

July 31, 2018

The Board of Directors
Orient Refractories Limited
804-A, Chiranjiv Tower,
43 Nehru Place,
New Delhi – 110019,
India

Dear Sir/Madam,

Reg: Fairness Opinion on the valuation of the proposed merger of RHI India Pvt. Ltd. ("RHI India"), RHI Clasil Pvt. Ltd. ("RHI Clasil") with Orient Refractories Limited ("ORL").

Keynote Corporate Services Limited ("Keynote" or "we" or "us") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We understand that the Board of Directors of Orient Refractories Limited ("ORL") is contemplating a corporate restructuring wherein it is considering a Composite Scheme of Amalgamation ("Scheme") for the merger of Orient Refractories Limited with RHI India Pvt. Ltd. and RHI Clasil Pvt. Ltd. The proposed realignment is to be carried out pursuant to the Composite Scheme of Amalgamation under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

In connection with the aforesaid, we have been requested by the Board of Directors of ORL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Share Allotment/ Entitlement Ratio to the Equity Shareholders of ORL. We have perused the documents/ information provided by you in respect of the said Amalgamation and the Valuation Report as issued by Jain Jindal & Co. Chartered Accountants ("JJC") dated 31st July 2018.

Company Profile:

RHI Magnesita N.V. ("RHIM"), a company listed on London stock exchange is a global supplier of refractory products and systems which find application in high-temperature industrial processes exceeding 1,200°C in a range of industries, including steel, cement, non-ferrous metals, and glass, among others. RHIM has a vertically integrated value chain and serves more than 10,000 customers around the world. RHIM operates in India through three flagship companies RHI Clasil, RHI India and ORL.

ORL is a public company incorporated in 2010. Headquartered in New Delhi, India its manufacturing facility is located in Bhiwadi, Rajasthan. It is the ultimate subsidiary of RHIM, Netherlands and is held through Dutch US Holding B.V (69%)

It manufactures, produces, and distributes refractories, monolithics, and ceramic paper for the iron and steel industry primarily in India. ORL's customers include large domestic integrated steel producers and mini steel plants that include Steel Authority of India, Mukund Steel, Tata Iron and Steel Company, RINL – Vizag, Sunflag Iron, Lloyd Steel, Usha Martin and the Jindal Group.

RHI India was incorporated on 15 June 2007 is the ultimate subsidiary of RHIM, Netherlands and is held through Dutch Brasil Holding B.V (85%) and VRD Americas B.V, Netherlands (15%). The Company is engaged in trading refractory materials for Steel Industries in their various production process/equipment.



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For Orient Refractories Ltd.

Sanjay Kumar
(Company Secretary)

Keynote Corporate Services Limited

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The Company supplies majority of products to steel manufacturers and it also provides total refractory management solutions, under which company supplies material, install refractory in the furnace, ladle, tundish of customers, supply machines to carry of installation work, supervise refractory installation and maintenance operations.

RHI Clasil Ltd. is a subsidiary of VRD Americas B.V, Netherlands and its ultimate holding company is RHIM, Netherlands. The Company is engaged in business of manufacturing of refractory materials and operates as contract manufactures for RHIM group.

The Company was incorporated in December 2005 as a Private Limited Company under the name Arsha Ceramics Private Limited. Subsequent to the acquisition of 51 percent stake by RHIM group, the name of the Company had been changed to RHI Clasil Private Limited in 2007.

Presently, RHIM Group holds 53.72 percent of the share capital in RHI Clasil through its subsidiary VRD Americas B.V, Netherlands. The balance 46.28 percent is held by erstwhile Indian Promoters of the Company.

Rationale of the Report:

In order to consolidate and effectively manage the Transferor Company and the Transferee Companies in a single entity and to achieve inter-alia economies of scale and efficiency, the merger of the Company is being undertaken. The management of each of the Parties is of the opinion that the amalgamation of the Transferor Company with the Transferee Companies would inter alia have the following benefits:

- (a) simplification of the corporate structure and consolidation of the India businesses of the RHI Magnesita N.V. group;
- (b) business and operational synergies;
- (c) enhanced shareholder value pursuant to economies of scale;
- (d) optimum utilization of resources due to pooling of management, expertise, technologies and other resources of the companies;
- (e) improved allocation of capital and optimization of cash flows contributing to the overall growth prospects of the combined entity; and
- (f) creation of a larger asset base and facilitation of access to better financial resources.

