Preliminary Placement Document
Subject to Completion
Not for Circulation and Strictly Confidential
Serial Number: [●]

The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI ICDR Regulations, on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted. This Preliminary Placement Document is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted pursuant to the Placement Document.

RHI MAGNESITA INDIA LIMITED

Registered Office: Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai – 400 042, Maharashtra, India
Corporate Office: 301, 316-17, Tower B, EMAAR Digital Greens, Golf Course Road Extension, Sector - 61, Gurugram – 122 011, Haryana, India
Telephone: +91 22 4985 1200; **E-mail:** investors.india@rhimagnesita.com; **Website:** www.rhimagnesitaindia.com;
CIN: L28113MH2010PLC312871; **Contact Person**: Sanjay Kumar, Company Secretary and Compliance Officer

*RHI Magnesita India Limited ("**Company**" or "**Issuer**") was originally incorporated as 'Orient Refractories Limited', a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated November 26, 2010 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi ("**RoC, New Delhi**") and received a certificate of commencement of business from the RoC, New Delhi on December 29, 2010. Thereafter, the name of our Company was changed from 'Orient Refractories Limited' to 'RHI Magnesita India Limited' pursuant to the composite scheme of amalgamation amongst our Company, RHI India Private Limited and RHI Clasil Private Limited which was approved by the National Company Law Tribunal, Mumbai vide its order dated May 5, 2021 and a fresh certificate of incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**") on July 2, 2021. For further details, see "General Information" on page 195.*

Our Company is issuing up to [●] Equity Shares of face value of ₹1 each ("**Equity Shares**") at a price of ₹[●] per Equity Share (the "**Issue Price**"), including a premium of ₹[●] per Equity Share, aggregating up to ₹[●] million (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 34.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

The Equity Shares are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", together with NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on March 28, 2023, was ₹580.05 and ₹580.80 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue have been received by our Company from each of BSE and NSE on March 29, 2023. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

Except for this Preliminary Placement Document, the information on our Company's website or any website directly or indirectly linked to our Company's website or the websites of the Book Running Lead Manager (as defined hereinafter) and their respective affiliates or agents does not form part of this Preliminary Placement Document, and prospective investors should not rely on such information contained in, or available through, such websites for their investment in this Issue. A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges in due course. Our Company shall also make the requisite filings with the RoC, within the stipulated period as prescribed under the Companies Act and the PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Preliminary Placement Document is meant solely for Eligible QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 48, BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND/OR THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document and the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 145. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") and referred to in this Preliminary Placement Document as a "**U.S. QIB**") in transactions exempt from the registration requirements of the U.S. Securities Act, and (b) outside the United States in "offshore transactions" as defined in and in reliance on, Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales are made. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "**QIBs**". For further information, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 161 and 168, respectively.

This Preliminary Placement Document is dated March 29, 2023.

BOOK RUNNING LEAD MANAGER

HSBC Securities and Capital Markets (India) Private Limited

TABLE OF CONTENTS

NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, our Subsidiaries and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, our Subsidiaries and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, our Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company and our Subsidiaries. There are no other facts in relation to our Company, our Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Company, our Subsidiaries nor the BRLM have any obligation to update such information to a later date.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. HSBC Securities and Capital Markets (India) Private Limited (the "**BRLM**") has not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the BRLM nor any of its shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLM and/or any of its shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries and the Equity Shares or its distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on the BRLM or on any of its respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, our Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the BRLM. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the BRLM or its representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the BRLM that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer, transfer and sale of the Equity Shares in the Issue in certain jurisdictions, see

"*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 161 and 168, respectively.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting, or investment advice and should consult their own counsels and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, our Company and the BRLM are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Our Company and the BRLM are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations and the QIB shall be solely responsible for compliance with the provisions of the Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on our Company's website, viz., www.rhimagnesitaindia.com, any website directly or indirectly linked to the website of our Company or on the respective website of the BRLM or any of their respective affiliates or agents, does not constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

The Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

NOTICE TO INVESTORS IN THE UNITED STATES

THE EQUITY SHARES HAVE NOT BEEN RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PRELIMINARY PLACEMENT DOCUMENT OR APPROVED OR DISAPPROVED THE EQUITY SHARES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFER, INCLUDING THE MERITS AND RISKS INVOLVED.

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY OTHER APPLICABLE LAW OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION

REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO U.S. QIBS AND IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND (B) OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS", AS DEFINED, AND IN RELIANCE ON, REGULATION S UNDER THE APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES ARE MADE. THE EQUITY SHARES ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER THE SECTIONS "*SELLING RESTRICTIONS*" AND "*PURCHASE REPRESENTATIONS AND TRANSFER RESTRICTIONS*" ON PAGES 161 AND 168, RESPECTIVELY.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 161 and 168, respectively.

Any information about our Company available on any website of the Stock Exchanges, our Company or the BRLM, other than this Preliminary Placement Document, shall not constitute a part of this Preliminary Placement Document and no investment decision should be made on the basis of such information.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" in this section is to a prospective investor in the Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged, and agreed to contents set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 161 and 168, respectively and have represented, warranted and acknowledged to and agreed to our Company and the BRLM, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or our Subsidiaries which is not set forth in this Preliminary Placement Document;

- You are a "qualified institutional buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but are an Eligible QIB, you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, and can participate in the Issue only under Schedule II of FEMA Rules. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets.;

- You are aware that in terms of the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50.00% or common control) shall be below 10.00% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10.00% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10.00% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, nationality, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges. Further, additional restrictions apply if you are within the United States and certain other jurisdictions. For further details in this regard, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 161 and 168, respectively;

- You are aware that this Preliminary Placement Document and the Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each of which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy and press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and Rule 6 of the FEMA Rules;

- This Preliminary Placement Document has been filed, and the Placement Document will be filed, with the Stock Exchanges for record purposes only and this Preliminary Placement Document and the Placement Document will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations, as may be required and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- You are aware that, our Company, the BRLM or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the BRLM. The BRLM or any of its respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLM may not have knowledge of all the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLM have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information relating to our Company or our Subsidiaries, which is not set forth in this Preliminary Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our Company, Subsidiaries, financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company or Subsidiaries' perspective present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Neither our Company nor the BRLM or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the Allotment of the same shall be at the discretion of our Company, in consultation with the BRLM;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLM;

- You are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 48;

- In making your investment decision, you have (i) relied on your own examination of our Company, our Subsidiaries, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of our Company, our Subsidiaries and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company, our Subsidiaries and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company, the BRLM nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the BRLM or any of its respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the BRLM or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the BRLM or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative Investment;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the Companies Act and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoters, either directly or indirectly and your Bid does not directly or indirectly represent our 'Promoters', or 'Promoter Group' (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of the Promoter Group or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board, other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You will have no right to withdraw your Application Form or revise your Bid downwards after the Bid / Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereinafter) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- The aggregate number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue Size. For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

(b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares to be issued pursuant to this Issue will be obtained in time or at all. Neither our Company nor the BRLM nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the BRLM has entered into a Placement Agreement with our Company whereby the BRLM has, subject to the satisfaction of certain conditions set out therein, undertaken to use its reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and that neither the BRLM nor any person acting on its behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLM or our Company or any other person, and the BRLM or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the BRLM and its respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the BRLM or any of its respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 161 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" on page 161;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page 168 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 168;

- If you are within the United States, you are a U.S. QIB, who is or are acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the definition of a U.S. QIB, for investment purposes only, and not with a view to, or for offer or sale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

- If you are outside the United States, you are purchasing the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S of the U.S. Securities Act and in compliance with laws of all jurisdictions applicable to you;

- You are not acquiring or subscribing for the Equity Shares as a result of any "general solicitation" or "general advertising" (as those terms are defined in Rule 502(c)under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S)

- You understand and agree that the Equity Shares are transferrable only in accordance with the restrictions described under the sections "*Selling Restrictions*" on page 161 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 168, and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the court(s) in New Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the BRLM and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the BRLM;

- You represent that you are not an affiliate of our Company or the BRLM or a person acting on behalf of such affiliate. However, affiliates of the BRLM, which are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, please see "*Offshore Derivative Instruments*" on page 10;

- Our Company, the BRLM, their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the BRLM; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including the affiliates of the BRLM, who are registered as Category I FPIs may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**Offshore Derivative Instruments**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such Offshore Derivative Instruments provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPI may receive compensation from the purchasers of such instruments. An FPI will collect the regulatory fee of USD 1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of offshore derivative instrument issued by it and deposit the same with SEBI by way of electronic transfer in the designated bank account of SEBI. In terms of Regulation 21 of SEBI FPI Regulations, Offshore Derivative Instruments may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to payment of applicable regulatory fee and in compliance with such other conditions as may be specified by SEBI. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Offshore Derivative Instruments have not been and are not being offered or sold pursuant to this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document does not contain any information concerning Offshore Derivative Instruments or the issuer(s) of any Offshore Derivative Instruments, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control,) is not permitted to be 10.00% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of Offshore Derivative Instruments and two or more subscribers of Offshore Derivative Instruments having common ownership, directly or indirectly, of more than 50.00% or common control shall be considered together as a single subscriber of the Offshore Derivative Instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI investments and Offshore Derivative Instruments position held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of Offshore Derivative Instruments.

