Turnover (Rs.)
11-Mar-24	55.00	57.00	53.50	54.90	55.25	158,078	8,733,692
7-Mar-24	54.75	56.70	54.00	55.04	55.29	186,627	10,318,773
6-Mar-24	55.20	55.90	53.52	54.28	54.08	38,313	2,072,007
5-Mar-24	52.10	55.90	52.10	55.19	54.30	163,175	8,860,217
4-Mar-24	53.00	54.40	52.10	53.16	53.11	54,652	2,902,397
2-Mar-24	54.00	54.67	51.26	53.00	53.23	22,639	1,205,157
1-Mar-24	53.69	54.30	52.16	53.09	53.06	34,716	1,842,141
29-Feb-24	51.70	53.90	50.17	52.57	52.50	16,717	877,721
28-Feb-24	52.69	58.00	50.31	50.99	52.53	466,191	24,489,191
27-Feb-24	54.59	54.59	51.80	52.05	52.07	106,224	5,530,788
26-Feb-24	54.00	55.40	52.50	53.03	53.36	153,207	8,175,438
23-Feb-24	52.26	53.24	51.76	52.82	52.53	45,314	2,380,357
22-Feb-24	51.95	54.90	51.57	52.26	52.82	36,422	1,923,892
21-Feb-24	51.61	53.30	51.61	51.94	52.04	122,839	6,392,046
20-Feb-24	52.85	53.35	51.51	52.50	52.54	40,488	2,127,052
19-Feb-24	52.65	54.35	51.50	51.82	52.42	51,817	2,716,469
16-Feb-24	53.80	55.00	52.15	53.60	53.11	171,009	9,082,307
15-Feb-24	54.38	56.90	47.00	54.04	52.77	112,535	5,938,250
14-Feb-24	53.49	54.00	52.32	53.29	53.29	26,963	1,436,834
13-Feb-24	53.80	53.84	51.51	52.92	52.34	44,253	2,316,173
12-Feb-24	52.87	55.45	51.20	52.10	53.20	97,856	5,206,186
9-Feb-24	54.85	56.01	52.26	52.87	53.60	100,850	5,405,571
8-Feb-24	52.55	59.75	52.10	54.00	55.07	208,429	11,478,316
7-Feb-24	55.85	55.85	51.00	52.05	52.99	84,966	4,502,456
6-Feb-24	55.67	57.00	53.51	54.01	54.89	86,619	4,754,431
5-Feb-24	56.75	58.00	54.30	54.73	56.31	119,896	6,751,750
2-Feb-24	59.20	60.00	55.80	56.00	57.61	261,722	15,077,863
1-Feb-24	57.20	60.50	55.50	58.52	58.58	440,976	25,831,057
31-Jan-24	54.87	57.90	53.00	56.23	55.01	369,286	20,316,127
30-Jan-24	55.80	55.98	50.50	53.07	53.68	108,320	5,814,580
29-Jan-24	55.00	57.25	53.00	54.16	54.31	158,536	8,609,903
25-Jan-24	54.89	54.89	51.50	52.73	52.89	77,438	4,095,896
24-Jan-24	50.60	53.76	48.50	53.36	52.62	117,992	6,208,331
23-Jan-24	52.01	54.00	47.17	48.88	49.95	94,078	4,699,510
20-Jan-24	54.50	54.50	52.00	52.41	53.01	32,329	1,713,814
19-Jan-24	51.50	53.99	50.00	53.75	52.97	51,725	2,739,824
18-Jan-24	51.82	51.82	49.00	50.49	49.96	26,359	1,317,026
17-Jan-24	52.00	52.00	50.00	50.82	50.87	16,814	855,369
16-Jan-24	54.08	54.08	51.00	51.50	51.97	49,985	2,597,512
15-Jan-24	53.90	54.00	51.70	53.02	52.68	56,614	2,982,371
12-Jan-24	53.99	55.50	51.05	53.00	53.41	211,260	11,283,229
11-Jan-24	54.00	54.00	52.00	52.82	52.97	47,864	2,535,130
10-Jan-24	53.95	54.80	52.75	52.78	53.12	127,618	6,778,505
9-Jan-24	53.99	55.00	52.50	52.81	53.33	35,343	1,884,684
8-Jan-24	54.35	55.45	52.25	52.91	53.39	38,811	2,072,088
5-Jan-24	51.01	56.59	51.00	53.10	54.12	243,934	13,201,681
4-Jan-24	52.75	52.75	50.22	51.45	51.56	48,970	2,524,957
3-Jan-24	54.70	54.70	50.50	50.91	51.57	49,334	2,544,248
2-Jan-24	51.50	52.99	50.10	51.57	51.24	41,488	2,126,032



Annexure :B (2 of 2)