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Sources of Information:

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

- Valuation Report by Jain Jindal & Co. Chartered Accountants 30th July 2018;
- Draft Composite Scheme of Amalgamation between ORL, RHI India, RHI Clasil and their Respective Shareholders.
- Audited financials of ORL & RHI India & RHI Clasil for the year ended 31st March 2018 and 31st March 2017;
- Projected Financials for the five year period from financial year 2019 to 2022 of RHI India and financial year 2019 to 2023 RHI Clasil;
- Shareholding pattern of ORL & RHI India & RHI Clasil as at 31st March 2018 ;
- Other relevant information/documents regarding ORL & RHI India & RHI Clasil including information available through public domain

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

As stated in the Valuation Report by Jain Jindal & Co. Chartered Accountants, they have recommended the following:

Merger of RHI India into ORL: "7,044 (Seven thousand and forty-four) equity shares of ORL of INR 1 each fully paid up for 100 (One Hundred) equity shares of RHI India of INR 10 each fully paid up."

Merger of RHI Clasil into ORL: "908 (Nine hundred & eight) equity shares of ORL of INR 1 each fully paid up for 1000 (One thousand) equity shares of RHI Clasil of INR 10 each fully paid up."

The aforesaid Amalgamation shall be pursuant to the Draft Composite Scheme of Amalgamation and shall be subject to receipt of approval from the National Company Law Tribunal or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the Amalgamation are more fully set forth in the Draft Composite Scheme of Amalgamation. Keynote has issued the Fairness Opinion with the understanding that Draft Composite Scheme of Amalgamation shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Composite Scheme of Amalgamation alters the transaction

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the valuation as suggested by JJCO under the proposed Scheme of Amalgamation is fair in our opinion.

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We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by ORL, RHI India and RHI Clasil for the purpose of this opinion. With respect to the estimated financials provided to us by



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the managements of RHI India and RHI Clasil, we have assumed that such financials were prepared in good faith and reflect the best currently available estimates and judgments by the managements of RHI India and RHI Clasil. We express no opinion and accordingly accept no responsibility with respect to or for such estimated financials or the assumptions on which they were based. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of ORL, RHI India and RHI Clasil. We have solely relied upon the information provided to us by ORL, RHI India and RHI Clasil. We have not reviewed any books or records of ORL, RHI India and RHI Clasil (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of ORL, RHI India and RHI Clasil and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of ORL, RHI India and RHI Clasil. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by ORL, RHI India and RHI Clasil for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of ORL, RHI India and RHI Clasil with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Amalgamation.

We understand that the managements of ORL, RHI India and RHI Clasil during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Amalgamation, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that ORL, RHI India and RHI Clasil may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving ORL, RHI India and RHI Clasil or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as financial advisors to ORL, RHI India and RHI Clasil for providing a fairness opinion on the proposed transaction and will receive professional fees for our services.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

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The Fairness Opinion is addressed only to the Board of Directors of ORL and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of ORL and the Stock Exchanges and also be made part of the explanatory statement to be



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circulated to the shareholders and/ or creditors of the Company. The Fairness Opinion should be read in totality and not in parts. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without Keynote's prior written consent. If this Fairness Opinion is used by any person other than whom it is addressed or for any purpose other than the purpose state hereinabove, then we will not be liable for any consequences thereof.

We express no opinion whatsoever and make no recommendation at all as to ORL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of ORL, RHI India and RHI Clasil should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of ORL will trade following the announcement of the transaction or as to the financial performance of ORL, RHI India and RHI Clasil following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, ORL, RHI India, RHI Clasil and their affiliates shall indemnify them.

For KEYNOTE CORPORATE SERVICES LTD



Nipun Lodha
Executive Vice-President & Head - Corporate Finance
SEBI Registration No. INM000003606
(Merchant Banker)



Certified to be true Copy
For Orient Refractories Ltd.


Sanjay Kumar
(Company Secretary)