Affiliates of the BRLM which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLM do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the BRLM and do not constitute any obligations of or claims on the BRLM.

Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to the Company. The Company and the Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and do not constitute any obligations of or claims on the Book Running Lead Manager. Respective affiliates of the Book Running Lead Manager which are eligible FPIs may purchase the Equity Shares in this Issue, and may issue P-Notes in respect thereof, in each case to the extent permitted by applicable law.

Prospective investors interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures as to the issuer(s) of such Offshore Derivative Instruments and the terms and conditions of any such Offshore Derivative Instruments from the issuer(s) of such Offshore Derivative Instruments. Neither SEBI nor any other regulatory authority has reviewed or approved any Offshore Derivative Instruments, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in Offshore Derivative Instruments, including whether Offshore Derivative Instruments are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the Stock Exchanges

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document; or

(2) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, the Promoters of our Company, our management or any scheme or project of our Company

and it should not, for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription / acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investor(s)', 'prospective investor(s)' and 'potential investor(s)' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue and references to 'our Company', 'Company', 'the Company' and the 'Issuer', are to RHI Magnesita India Limited and references to 'we', 'us' or 'our' are to our Company together with our Subsidiaries, on a consolidated basis.

Currency and units of presentation

In this Preliminary Placement Document, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of Republic of India, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, references to "EUR" or "€" are to Euro, the legal currency of the European Union, references to "GBP" or "£" are to British pound, the legal currency of the United Kingdom, references to "JPY" are to Japanese yen, the legal currency of Japan and references to "AED" are to the United Arab Emirates Dirham, the legal currency of the United Arab Emirates. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, all references to page numbers in this Preliminary Placement Document are to the page numbers of this Preliminary Placement Document.

All the numbers in this Preliminary Placement Document have been presented in million, unless stated otherwise. The amounts derived from financial statements included herein are presented in ₹ million rather than ₹ lacs. Financial statements in our Audited Consolidated Financial Statements and Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are presented in ₹ lacs.

Except as otherwise set out in this Preliminary Placement Document, all figures set out in this Preliminary Placement Document have been rounded off to the nearest whole number. However, all figures expressed in terms of percentage, have been rounded off to one or two decimal places, as applicable. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Financial Data and Other Information

Our Company publishes its financial statements in Indian Rupees. The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', "Fiscal" or "Fiscal Year" or "FY", are to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

Our Company has published its Audited Consolidated Financial Statements for Fiscal 2020, Fiscal 2021 and Fiscal 2022 and Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at December 31, 2022 and for the nine months ended December 31, 2022 and December 31, 2021. As required under the applicable regulations, and for the convenience of prospective investors, we have included the following in this Preliminary Placement Document:

i. audited consolidated financial statements of our Company and its subsidiaries as at and for the Fiscals ended March 31, 2022, March 31, 2021 and March 31, 2020, prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act (collectively, the "**Audited Consolidated Financial Statements**");

ii. unaudited interim special purpose condensed consolidated financial statements of our Company and its subsidiaries as at December 31, 2022 and for the nine months ended December 31, 2022 and December 31, 2021 prepared in accordance with the principles laid down in the Indian Accounting Standard 34, "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time (the "**Unaudited Interim Special Purpose Condensed Consolidated Financial Statements**");

iii. audited standalone financial statements of Dalmia OCL Limited as at and for the Fiscal ended March 31, 2022, prepared in accordance with the Indian Accounting Standards, as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Act ("**Audited Standalone Financial Statements of DOCL as at and for the Fiscal ended March 31, 2022**").

iv. special purpose financial information of Dalmia OCL Limited, which comprise the balance sheet as at December 31, 2022, and the statement of profit and loss (including other comprehensive income) for the nine months ended December 31, 2022, and notes to the special purpose financial information, including a summary of significant accounting policies and other explanatory information thereon ("**Special Purpose Financial Information of DOCL as at and for the nine months ended December 31, 2022**").

v. special purpose carve-out standalone financial information of Dalmia Bharat Refractories Limited, which comprise the balance sheet as at March 31, 2022, and the statement of profit and loss (including other comprehensive income) for the Fiscal ended March 31, 2022, and notes to the special purpose carve-out standalone financial information, including a summary of significant accounting policies and other explanatory information thereon ("**Special Purpose Carve-Out Standalone Financial Information of DBRL as at and for the Fiscal ended March 31, 2022**").

vi. special purpose carve-out standalone financial information of Dalmia Bharat Refractories Limited, which comprise the balance sheet as at December 31, 2022, and the statement of profit and loss (including other comprehensive income) for the nine months ended December 31, 2022, and notes to the special purpose carve-out standalone financial information, including a summary of significant accounting policies and other explanatory information thereon ("**Special Purpose Carve-Out Standalone Financial Information of DBRL as at and for the nine months ended December 31, 2022**").

vii. Ind AS financial statements of RHI Magnesita Seven Refractories Limited, which comprise the balance sheet as at March 31, 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity for the year, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information ("**Ind AS financial statements of RHI Magnesita Seven Refractories Limited as at and for the Fiscal ended March 31, 2022**").

viii. unaudited financial results of RHI Magnesita Seven Refractories Limited for the quarter ended December 31, 2022, and the year to date results for the period ended April 1, 2022 to December 31, 2022 ("**Unaudited Financial Results of RHI Magnesita Seven Refractories Limited for the period ended December 31, 2022"**).

ix. special purpose carve-out standalone financial information of our Company (refractory business of Hi-Tech Chemicals Limited), which comprise the balance sheet as at March 31, 2022, and the statement of profit and loss (including other comprehensive income) for the Fiscal ended March 31, 2022, and notes to the special purpose carve-out standalone financial information, including a summary of significant accounting policies and other explanatory information thereon ("**Hi-Tech Carve-out Financial Information as at and for the Fiscal ended March 31, 2022**").

x. special purpose carve-out standalone financial information of our Company (refractory business of Hi-Tech Chemicals Limited), which comprise the balance sheet as at December 31, 2022, and the statement of profit and loss (including other comprehensive income) for the nine months ended December 31, 2022, and notes to the special purpose carve-out standalone financial information, including a summary of significant accounting policies and other explanatory information thereon ("**Hi-Tech Carve-out Financial Information as at and for the nine months ended December 31, 2022**").

xi. Proforma unaudited condensed consolidated financial information of our Company, comprising the proforma unaudited condensed consolidated balance sheet as at December 31, 2022 and March 31, 2022, the proforma unaudited condensed consolidated statement of profit and loss (including the other comprehensive income) for the nine months ended December 31, 2022 and for the year ended March 31, 2022 and related notes, which has been prepared to illustrate the impact of the acquisition of Dalmia OCL Limited by our Company and acquisition of the business of Hi-Tech Chemicals Limited by our Company, on our Company's financial position as at December 31, 2022 and March 31, 2022 and its financial performance for the nine months ended December 31, 2022 and for the year ended March 31, 2022 as if the event or transaction had taken place at April 1, 2021 i.e. beginning of the earliest period presented in the proforma unaudited condensed consolidated financial information. ("**Proforma Unaudited Condensed Consolidated Financial Information of our Company**").

The Audited Consolidated Financial Statements should be read along with the respective audit reports, and the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements should be read along with the review report. Further, our Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information included in this Preliminary Placement Document have been derived from the Audited Consolidated Financial Statements. Except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information for the nine months ended December 31, 2022 and December 31, 2021, included in this Preliminary Placement Document have been derived from the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements. Unless context requires otherwise, the financial information corresponding to Fiscal 2020 that has been included in this Preliminary Placement Document, have been derived from the comparative financial information presented in the Audited Consolidated Financial Statements for Fiscal 2021.

Our Company prepares its financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Audited Consolidated Financial Statements and Unaudited Interim Special Purpose Condensed Consolidated Financial Statements to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting standards or principles. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Prospective investors are advised to consult their advisors before making any investment decision. Please see *"Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition"* on page 70.

Our Company's website, and the websites of our Subsidiaries, shall not form a part of this Preliminary Placement Document.