Arfin India Limited

Market Price Method

Valuation Date : March 12, 2024

Numbers in INR Crores

Date	Open Price	High Price	Low Price	Close Price	WAP	Shares	Turnover (Rs.)
1-Jan-24	51.01	52.40	51.01	51.90	51.42	124,991	6,427,604
29-Dec-23	51.00	54.00	50.00	51.21	51.92	73,773	3,830,366
28-Dec-23	54.65	54.65	50.00	51.60	51.76	176,986	9,160,573
27-Dec-23	53.60	53.80	53.00	53.16	53.14	123,682	6,572,903
26-Dec-23	53.20	53.90	52.05	53.06	53.11	135,993	7,222,942
22-Dec-23	53.50	53.50	51.01	52.43	52.22	131,642	6,873,808
21-Dec-23	47.00	50.75	45.00	49.90	48.79	110,727	5,402,792
20-Dec-23	47.84	51.00	46.51	47.19	48.78	199,316	9,723,082
19-Dec-23	44.10	47.80	43.95	46.74	45.79	157,751	7,223,944
18-Dec-23	43.00	44.44	43.00	44.15	44.00	69,487	3,057,547
15-Dec-23	43.70	43.75	43.00	43.06	43.22	18,654	806,148
14-Dec-23	43.90	44.90	42.51	43.40	43.55	37,741	1,643,448
13-Dec-23	43.97	43.97	42.30	43.06	43.06	11,251	484,522
12-Dec-23	44.50	44.50	42.76	42.91	43.27	80,057	3,464,358
11-Dec-23	43.20	45.00	42.00	42.95	43.31	216,597	9,380,887
8-Dec-23	42.70	45.00	41.30	42.40	42.96	203,309	8,734,314
7-Dec-23	42.75	42.75	41.15	42.09	41.73	46,857	1,955,200
6-Dec-23	41.54	42.50	41.04	41.75	41.74	28,036	1,170,170
5-Dec-23	41.90	43.65	40.05	41.53	41.38	119,081	4,927,840
4-Dec-23	41.49	41.79	39.65	41.58	41.30	56,307	2,325,201
1-Dec-23	40.49	40.97	39.76	40.51	40.45	16,757	677,837
30-Nov-23	41.00	41.48	39.70	40.49	40.43	32,442	1,311,792
29-Nov-23	39.62	41.40	39.62	40.54	40.66	77,768	3,161,782
28-Nov-23	41.00	41.95	40.05	40.18	40.64	36,930	1,500,835
24-Nov-23	40.98	41.40	38.95	41.04	40.60	28,739	1,166,718
23-Nov-23	40.54	41.45	38.65	40.40	40.16	22,679	910,867
22-Nov-23	40.95	40.95	39.00	39.72	39.84	18,522	737,832
21-Nov-23	39.27	41.40	39.27	40.07	40.20	11,608	466,606
20-Nov-23	42.00	42.00	39.80	40.06	40.02	540,679	21,636,121
17-Nov-23	42.48	42.48	40.50	41.46	41.38	9,644	399,027
16-Nov-23	42.14	42.63	40.51	41.59	41.38	13,617	563,464
15-Nov-23	41.00	43.00	41.00	42.14	42.20	65,411	2,760,574
13-Nov-23	41.70	41.70	40.00	41.01	40.78	24,848	1,013,298
12-Nov-23	41.70	41.70	40.20	40.90	41.31	17,442	720,612
10-Nov-23	41.80	41.80	40.15	40.18	40.84	24,516	1,001,298
9-Nov-23	40.71	41.10	39.75	40.83	40.55	36,976	1,499,267
8-Nov-23	39.56	41.80	39.55	39.91	39.96	68,133	2,722,481
7-Nov-23	40.88	41.01	40.00	40.51	40.51	36,477	1,477,663
6-Nov-23	39.40	40.65	38.51	40.01	39.87	38,075	1,517,913
3-Nov-23	41.00	41.00	39.40	39.85	39.76	20,240	804,666
2-Nov-23	39.10	41.00	39.10	40.14	40.28	25,079	1,010,113

Fair Market Value of Arfin India Limited

i) Weighted Average Price of the relevant 90 Trading Days	50.61
ii) Weighted Average Price of the relevant 10 Trading Days	53.58
Higher of 90 Trading Days and 10 Trading Days price	53.58

Weighted Average Price of the relevant 90 Trading Days	BSE
Total Trading Turnover for the past 90 Trading Days	442,677,764
Total Shares Traded for the past 90 Trading Days	8,746,411
90 Trading Days Volume Weighted Average Market Price	50.61

Weighted Average Price of the relevant 10 Trading Days	BSE
Total Trading Turnover for the past 10 Trading Days	66,832,084
Total Shares Traded for the past 10 Trading Days	1,247,332
10 Trading Days Volume Weighted Average Market Price	53.58



Annexure :C

Arfin India Limited

Cost of Capital

Valuation Date : March 12, 2024

Numbers in INR Crores

Particulars	Details	Source/Assumptions
Risk Free Rate (Rf)	7.02%	investing.com/rates-bonds/india-10-year-bond-yield-historical-data
Equity Risk Premium	7.00%	ERP is based on Vivro's understanding of the prevailing market return in India
Market Return (Rm)	14.02%	$R_m = R_f + ERP$
Relevered Beta Coefficient	0.76	Relevered beta coefficient as per the Debt/Equity Ratio
Business Risk	1.50%	Based on the analysis and the expectation of the Valuer
Cost of Equity (Ke)	13.84%	$Ke = R_f + B(R_m - R_f) + CSR_P$
Pre Tax Debt Cost (Kd)	10.00%	Average cost of borrowing
Effective Tax Rate	29.12%	Effective tax rate of the Company
Post Tax Cost of Debt	7.09%	Pre Tax Debt Cost adjusted for the Effective Tax Rate
Debt Weightage	60.00%	Proportion of Debt within the Total Capital Employed
Equity Weightage	40.00%	Proportion of Equity within the Total Capital Employed
Debt/Equity Ratio	1.50	Proportion of Debt to Equity
Weighted Average Cost of Capital (WACC)	9.79%	$WACC = Ke * (We) + Kd * (Wd)$
Terminal Growth Rate	4.00%	Based on the analysis and the expectation of the Valuer

