

**January 10, 2018**

**To,**  
**The Board of Directors,**  
**National Fittings Limited**  
SF 112 Mathapur Road,  
Kaniyur Village,  
Karumathampatty,  
Coimbatore – 641659,  
Tamil Nadu.

**Sub: Fairness Opinion on the report of Rangarajan & Co., Chartered Accountants with respect to the proposed amalgamation of Interfit India Limited and Merit Industries Limited with National Fittings Limited.**

**Dear Sirs,**

Vivro Financial Services Private Limited, Category I Merchant Banker registered with SEBI having its Registration No. INM000010122 (referred to in this document as 'Vivro', 'we', 'us', 'our'), has been appointed by National Fittings Limited (hereinafter referred to as 'NFL', 'the Transferee Company', 'You', 'Your') vide an engagement letter dated December 13, 2017 as an Independent Merchant Banker to furnish a Fairness Opinion in terms of SEBI Circular: CIR/CFD/CMD/16/2015 under regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the valuation carried out by Rangarajan & Co., Chartered Accountants, ("Valuer"), vide its Valuation Report dated January 8, 2018, pursuant to the proposed Scheme of Amalgamation of Interfit India Limited (hereinafter referred to as 'IIL', 'Transferor Company 1') and Merit Industries Limited (hereinafter referred to as 'MIL', 'Transferor Company 2') with National Fittings Limited pursuant to sections 230-233 and other applicable provisions of the Companies Act, 2013.

## **1. SCOPE AND PURPOSE OF THIS REPORT**

We understand that the Board of Directors of National Fittings Limited, IIL and MIL have considered and proposed a Scheme of Amalgamation of IIL and MIL with National Fittings Limited, pursuant to the provisions of sections 230 to 233 and other applicable provisions of the Companies Act, 2013.

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

In this connection, the Management has appointed Vivro to submit a Fairness Opinion on 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 Amalgamation 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 hereunder. The report is to be read 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 whatsoever.

## **2. SOURCE OF INFORMATION**

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

1. Memorandum and Articles of Association of National Fittings Limited, IIL and MIL;
2. Audited Financial Statements of National Fittings Limited, IIL and MIL for the Financial Years ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014;
3. Unaudited Financial Statements of National Fittings Limited, IIL and MIL from April 01, 2017 to December 15, 2017;
4. Valuation Report prepared by Rangarajan & Co., Chartered Accountants, dated January 8, 2018 for the purpose of ascertaining share exchange ratio for the proposed Scheme of Amalgamation of IIL with National Fittings Limited;
5. Draft Scheme of Arrangement in nature of Amalgamation between National Fittings Limited, IIL and MIL;
6. Management Certified Shareholding Pattern of the Companies as on March 31, 2017 and September 30, 2017;
7. Management Certified Projections of IIL.
8. Details of Market Price and trading volume of Equity Shares of National Fittings Limited on BSE;
9. 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.



### **3. DISCLAIMER& LIMITATIONS**

This Fairness Opinion Report is prepared by Vivro Financial Services Private Limited under an engagement from National Fittings 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 financial data 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.

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

No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of the fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for the purpose of this report.

Vivro has also considered the proposed Scheme of amalgamation as furnished. It is assumed that the proposed Scheme will be consummated in accordance with the expected terms.

Vivro shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly on account 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 any Company involved in the transaction. Fairness Opinion Report should not be construed as investment advice or any form of recommendation either for making or divesting investment in any of the companies involved in the transaction.

The fee for our services is not contingent upon the results of the proposed amalgamation. This opinion is subject to Laws of India.

We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the proposed Scheme. We accept no responsibility as to the prices at which the equity shares of National Fittings Limited will trade following the announcement of

the proposed Scheme or as to the financial performance of National Fittings Limited following the consummation of the proposed Scheme.

Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation 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.

This Opinion is furnished on a strictly confidential basis. Neither this Opinion nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above or as may be required under applicable laws and regulation.

This Report, its contents and the results herein (i) are specific to proposed amalgamation and purpose agreed as per the terms of our engagement; (ii) are specific to the date of this report and (iii) are necessarily based on the prevailing market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the written and oral information made available to us as of January 10, 2018. Events occurring after this date may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

#### **4. BACKGROUND OF COMPANIES**

##### **NATIONAL FITTINGS LIMITED-TRANSFeree COMPANY**

National Fittings Limited is a public limited company having CIN L29199TZ1993PLC008034, incorporated on April 4, 1993 under the provisions of the Indian Companies Act, 1956 having its registered office at SF 112 Mathapur Road, Kaniyur Village, Karumathampatty, Coimbatore – 641659, Tamil Nadu. The Company manufactures a complete range of fittings and ball valves in stainless and carbon steels and grooved couplings and fittings from SG Iron Castings.