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures relating to our operations and financial performance (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Preliminary Placement Document, such as, "EBITDA", "EBITDA Margin", "Interest Coverage Ratio", "Return on Capital Employed" and "Return on Equity", in "*Our Business*" on page 118. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the refractory businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. The presentation of these Non-GAAP Financial Measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Preliminary Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "*Financial Statements*" on page 197.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations, industry publications and analysts and on data from other external sources, and on our knowledge of markets in which we compete. The statistical information included in this Preliminary Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory / government publications and websites, more particularly described in "*Industry Overview*" on page 107.

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled "*Indian Refractories Market Assessment, February, 2023*" (the "**CRISIL Report**"), which is a report commissioned and paid for by our Company and prepared by CRISIL Research pursuant to an engagement letter dated December 23, 2022, in connection with the Issue.

The CRISIL Report contains the following disclaimer:

"*CRISIL Research, a division of CRISIL Limited ("**CRISIL**") has taken due care and caution in preparing this Report ("**Report**") based on the information obtained by CRISIL from sources which it considers reliable ("**Data**"). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters / distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. RHI Magnesita India Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval.*"

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – We have referred to the data derived from the industry report commissioned from CRISIL Research, a division of CRISIL Limited*" on page 60.

Further, the calculation of certain statistical and/or financial information / ratios specified in the sections titled "*Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial Condition*" and otherwise in this Preliminary Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the CRISIL Report. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by an independent source and neither our Company nor the Book Running Lead Manager can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'will likely result', 'is likely', 'are likely', 'believe', 'expect', 'expected to', 'will continue', 'will achieve', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. As a result, actual future gains or losses could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- our business being subject to numerous industry and market factors, particularly relating to the steel industry;
- dependence on sales to a small number of customers;
- our operations in a competitive environment and the uncertainty to be able to compete successfully;
- exposure to risks relating to the Acquisitions;
- present and future related party transactions with entities in the RHI Magnesita group; and
- significant dependence on the RHI Magnesita group for our operations.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*" on pages 48, 83, 107 and 118, respectively.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we nor the BRLM or any of their affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition of our Company and our Subsidiaries could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Majority of our Directors and Senior Management named herein are residents of India and the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Civil Procedure Code, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law, then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the BRLM cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares. The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US $), for the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (the "**FBIL**"), which are available on their respective websites. No representation is made that any Rupee amounts, could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

I. US Dollar

(₹ per US$)

	Period End(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal ended*:				
March 31, 2022	75.81	74.51	76.92	72.48
March 31, 2021	73.50	74.20	76.81	72.29
March 31, 2020	75.39	70.88	76.15	68.37
Months ended*				
February 28, 2023	82.68	82.61	82.91	81.85
January 31, 2023	81.74	81.90	82.91	81.22
December 31, 2022	82.79	82.46	82.92	81.15
November 30, 2022	81.60	81.81	82.88	80.65
October 31, 2022	79.42	79.60	79.98	78.99
September 30, 2022	79.72	79.56	80.09	78.61

(Source: www.fbil.org.in and www.rbi.org.in)

Notes:
(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;
(2) Represents the average of the official rate for each working day of the relevant period;
(3) Maximum of the official rate for each working day of the relevant period; and
(4) Minimum of the official rate for each working day of the relevant period.
** In the event that the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI / FBIL reference rates are rounded off to two decimal places*

II. Euro

(₹ per €)

	Period End(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal ended*:				
March 31, 2022	84.66	86.56	90.51	83.48
March 31, 2021	86.10	86.67	90.31	81.50
March 31, 2020	83.05	78.80	84.33	76.31
Months ended*				
February 28, 2023	87.55	88.53	90.26	87.41
January 31, 2023	88.60	88.21	89.01	86.92
December 31, 2022	88.15	87.29	88.30	84.75
November 30, 2022	84.45	83.46	85.31	80.72
October 31, 2022	81.92	80.88	82.91	79.79
September 30, 2022	80.11	79.46	80.37	78.34

(Source: www.fbil.org.in *and* www.rbi.org.in*)*

Notes:
(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;
(2) Represents the average of the official rate for each working day of the relevant period;
(3) Maximum of the official rate for each working day of the relevant period; and
(4) Minimum of the official rate for each working day of the relevant period.
** In the event that the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI / FBIL reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder unless specified otherwise in the context thereof. Further, any references to any statute, rules, guidelines, regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "*Taxation*", "*Industry Overview*", "*Financial Statements*" and "*Legal Proceedings*", shall have the meaning given to such terms in such sections on pages 178, 107, 197 and 192, respectively.

General terms

Term	Description
"Issuer", or "our Company" or "the Company"	RHI Magnesita India Limited, a company incorporated under the Companies Act, 1956
"we", "Group", "our Group", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries

Company related terms

Term	Description
Articles / Articles of Association / AoA	Articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 134.
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company and its Subsidiaries as at and for the Fiscals ended March 31, 2022, March 31, 2021 and March 31, 2020, prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof
Chairman	The chairman of our Board, Vijay Sharma
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely Sanjay Kumar
Corporate Office	The corporate office of our Company which is located at 301, 316-17, Tower B, EMAAR Digital Greens, Golf Course Road Extension, Sector - 61, Gurugram – 122 011, Haryana, India
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 134
CRISIL Report	Report titled "*Indian Refractories Market Assessment, February, 2023*" issued by CRISIL Research.
Director(s)	Director(s) on the Board of our Company
DOCL	Dalmia OCL Limited, a subsidiary of our Company
Equity Share(s)	The equity shares of our Company, having a face value of ₹1 each
Executive Director	The managing director and chief executive officer of our Company, Parmod Sagar
Memorandum / Memorandum of Association	Memorandum of Association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 134
Non-Executive Independent Director(s)	Non-executive independent director(s), as per the Companies Act and the SEBI Listing Regulations, who are currently on the Board of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 134
Non-Executive Non-Independent Director(s)	Non-executive non-independent director(s) of our Company as disclosed in "*Board of Directors and Senior Management*" on page 134
Promoters	The promoters of our Company in terms of the SEBI ICDR Regulations and the Companies Act, namely, Dutch US Holding B.V., Netherlands, Dutch Brasil Holding B.V., Netherlands and VRD Americas B.V., Netherlands

Term	Description
Promoter Group	Promoter Group of our Company as determined in accordance with the Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company which is located at Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai – 400 042, Maharashtra, India
RHI Magnesita Group	RHI Magnesita N.V. together with its subsidiaries, associates and joint ventures
Risk Management Committee	The risk management committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 134
RoC / Registrar of Companies	The Registrar of Companies, Maharashtra at Mumbai, located at 100, Everest, Marine Drive, Mumbai 400 002, Maharashtra, India
Senior Management	Senior management of our Company as disclosed in "*Board of Directors and Senior Management*" on page 134
Shareholder(s)	The holder(s) of Equity Shares of our Company, unless otherwise specified in the context thereof.
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 134
Statutory Auditors	Current statutory auditors of our Company, being Price Waterhouse Chartered Accountants LLP
Subsidiaries	The Subsidiaries of our Company as of the date of this Preliminary Placement Document, namely Intermetal Engineers (India) Private Limited, Dalmia OCL Limited and RHI Magnesita Seven Refractories Limited
Unaudited Interim Special Purpose Condensed Consolidated Financial Statements	The unaudited interim special purpose condensed consolidated financial statements of our Company and its Subsidiaries as at December 31, 2022 and for the nine months ended December 31, 2022 and December 31, 2021 prepared in accordance with the principles laid down in the Indian Accounting Standard 34, "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

Issue related terms

Term	Description
Allocated / Allocation	The allocation of Equity Shares by our Company, in consultation with the BRLM, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the BRLM and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot / Allotment / Allotted	Unless, the context otherwise requires, allotment of Equity Shares to be issued pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) which will be submitted by an Eligible QIB for registering a Bid in the Issue during the Bid / Issue Period
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares, pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid / Issue Closing Date	The date after which our Company (or BRLM on behalf of our Company) shall cease acceptance of Application Forms and the Bid Amount, being [●], 2023
Bid / Issue Opening Date	The date on which our Company (or the BRLM on behalf of our Company) shall commence acceptance of the Application Forms and the Bid Amount, being March 29, 2023
Bid / Issue Period	Period between the Bid / Issue Opening Date and the Bid / Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Bid Amount
Book Running Lead Manager / BRLM	HSBC Securities and Capital Markets (India) Private Limited
CAN / Confirmation of Allocation Note	Note or advice or intimation to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after discovery of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about [●], 2023
Designated Date	The date of credit of Equity Shares to the Allottees' demat accounts pursuant to the Issue, as applicable to the relevant Allottees

Term	Description
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an eligible FPI participating through Schedule II of the FEMA Rules. However, FVCIs are not permitted to participate in the Issue.
Eligible FPI(s)	Foreign portfolio investor, as defined under the SEBI FPI Regulations (other than individuals, corporate bodies and family offices), and including persons who have been registered under the SEBI FPI Regulations, that are eligible to participate in this Issue
Escrow Accounts	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened with the Escrow Agents, subject to the terms of the Escrow Agreements, into which the Bid Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted to unsuccessful bidder, as set out in the Application Form
Escrow Agents	Collectively, Axis Bank Limited and The Hongkong and Shanghai Banking Corporation Limited
Escrow Agreements	Collectively, (a) the agreement dated March 29, 2023 entered into by and amongst our Company, Axis Bank Limited and the BRLM; and (b) the agreement dated March 29, 2023 entered into by and amongst our Company, The Hong Kong and Shanghai Banking Corporation Limited and the BRLM, for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	The floor price of ₹602.82 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of the shareholders of our Company accorded by way of a special resolution passed on March 13, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Issue	The offer, issue and Allotment of [●] Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder
Issue Price	₹[●] per Equity Share
Issue Size	The issue of up to [●] Equity Shares aggregating up to ₹[●] million
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Monitoring Agency	CARE Ratings Limited
Monitoring Agency Agreement	Agreement dated March 27, 2023 entered into by and amongst our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of the proceeds of the Issue
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	Agreement dated March 29, 2023 entered into by and amongst our Company and the BRLM
Placement Document	The placement document to be issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
Preliminary Placement Document	This preliminary placement document along with the Application Form dated March 29, 2023 issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Relevant Date	March 29, which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decides to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who are Allocated Equity Shares pursuant to the Issue
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Technical, Industry and Other Terms

Term	Description
Acquisitions	Acquisition of the Dalmia Refractory Business and Hi-Tech Refractory Business by our Company in January 2023
Adjusted Capital Employed	Adjusted Total Assets less current liabilities
Adjusted Total Assets	Total assets less intangible assets.
APO	Automatic Process Optimization technology
CAGR	Compounded Annual Growth Rate (as a %): (End Year Value/ Base Year Value) ^ (1/No. of years between Base year and End year) –1 [^ denotes 'raised to']
Dalmia Refractory Business	The Indian refractory business of Dalmia OC Limited comprising five manufacturing facilities and four mining sites
EBITDA	EBITDA is calculated as profit for the period/year after tax plus depreciation and amortisation expense, finance cost and income tax expense.
EBITDA Margin	EBITDA margin is calculated as EBITDA as a percentage of total income.
EMLI	Electromagnetic Level Indication Platform
Equity Shareholders Fund	Equity Shareholders Fund is share capital plus other equity. For Fiscals 2020 and 2021, Equity Shareholders Fund also included shares pending issuance.
FLS	Full line supply
Hi-Tech Refractory Business	The Indian refractory business of Hi-Tech Chemicals Limited comprising a flow-control products manufacturing facility
KTPA	Kilo tonnes per annum
Material Cost	Material cost is the sum of cost of raw materials and components consumed, purchases of stock-in-trade (traded goods) and changes in inventories of finished goods, and changes in inventories of work-in-progress and traded goods.
Merger	Merger of RHI India Private Limited and RHI Clasil Private Limited with our Company in June 2021
Operating EBIT	EBITDA less depreciation and amortisation
R&D	Research and development
ROCE	Operating EBIT divided by Adjusted Capital Employed
ROE	PAT divided by Equity Shareholders Fund
Tonnes	Metric tonnes
West Asia	Middle east excluding Turkey

Conventional and General Terms / Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
Arbitration Act	Arbitration and Conciliation Act, 1996, as amended
AS	Accounting Standards issued by ICAI, as required under the Companies Act
AY	Assessment year
BSE	BSE Limited
Calendar Year / CY	Period of 12 months commencing from January 1 & ending on December 31
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CSR	Corporate social responsibility
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the rules made thereunder
Companies Act / Companies Act, 2013 / Act	Companies Act, 2013, as amended and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified
Competition Act	The Competition Act, 2002, as amended
CrPC	Code of Criminal Procedure, 1973
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DDT	Dividend distribution tax
DIN	Director Identification Number

Term	Description
EGM	Extraordinary general meeting
FDI	Foreign direct investment
FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (formerly called the Department of Industrial Policy and Promotion) bearing file number 5(2)/2020-FDI Policy dated and with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations issued thereunder
FEMA Norms	The Government issued a notification and imposed certain restrictions or conditionality on such investments pursuant to Press Notes, circulars and regulations (including FEMA Rules) issued by the DPIIT or the RBI or the Ministry of Finance, Government of India, from time to time, as the case may be.
FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder
Finance Act	The Finance Act, 2022
Financial year / Fiscal Year / FY / Fiscal	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GDR	Global Depository Receipt
GoI / Government	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
Ind AS	Indian accounting standards converged with IFRS as specified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended
IPC	Indian Penal Code, 1860
IT	Information technology
JV	Joint Venture(s)
MCA	Ministry of Corporate Affairs, GoI
MNC	Multinational companies
NCLT	National Company Law Tribunal, GoI
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PSU	Public sector undertaking
R&D	Research and development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the U.S. Securities Act
Rule 144A	Rule 144A under the U.S. Securities Act
Rs. / Rupees / INR / ₹	Indian Rupees, the legal currency of the Republic of India
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended

Term	Description
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended
Stock Exchanges / Indian Stock Exchanges	Collectively, BSE and NSE
STT	Securities transaction tax
U.S.$ / U.S. dollar / USD	United States Dollar, the legal currency of the United States
USA / U.S. / United States	United States of America
U. S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund
Video Conferencing / Other Audio-Visual Means facility or VC / OAVM facility	Audio- visual electronic communication facility employed which enables all the persons participating in a meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting

SUMMARY OF BUSINESS

We are India's leading provider of refractory products and services, holding a market share of approximately 14% in terms of revenue from operations for Fiscal 2022 (*Source: CRISIL Report*). We supply a wide range of refractory products and solutions to customers in the steel, cement and lime, non-ferrous metals and glass sectors in India, West Asia and Africa. We are part of the RHI Magnesita Group, the global market leader in refractory manufacturing, offering customers more than 120,000 products for industrial applications involving temperatures exceeding 1,200° C (*Source: CRISIL Report*).

Refractory products are critical to modern industrial high-temperature manufacturing processes, enabling equipment and fixtures such as steel ladles and furnaces, cement rotary kilns, copper converters and glass furnaces to withstand extreme thermal, mechanical and chemical stress.

Our Company is the product of the integration in June 2021 of three Indian subsidiaries of RHI Magnesita Group: RHI India Private Limited ("**RHI India**"), RHI Clasil Private Limited ("**RHI Clasil**") and Orient Refractories Limited ("**ORL**") (the "**Merger**"). The integration has synergized, simplified and consolidated our strength in India to serve our customers more efficiently as one combined entity. The Merger has resulted in advantages such as the consolidation of (i) RHI Clasil's high alumina-based refractory product manufacturing; (ii) RHI India's customer relationships and capabilities in selling refractory products and services to the Indian steel industry; and (iii) ORL's manufacturing and supply capabilities in India and international markets.

As a result of the Merger, our Company is the largest manufacturer of a range of refractory products in India (*Source: CRISIL Report*). We aim to provide a "one-stop-solution" for refractory products and solutions for the Indian market, with capabilities ranging from innovation and research and development ("**R&D**") to raw material recycling, production of refractories, product marketing and sales, installation and monitoring.

Our products and services are categorized into two operating divisions based on the customer industries they serve: a division for the supply of products and services to the steel industry (the "**Steel Division**") and a division for the supply of products and services to the cement and lime, non-ferrous metals, chemicals and energy industries, glass and other industries (the "**Industrial Division**").

Steel Division. In Fiscal 2022 and the nine months ended December 31, 2022, our Steel Division represented 93.89% and 90.31% of our revenue from operations, respectively. We offer a broad range of refractory products, which enables us to provide solutions for steel manufacturers' refractory requirements. These refractory management service contracts represented 45.41% and 46.08% of revenue of our Steel Division in Fiscal 2022 and the nine months ended December 31, 2022, respectively. Due to the high consumption rate of refractories in the steel making process, refractories are an operating expense for steel manufacturers.

Industrial Division. Demand for refractories in the non-steel industries operates on a longer replacement cycle, with cement and lime customers typically carrying out annual maintenance to replace rotary kiln refractories, while customers in the non-ferrous metals and glass industries may only need to replace refractory lined equipment every ten years. The acquisition of the Dalmia Refractory Business (as defined below) that was completed in January 2023 was undertaken to help the Company reduce its imports and increase its revenue along with delivery of a well-diversified product and end-industry mix.

We have historically catered to our customers in and outside India through our own facilities, with certain additional customers outside India catered to through facilities operated by the larger RHI Magnesita Group. Our revenue streams comprise (i) sales in India of products made by our Company, (ii) sales outside India of products made by our Company, (iii) sales in India of imported products made by other entities of the RHI Magnesita Group, and (iv) services provided by our Company to the larger RHI Magnesita Group. We market our products and services through our sales network within and outside India.