The Equity Shares of the Company are listed on Bombay Stock Exchange. (Code: NATFIT)

##### **Board of Directors of National Fittings Limited:**

<b>Sr. No.</b>	<b>Names of Directors</b>	<b>Designation</b>
1.	Mr. A V Palaniswamy	Managing Director
3.	Mrs. A PanathAnitha	Whole Time Director
4.	Mr. Jayaram Govindarajan	Whole Time Director



Sr. No.	Names of Directors	Designation
5.	Mr. R Alagar	Independent Director
6.	Mr.Chenniappan Selvakumar	Independent Director
7.	Mr.Arjunaraj Dhananjayan	Independent Director

#### Shareholding Pattern of National Fittings Limited as on September 30, 2017:

Sr. No.	Particulars	No. of Shares	% Shareholding
1.	Promoter and Promoter Group	54,53,482	65.55%
2.	Public Shareholders	28,66,518	34.45%
	<b>Total</b>	<b>25,83,59,069</b>	<b>100.00</b>

#### INTERFIT INDIA LIMITED-TRANSFEROR COMPANY 1

IIL is a company incorporated on December 24, 1981 under Companies Act, 1956 having CIN U02411TZ1981PLC001129. It is an unlisted public limited company having its registered office at 112/3D Mathapur Road, Kaniyur Village, Palladam Taluka, Karumathampatti, Coimbatore – 641659, Tamil Nadu.

National Fittings Limited is a subsidiary of IIL and IIL holds 56.46% of the shareholding of National Fittings Limited as on September 30, 2017.

IIL is engaged in the business of manufacturing components for piping products in India. The Company manufactures S G Iron castings for grooved, threaded ductile iron pipe fittings and components for piping products in India. The Company manufactures S G Iron castings for grooved and threaded ductile iron pipe fittings. It currently supplies its components to its Subsidiary Company, National Fittings Limited, which is established by the same promoters in the year 1993 and listed with BSE in the year 1995.

#### Present Board of Directors of IIL

Sr. No.	Names of Directors	Designation
1.	Mr. Muthusamy Loganathan	Director
2.	Mr. Pushpavahanan	Whole Time Director
3.	Mr. Srinivasan Ramalingam	Whole Time Director





**Present Shareholding Pattern of IIL**

Sr. No.	Particulars	No. of Shares	% Shareholding
1.	Promoters and Promoter Group	15,57,081	42.78%
2.	Public Shareholding	20,83,047	57.22%
	<b>Total</b>	36,40,128	100.00%

**MERIT INDUSTRIES LIMITED-TRANSFEROR COMPANY 2**

MIL is a company incorporated on October 28, 1996 under Companies Act, 1956 having CIN U17111TZ1996PLC007528. It is an unlisted public limited company having its registered office at No 26 Damunagar, Coimbatore - 641045, Tamil Nadu.

MIL manufactures and sells S G Iron castings for grooved and threaded ductile iron pipe fittings.

**Present Board of Directors of MIL**

Sr. No.	Names of Directors	Designation
1.	Mr. Prithviraj Alias Bharat S Parikh	Director
2.	Mr. Harsh P Parikh	Director
3.	Mr. Palaniswamy A Venkatasamy	Director
4.	Mr. Muthusamy Loganathan	Whole Time Director
5.	Mr. Srinivasan Ramalingam	Director

**Present Shareholding Pattern of MIL**

Sr. No.	Particulars	No. of Shares	% Shareholding
1.	National Fittings Limited and its nominees	10,00,000	100%



## 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 IIL with National Fittings Limited shall be as follows:

***"3 (Three) Equity Shares of National Fittings Limited of face value ₹ 10/- each, for every 2 (Two) equity shares of IIL of ₹ 10/- each."***


Since MIL is directly or indirectly 100% subsidiary of Transferee Company, the shareholder of MIL, cannot be issued shares of Transferee Company pursuant to Applicable Laws in India and the Scheme being an internal group restructuring between the Transferee Company and the Transferor Company, as per Clause 10.1.2 of the scheme, no consideration is proposed. Hence, the Transferee Company shall not be required to issue any shares or pay any consideration to the Transferor Company or to its shareholders. Accordingly, no exchange ratio for the proposed amalgamation has been arrived at by the companies.

## 6. OUR OPINION & CONCLUSION

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 proposed Share Exchange Ratio as recommended by Valuer which forms the basis for arriving at consideration in the Form of equity shares for the proposed scheme, is fair and reasonable.

**For, Vivro Financial Services Private Limited**

  
**S.Sreedharan**  
**Associate Vice President**



**Date: : 10-01-2018**  
**Place: : Chennai**