We have a strong focus on R&D and benefit from the global R&D and technical expertise and experience of our parent company. As our customers' requirements and specifications can vary across their facilities, our R&D is focused on customisation of our products and services for such customers, which is an iterative process.

As of December 31, 2022, our Company owned and operated three facilities in India, with an aggregate refractory products production capacity of 163.08 KTPA including a flow control capacity of 46.08 KTPA. We have adopted the RHI Magnesita Group's approach to sustainable manufacturing practices with a view to reduce the impact of our operations on the environment. The RHI Magnesita Group is striving to achieve net zero emissions, has invested in new and emerging technologies and is focused on increasing recycling, improving energy efficiency, switching fuel and using green electricity (*Source: CRISIL Report*). We seek to benefit from the RHI Magnesita Group's investments in this area and aim to further develop processes that reduce CO_2 emissions in refractory production.

The table below sets forth certain financial information for the periods mentioned below, based on our historical financial statements:

Metric	As of / for Fiscal ended March 31, 2020[1]	As of / for Fiscal ended March 31, 2021	As of / for Fiscal ended March 31, 2022	As of / for the nine months ended December 31, 2022
Total income (₹ million)	13,979.44	13,827.03	20,048.05	18,598.50
EBITDA [2] (₹ million)	2,242.86	2,208.58	3,934.86	3,212.51
EBITDA Margin [3]	16.04%	15.97%	19.63%	17.27%
Profit after tax ("**PAT**") (₹ million)	1,358.85	1,366.23	2,690.04	2,132.57
PAT Margin [4]	9.72%	9.88%	13.42%	11.47%
Basic earnings per share (₹)[5]	8.44	8.49	16.71	13.25
Return on Equity ("**RoE**") [6]	19.32%	16.96%	26.15%	17.73%
Return on Capital Employed ("**RoCE**") [7]	26.02%	22.09%	33.85%	24.21%

Notes:

(1) Numbers have been restated to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.

(2) EBITDA is calculated as profit for the period/ year after tax plus depreciation and amortisation expense, finance cost and income tax expense.

(3) EBITDA margin is calculated as EBITDA divided by total income.

(4) PAT Margin is calculated as profit after tax divided by total income.

(5) Basic earnings per share is calculated as the profit attributable to owners of the Group divided by the weighted average number of equity shares outstanding during the financial year/ period

(6) ROE is calculated as PAT divided by Equity Shareholders Fund, where Equity Shareholders Fund is share capital plus other equity. For Fiscals 2020 and 2021, Equity Shareholders Fund also included shares pending issuance.

(7) ROCE is defined as Operating EBIT (EBITDA less depreciation and amortisation) divided by Adjusted Capital Employed, where Adjusted Capital Employed is Adjusted Total Assets less current liabilities, and Adjusted Total Assets is total assets less intangible assets.

Recently completed acquisitions (the "Acquisitions")

Dalmia Refractory Business

On January 5, 2023, we acquired the Indian refractory business of Dalmia OC Limited, pursuant to which we acquired five refractory manufacturing facilities and four mining sites (together, the "**Dalmia Refractory Business**"). For further information on the terms of the acquisition including consideration and shareholding arrangements, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments*" on page 85.

The Dalmia Refractory Business' operations include manufacturing various types of refractory products such as high alumina bricks and castable and pre-cast shapes, to cater to a balanced customer base comprising producers of steel, cement and other industrials.

Hi-Tech Refractory Business

On January 31, 2023, we acquired the Indian refractory business of Hi-Tech Chemicals Limited ("**HTCL**"), by way of slump sale, that comprised primarily of flow-control products manufacturing facility in Jamshedpur (Jharkhand) in India (the "**Hi-Tech Refractory Business**"). For further information on the terms of the acquisition including consideration and shareholding arrangements, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments*" on page 85.

The Hi-Tech Refractory Business' operations include manufacturing various types of refractory products, such as ladle refractory, tundish refractory, cast house, converter, and furnaces. The business primarily caters to steel producers, including some of the major steel-producing conglomerates in India.

The Acquisitions were carried out to broaden our product portfolio, leverage cross-selling opportunities, strengthen our Industrial Division, and access and increase production capacities (refractory and flow-control) across the industrial regions of India to on-shore manufacturing capacities and reduce the proportion of sales of imported goods by our Company. For further details on the rationale for the Acquisitions, see "*Our Business – Strengths – Well positioned to continue to be a leading player in a fast-growing Indian refractory market*" on page 121, and for information on synergies that we seek to derive from the Acquisitions see "*Our Business – Strategies – Derive synergies from recently completed Acquisitions*" on page 123.

Our post-Acquisition operations comprise nine facilities in India, with an aggregate flow-control production capacity of 65.24 KTPA and refractory production capacity of 525.48 KTPA, as of January 31, 2023.

The table below sets forth certain financial information for the periods mentioned below, based on our Pro Forma Unaudited Condensed Consolidated Financial Information:

Metric	As of / for Fiscal ended March 31, 2022	As of / for the nine months ended December 31, 2022
Total income (₹ million)	31,993.94	31,000.69
EBITDA [(1)] (₹ million)	5,047.42	4,427.57
EBITDA Margin [(2)]	15.78%	14.28%
Profit after tax ("**PAT**") (₹ million)	3,370.65	3,207.66
PAT Margin [(3)]	10.54%	10.35%

Notes:

(1) EBITDA is calculated as profit for the year/ period after tax plus depreciation and amortisation expense, finance cost and income tax expense.

(2) EBITDA margin is calculated as EBITDA divided by total income.

(3) PAT Margin is calculated as profit after tax divided by total income.

Strengths

Trusted brand and strong operational platform post the Merger

We benefit from the brand reputation, industry relationships and technical expertise of the RHI Magnesita Group, a global conglomerate with more than 89 years of experience in the refractory business and a presence across 100 countries as of December 31, 2022. With a global market share of 15%, the RHI Magnesita Group is a leading provider of refractory products and solutions (*Source: CRISIL Report*). We have historically leveraged our access to the RHI Magnesita Group's technology, procurement benefits, R&D, products and services to offer a global range of heat management solutions to our customers.

As a product of the integration of three Indian subsidiaries of the RHI Magnesita Group, we are placed among the leading India-based manufacturers and suppliers of high-grade refractory products and solutions in India based on revenue from operations for Fiscal 2022 (*Source: CRISIL Report*). The Merger has helped consolidate our strength in India by pooling a range of products and solutions that we are able to offer our combined customer base as one entity. It has also created a strong platform under the "RHI Magnesita" brand that is well positioned to derive business and operational synergies by leveraging economies of scale and procurement benefits, and utilising combined management expertise, technology and supply chain, to serve our customers with greater efficiency.

The Merger has also led to a larger asset base facilitating greater access to financial resources through optimization of cash flow, which we believe contributes to the overall growth prospects of our Company. Our revenue from operations grew at a CAGR of 19.40% between Fiscal 2020 and Fiscal 2022, with revenue from our Steel Division and Industrial Division having grown at CAGRs of 20.83% and 2.27% during such period, respectively.

Well positioned to continue to be a leading player in a fast-growing Indian refractory market

We believe the creation of a combined RHI Magnesita entity through the Merger and the recently completed Acquisitions position us to benefit from the fast-growing Indian refractory market.

Our ability to remain profitable as a provider of a wide range of refractory products and services, depends on the access we have to all the required manufacturing capabilities of such refractory products including linings and flow control products. We expect the Acquisitions to be strategically beneficial in increasing our production capacity as well as the range of flow control products that we can supply to our customers. The Acquisitions have provided us with access to a diverse manufacturing network of six additional facilities across the industrial regions of eastern, southern and western India. Our manufacturing capacities have consequently increased from 46.08 KTPA (flow-control products) and 163.08 KTPA (refractory products) as of December 31, 2022 to 65.24 KTPA (flow-control products) and 525.48 KTPA (refractory products) as of January 31, 2023. The acquired facilities enable us to have a manufacturing presence that is closer to our customers' facilities which will help shorten our supply chain to facilitate delivery of products to customers swiftly and reduce our working capital cycle. We also propose to benefit from the Indian government's "Make in India" policy that is aimed at promoting "local-for-local" production in India.

The Hi-Tech Refractory Business has given us access to its steel flow-control product facility in Jamshedpur (Jharkhand), and a portfolio of complementary flow-control production capabilities, which positions us well to capitalise on India's growing demand for steel production. India's steel demand is estimated to grow between 9% to 11% in Fiscal 2023, and Indian steel production is estimated to continue its robust growth pace in line with the Indian government's ambitious goal of achieving 260 million tonnes of production by 2030 (*Source: CRISIL Report*).

The Dalmia Refractory Business has expanded our manufacturing presence in the industrial regions of south, east and west of India, through its network of five facilities in India. It has also expanded our product portfolio with complementary "go-to-market" products such as high alumina bricks and castable and pre-cast shapes, which equips us to cater to its balanced customer base of steel producers, cement producers and other industrials. The growth in India is driving the infrastructure, building and construction, and automotive industries, which are the key end users of refractories (*Source: CRISIL Report*), and are markets served by customers in our Industrial Division.

With an expansion of our product portfolio, access to a diverse mix of customers and industries (specifically the cement business), and an increase in our flow-control and refractory manufacturing capacities allowing us to onshore manufacturing activities in India.

Comprehensive portfolio of products and heat management solutions contracts aimed at capturing a wide spectrum of the refractory value chain

One of the key differentiating factors of our business model is the broad range of refractory products and services we offer across the major refractory product-consuming customer industries in India. We believe this distinguishes us from our competitors, who are specialists and cater to a particular product range, type of refractory or customer industry. We aim to provide a "one-stop-solution" for refractory products and solutions for the Indian market, with capabilities ranging from innovation and R&D to raw material sourcing and recycling, production of a wide range of refractory and flow control products, product marketing and sales, installation and monitoring.

We manufacture a wide range of refractory products and mixes for our customers in the steel industry and non-steel industries such as cement and lime, non-ferrous metals, glass and other industries. From furnace to ladle to mould, we offer a range of refractory products for the entire spectrum of high-temperature manufacturing processes involving temperatures exceeding 1,200° C. Our products are custom made to meet the casting conditions and grade requirements of our customers' manufacturing facilities and are a result of intensive R&D efforts.

Our services and full-line solutions contracts involve partnering with our customers to supply refractory and provide storage, handling, dismantling, relining, installation, and maintenance services. We offer a full-line service to our customers by combining installation, supervision, and other services, to drive efficiency for our customers. As a result of our customised services, customers are able to experience reduced downtime, improved product quality and energy efficiency, and raw material optimisation. We believe our performance-based heat management solutions give us multiple touchpoints with our customers across the value chain and have led to higher customer retention and a long-term production-linked revenue model leading to higher revenue predictability. We are able to offer our range of services by leveraging the RHI Magnesita Group's global capabilities and deriving synergies from our historical customization efforts.

Strong R&D capabilities

R&D activities are essential to develop optimized and bespoke products and solutions for our customers. As our customers' requirements and specifications can vary across their facilities, our R&D is focused on customization and optimization, which is an iterative process. We have and continue to benefit from the global R&D and technical expertise and experience of the RHI Magnesita Group, which is primarily housed in its R&D centre in Leoben (Austria). The centre engaged 161 personnel as of December 31, 2022.

Our customization efforts are carried out at our R&D centre at Bhiwadi (Rajasthan). These efforts include the development of customized Purgebeam and Magfilter for customers to improve steel quality using flow simulation, setting-up isostatically pressed continuous casting refractories, slide gate plates, nozzles and well blocks, tundish nozzles, bottom purging refractories and top purging lances, slag arresting darts, basic spray mass for tundish working lining, castables, high alumina bricks and magnesia carbon bricks.

Our R&D expenditure was ₹16.55 million and ₹25.55 million during Fiscal 2022 and the nine months ended December 31, 2022, respectively, and represented 0.08% and 0.14% of our revenue from operations in the same periods, respectively.

Extensive manufacturing capacity with a focus on sustainability

As of December 31, 2022, our Company owned and operated three facilities in India, located in Bhiwadi (Rajasthan), Vishakhapatnam (Andhra Pradesh) and Cuttack (Odisha). Our facilities had an aggregate refractory production capacity of 163.08 KTPA and aggregate flow-control capacity of 46.08 KTPA, as of December 31, 2022. Our capacity utilization rate was 85.67% in Fiscal 2022 and 82.38% in the nine months ended December 31, 2022 (calculated as actual production volume divided by installed capacity for the nine months ended December 31, 2022 on a pro rata basis).

We have adopted the RHI Magnesita Group's approach to sustainable manufacturing practices with a view to reduce the impact of our operations on the environment. The RHI Magnesita Group is working towards achieving net zero emissions and is investing €50 million in related new and emerging technologies (*Source: CRISIL Report*). We benefit from the group's investments and have developed sustainable processes at our operations. As a result, our facility in Bhiwadi (Rajasthan) had the highest proportion of recycled raw material (by volume) in its manufacturing operations among the RHI Magnesita Group in 2022. The recycling rate of our Company's operations was 15.5% in the calendar year 2022, higher than the RHI Magnesita Group average recycling rate of 10.5%. The use of reclaimed refractory raw materials results in significant CO_2 emissions savings compared to the production of newly mined raw material.

Post the Acquisitions, we own and operate six additional facilities in India with an aggregate flow-control production capacity of 65.24 KTPA and a refractory production capacity of 525.48 KTPA, as of January 31, 2023.

Experienced Board and senior management team

We have a strong management team with considerable industry experience. We are led by our Managing Director and Chief Executive Officer, Parmod Sagar and our Chairman and Independent Director, Vijay Sharma who has significant experience in the refractory manufacturing industry. The Board is supported by members of our senior management team comprising our Chief Financial Officer, Vijaya Gupta and Chief Operating Officer, Abhishek Sharma, who has significant experience in the industry in which we operate. For further information on our Board and senior management, see "*Board of Directors and Senior Management*" on page 134.

Strategies

India continues to be an attractive growth market for the steel industry, driven by domestic availability of raw materials, such as minerals and ores, as well as low energy costs and competitive labour costs. According to CRISIL research, Indian steel production is estimated to continue its robust growth pace in line with the Indian government's ambitious goal of achieving 260 million tonnes of production by 2030. India's steel demand is estimated to grow between 9% to 11% in Fiscal 2023, and by a further 7% to 8% in Fiscal 2024, led by the infrastructure and auto sectors. The growth in India is expected to be refractory intensive, with refractories demand in India estimated to reach approximately 2.1 million tonnes in Fiscal 2028. The growth in demand is expected to be supported by India's vision of becoming a U.S.$5 trillion economy by Fiscals 2027 to 2028, and a U.S.$7 trillion economy by 2030, which in turn should drive the infrastructure, building and construction, and automotive industries, the key end-users of refractories. (*Source: CRISIL Report*).

We strive to increase our market share in India's growing refractory market and believe we are uniquely positioned to capitalize on India's growth opportunities by leveraging our competitive strengths and pursuing the following strategies.

Derive synergies from the Acquisitions

We seek to create long-term value for our stakeholders through the Acquisitions by leveraging the acquired businesses' deep local expertise with the support of RHI Magnesita Group's brand and well-established customer base.

With the added manufacturing capacities, we aim to reduce our import-related expenses, such as freight and forwarding costs, customs duties and import tariffs. To achieve this, we intend to onshore considerable manufacturing activities in India and reduce the proportion of sales of products manufactured by members of the RHI Magnesita Group outside India. For example, following our acquisition of a Mg carbon brick production facility as part of the Dalmia Refractory Business, we will no longer need to import Mg carbon brick for onward sales to our customers.

Furthermore, with lower energy and labour costs in India compared to Europe, we propose to derive significant cost-efficiencies in our manufacturing operations. We propose to achieve this by leveraging economies of scale and integrating vendor engagements and procurement practices across our nine facilities. We also intend to increase capacity utilization, improve product quality and yield higher margins by streamlining production plans and manufacturing practices across our facilities with those of the RHI Magnesita Group.

We intend to derive significant network optimization synergies to offer a broader range of products in India and gain further market share in our key export markets of West Asia and Africa. To enable this, we propose to pursue cross-selling and upselling opportunities by leveraging the acquired portfolio of products and customers.

Expand and upgrade manufacturing capacities of existing products

We intend to continue to manufacture products for the Indian market locally, by increasing our production capacity in India and sales of products manufactured using such expanded capacity to customers in India in the coming years.

To cater to the growing demand from our existing customers and to meet requirements of new customers, we intend to, and are in the process of, expanding manufacturing capacities at our existing and newly acquired facilities. For example, in October 2021 a new tunnel kiln was commissioned at our facility in Vishakhapatnam (Andhra Pradesh). The new tunnel kiln has increased the capacity of non-basic high alumina content refractory bricks by 11,500 KTPA. We also intend to increase automation of existing plants in Bhiwadi, Vishakhapatnam and Cuttack, to be completed by 2025. We have also invested and will continue to invest in capacity expansion of magnesia-based refractory products. Additionally, we are establishing additional capacities to scale up basic brick production at Cuttack (Odisha).

To improve capacity utilization rates at our newly acquired facilities, we intend to streamline production plans and manufacturing practices across our facilities with those of the RHI Magnesita Group. We are in the process of identifying improvement areas at these facilities and propose to implement facility and product-specific upgrades to the manufacturing practices based on the outcome of our ongoing assessments.

Continue to leverage existing R&D capabilities

We intend to continue to pursue our R&D efforts, with a focus on further customization of products in order to better serve our customers while ensuring cost efficiency. We propose to achieve this by continuing to access the R&D capabilities of the RHI Magnesita Group.

We have multiple ongoing projects involving technology transfers from the RHI Magnesita Group globally to facilitate the production of certain high-grade products, such as tundish nozzle changers, mono tubes, segmented tap holes, sleeves and high performance slide gates, in India. For example, we brought two patented digital refractory solutions to India – Automatic Process Optimization technology ("**APO**") and Electromagnetic Level Indication Platform ("**EMLI**"). APO enhances the prediction of a linings' lifetime by enabling the user to identify and assess parameters responsible for wear using artificial intelligence methods. Users can utilize this information to optimise refractory use for energy and cost savings and benefit from data driven control over maintenance. The EMLI technology automates monitoring of slag flow to improve control of slag carryover and increases production yield.

We intend to benefit increasingly from similar R&D projects to cater to our customers' evolving requirements. To this end, we have recently commissioned a R&D centre at Bhiwadi (Rajasthan) that will work closely with the global R&D network of the RHI Magnesita Group for local raw material development, provide solutions support for customer performance improvement projects and support manufacturing activities across our facilities.

Continue to grow our solutions contract business

We continue to focus on our solutions contract business with a view to increase the proportion of its revenue in line with the RHI Magnesita Group's global strategy of maintaining a balanced revenue stream of products and services.

We intend to expand the scope of services we provide to our existing customers and acquire new customers under our solutions contract business. To achieve this, we intend to implement focused marketing and business development activities such as providing all the refractory products and services as "one stop solution" to various industries. We also propose to facilitate deeper collaboration between our technical marketing team and our sales team to present the full range of our capabilities to potential customers.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 48, 74, 159, 145 and 174, respectively.

Issuer	RHI Magnesita India Limited
Face Value	₹1 per Equity Share
Issue Price	₹[●] per Equity Share (including a premium of ₹[●] per Equity Share)
Floor Price	₹602.82 per Equity Share calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company may offer a discount of not more than 5.00% to the Floor Price in accordance with the approval of the Shareholders of our Company accorded by way of a special resolution passed on March 13, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹[●] million. A minimum of 10.00% of the Issue Size, i.e., up to [●] Equity Shares shall be available for Allocation to Mutual Funds only and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion may be Allotted to other Eligible QIBs. Subject to approval of our Board and the Shareholders of our Company, our Company is proposing to undertake a preferential issue of its Equity Shares for an amount aggregating up to ₹2,000 million to its promoter entities.
Date of Board resolution	February 13, 2023
Date of Shareholders' resolution	March 13, 2023
Eligible Investors	Eligible QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations, to whom this Preliminary Placement Document and the Application Form are delivered and who are eligible to bid and participate in the Issue. FVCIs are not permitted to participate in the Issue. For further details, see "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 145, 161 and 168, respectively. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered has been determined by our Company in consultation with the BRLM.
Equity Shares issued and outstanding immediately prior to the Issue	187,996,331 fully paid-up Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Issue procedure	The Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act read with Rule 14 of the PAS Rules and all other applicable provisions of the Companies Act, read with Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 145.
Listing and trading	Our Company has obtained in-principle approvals each dated March 29, 2023 from BSE and NSE, respectively in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue.

	Our Company will make applications to each of the Stock Exchanges after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final listing and trading approval for the Equity Shares to be issued pursuant to the Issue.	
Lock-up	For details of the lock-up, see "*Placement and Lock-up – Lock-up*" on page 159	
Proposed Allottees	See "*Proposed Allottees in the Issue*" on page 627 for names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company	
Transferability restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange. For details in relation to other transfer restrictions, see "*Purchaser Representations and Transfer Restrictions*" on page 168	
Use of proceeds	The gross proceeds from the Issue will be aggregating to approximately ₹[●] million. The Net Proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, are expected to be approximately ₹[●] million. See "*Use of Proceeds*" on page 74 for information regarding the use of net proceeds from the Issue.	
Risk factors	See "*Risk Factors*" on page 48 for a discussion of risks you should consider before investing in the Equity Shares.	
Indian taxation	See "*Taxation*" on page 178	
Closing Date	The Allotment of the Equity Shares, expected to be made on or about [●], 2023.	
Ranking and dividend	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares, including rights in respect of dividends. The Shareholders who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. For further details see "*Dividends*" and "*Description of the Equity Shares*" on pages 82 and 174, respectively.	
Security codes for the Equity Shares	ISIN	INE743M01012
	BSE Code	534076
	NSE Symbol	RHIM

SELECTED FINANCIAL INFORMATION

The following selected financial information of our Company is extracted from and should be read in conjunction with, the Audited Consolidated Financial Statements and Unaudited Interim Special Purpose Condensed Consolidated Financial Statements included elsewhere in this Preliminary Placement Document. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 83, for further discussion and analysis of the Audited Consolidated Financial Statements and Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

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Audited Consolidated Financial Statements

Summary of balance sheet

(*in ₹ million*)

Particulars	As at March 31, 2020	As at March 31, 2021	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	2,229.79	2,338.66	2,681.77
Right-of-use assets	43.26	56.15	86.85
Capital work-in-progress	85.94	462.57	338.35
Intangible assets	1.96	36.60	56.34
Financial assets			
(i) Investments	0.03	0.05	0.05
(ii) Loans	56.40	-	-
(iii) Other financial assets	4.63	15.46	16.52
Deferred tax assets (net)	7.28	19.71	59.30
Other non-current assets	25.52	103.03	122.95
Total non-current assets	**2,454.81**	**3,032.23**	**3,362.13**
Current assets			
Inventories	2,778.36	3,530.87	6,080.40
Financial assets			
(i) Trade receivables	3,324.41	3,277.10	4,890.21
(ii) Cash and cash equivalents	1,221.78	1,551.42	622.10
(iii) Bank balances other than (ii) above	47.91	50.99	158.82
(iv) Other financial assets	19.83	10.71	4.75
Contract assets	312.79	613.07	997.20
Other current assets	357.49	530.06	626.87
Total current assets	**8,062.57**	**9,564.22**	**13,380.35**
Total assets	**10,517.38**	**12,596.45**	**16,742.48**
Equity and liabilities			
Equity			
Equity share capital	120.14	120.14	161.00
Shares pending issuance	40.86	40.86	-
Other equity	6,871.91	7,896.76	10,126.20
Equity attributable to the owners of RHI Magnesita India Limited	**7,032.91**	**8,057.76**	**10,287.20**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	576.09	598.07	334.19
(ii) Lease liabilities	-	18.79	45.07
Other non-current liabilities	7.34	9.90	14.71
Total non-current liabilities	**583.43**	**626.76**	**393.97**
Current liabilities			
Financial liabilities			
(i) Borrowings	79.91	2.46	256.23
(ii) Lease liabilities	9.47	4.54	11.57
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	95.40	620.01	616.77
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,256.09	2,858.97	4,649.92
(iv) Other financial liabilities	255.98	229.80	181.86
Contract liabilities	76.60	27.24	62.79
Provisions	-	13.54	29.11
Employee benefits obligations	84.22	102.27	126.73

(*in ₹ million*)

Particulars	As at March 31, 2020	As at March 31, 2021	As at March 31, 2022
Current tax liabilities	-	-	17.80
Other current liabilities	43.37	53.10	108.53
Total current liabilities	**2,901.04**	**3,911.93**	**6,061.31**
Total liabilities	**3,484.47**	**4,538.69**	**6,455.28**
Total equity and liabilities	**10,517.38**	**12,596.45**	**16,742.48**

Summary of statement of profit and loss

(in ₹ million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2022
Income			
Revenue from operations	13,875.86	13,703.79	19,951.43
Other income	103.58	123.24	96.62
Total income	**13,979.44**	**13,827.03**	**20,048.05**
Expenses			
Cost of raw materials and components consumed	4,632.18	4,952.15	7,167.55
Purchases of stock-in-trade (traded goods)	3,841.56	4,241.05	5,998.37
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)	169.93	(638.91)	(1,233.83)
Employee benefits expense	924.11	1,055.97	1,235.19
Finance cost	123.01	64.83	21.79
Depreciation and amortisation expense	261.77	297.95	338.25
Other expenses	2,168.80	2,008.19	2,945.91
Total expenses	**12,121.36**	**11,981.23**	**16,473.23**
Profit before tax	**1,858.08**	**1,845.80**	**3,574.82**
Income tax expense:			
- Current tax	456.36	489.62	938.31
- Deferred tax	47.13	(12.67)	(24.08)
- (Excess)/Short provision for tax relating to prior years	(4.26)	2.62	(29.45)
Total tax expense	**499.23**	**479.57**	**884.78**
Profit for the year	**1,358.85**	**1,366.23**	**2,690.04**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit plans	(14.40)	0.97	(13.54)
- Income tax relating to the above	3.63	(0.24)	3.41
Other comprehensive (loss)/income for the year, net of tax	**(10.77)**	**0.73**	**(10.13)**
Total comprehensive income for the year	**1,348.08**	**1,366.96**	**2,679.91**
Basic earnings per equity share (Face value of ₹1 each share)	8.44	8.49	16.71
Diluted earnings per equity share (Face value of ₹1 each share)	8.44	8.49	16.71

Summary statement of cash flows

(in ₹ million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2022
A. Cash flow from operating activities			
Profit before tax	**1,858.08**	**1,845.80**	**3,574.82**
Adjustments for:			
Depreciation and amortisation expense	261.77	297.95	338.25
Interest income	(71.97)	(59.68)	(27.07)
Allowance / (writeback) for doubtful export incentives receivable (Net)	-	4.40	(5.33)
Allowance for doubtful debts - trade receivables (Net)	7.78	(27.61)	47.86
Liabilities/ provisions no longer required written back	(12.91)	(7.11)	(0.22)
Bad debts recovered	-	(1.28)	(0.16)
Bad debts written off	13.72	11.79	14.35
Insurance claim receivable written off	34.29	-	-
Net gain on disposal of financial assets (open ended mutual fund scheme)	(12.91)	-	-
Finance Cost	123.01	64.83	21.79
Loss on property, plant and equipment sold / scrapped (Net)	(2.35)	0.02	3.81
Net unrealised foreign exchange (loss)	78.51	5.71	2.41
Impairment loss on capital work-in-progress	-	-	8.18
Items that will not be reclassified to Profit or loss	(14.40)	0.97	(13.54)
Operating profit before working capital changes	**2,262.62**	**2,135.79**	**3,965.15**
Changes in operating assets and liabilities			
Decrease / (Increase) in inventories	218.96	(752.51)	(2,549.53)
(Increase) / Decrease in trade receivables	(150.77)	69.51	(1,665.45)
(Increase) / Decrease in other current financial assets	(0.32)	(0.09)	1.10
Decrease / (Increase) in other current assets	68.22	(171.67)	(122.83)
(Increase) in loans	(21.46)	-	-
(Increase) in contract assets	(125.00)	(300.28)	(384.13)
Decrease / (Increase) in other non-current financial assets	1.23	2.15	(1.07)
(Increase) in other non-current assets	(5.22)	(6.90)	(8.86)
Increase in trade payables	100.71	1,145.72	1,775.82
Increase / (Decrease) in other financial liabilities	6.36	35.40	(13.70)
Increase in employee benefits obligations	18.87	18.05	24.46
Increase in other non current liabilities	0.34	2.56	4.81
(Decrease) / Increase in contract liabilities	(77.19)	(49.36)	35.55
(Decrease) / Increase in other current liabilities	(76.81)	9.73	55.43
Increase in provisions	2.18	13.54	15.57
Cash generated from operations	**2,222.72**	**2,151.64**	**1,132.32**
Income tax paid (Net)	(490.90)	(497.54)	(859.71)
Net cash inflow from operating activities (A)	**1,731.82**	**1,654.10**	**272.61**
B. Cash flows from investing activities			
Investment in mutual funds	(1,912.00)	-	-
Proceeds from redemption of mutual funds	3,008.86	-	-
Investment in Subsidiary	(99.15)	-	-
Investment in National Saving Certificate	-	(0.02)	-
Decrease / (Increase) in other bank balances	20.10	(3.08)	(111.00)
Capital expenditure on property, plant and equipment and intangible assets	**(835.70)**	**(857.98)**	**(624.48)**
Proceeds from sale of property, plant and	7.81	4.56	4.46

(in ₹ million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2022
equipment and intangible assets			
Interest received	70.05	68.90	31.92
Net cash outflow from investing activities (B)	**259.97**	**(787.62)**	**(699.10)**
C. Cash flows from financing activities			
Dividend paid on equity shares	(302.70)	(343.93)	(402.49)
Tax on dividend	(61.74)	-	-
Lease rent paid	(22.03)	-	-
Repayment of non-current borrowings (net)	200.00	(40.60)	-
Repayment of current borrowings	(877.01)	(79.91)	-
Principal payment of lease liabilities	-	(7.57)	(8.39)
Interest payment of lease liabilities	-	(1.23)	(3.34)
Interest paid	(115.18)	(63.60)	(28.55)
Share issuance costs	-	-	(60.06)
Net cash outflow from financing activities (C)	**(1,178.66)**	**(536.84)**	**(502.83)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**813.13**	**329.64**	**(929.32)**
Cash and cash equivalents at the beginning of the year	408.65	1,221.78	1,551.42
Cash and cash equivalents at the end of the year	**1,221.78**	**1,551.42**	**622.10**
Non-Cash investing activities			
- Acquisition of right-of-use-assets	-	21.44	41.69
Cash and cash equivalent included in the cash flow statement comprise of the following:			
Balances with banks			
- in current accounts	75.16	329.79	507.70
- in EEFC account	22.01	12.16	-
Deposits with original maturity of less than three months	1,124.05	1,209.13	114.00
Cash on hand	0.56	0.34	0.40
	1,221.78	**1,551.42**	**622.10**

Unaudited Interim Special Purpose Condensed Consolidated Financial Statements

Summary balance sheet

Particulars	As at December 31, 2022
Assets	
Non-current assets	
Property, plant and equipment	2,847.96
Right-of-use assets	140.04
Capital work-in-progress	294.56
Intangible assets	46.25
Financial assets	
(i) Investments	0.10
(ii) Other financial assets	16.32
Deferred tax assets (net)	87.94
Other non-current assets	162.58
Total non-current assets	**3,595.75**
Current assets	
Inventories	5,901.87
Financial assets	
(i) Trade receivables	5,448.22
(ii) Cash and cash equivalents	1,322.24
(iii) Bank balances other than (ii) above	147.95
(iv) Other financial assets	11.40
Contract assets	1,135.72
Other current assets	851.80
Total current assets	**14,819.20**
Total assets	**18,414.95**
Equity and liabilities	
Equity	
Equity share capital	161.00
Other equity	11,865.33
Equity attributable to the owners of RHI Magnesita India Limited	**12,026.33**
Liabilities	
Non-current liabilities	
Financial liabilities	
(i) Borrowings	-
(ii) Lease liabilities	95.89
Other non-current liabilities	16.36
Total non-current liabilities	**112.25**
Current liabilities	
Financial liabilities	
(i) Borrowings	618.57
(ii) Lease liabilities	16.32
(iii) Trade payables	
(a) Total outstanding dues of micro enterprises and small enterprises	460.19
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	4,651.78
(iv) Other financial liabilities	202.02
Contract liabilities	80.60
Provisions	-
Employee benefits obligations	155.88
Current tax liabilities	-
Other current liabilities	91.01
Total current liabilities	**6,276.37**
Total liabilities	**6,388.62**

Particulars	As at December 31, 2022
Total equity and liabilities	**18,414.95**

Summary of statement of profit and loss

(*in ₹ million*)

Particulars	For the nine months period ended December 31, 2021	For the nine months period ended December 31, 2022
Income		
Revenue from operations	14,051.85	18,472.52
Other income	76.15	125.98
Total income	**14,128.00**	**18,598.50**
Expenses		
Cost of raw materials and components consumed	5,080.64	6,611.27
Purchases of stock-in-trade (traded goods)	4,433.44	5,239.39
Changes in inventories of finished goods, work -in- progress and stock-in-trade (traded goods)	(922.37)	(240.37)
Employee benefits expense	889.91	1,182.70
Finance cost	24.30	57.96
Depreciation and amortisation expense	245.79	285.09
Other expenses	2,109.05	2,593.00
Total expenses	**11,860.76**	**15,729.04**
Profit before tax	**2,267.24**	**2,869.46**
Income tax expense:		
- Current tax	621.40	760.07
- Deferred tax	(45.83)	(31.69)
- Short provision for tax relating to prior periods	-	8.51
Total tax expense	**575.57**	**736.89**
Profit for the period	**1,691.67**	**2,132.57**
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit plans	1.87	12.10
Income tax relating to the above	(0.48)	(3.05)
Other comprehensive (loss)/income for the period, net of tax	**1.39**	**9.05**
Total comprehensive income for the period	**1,693.06**	**2,141.62**
Basic earnings per equity share (Face value of ₹1 each share)	**10.51**	**13.25**
Diluted earnings per equity share (Face value of ₹1 each share)	**10.51**	**13.25**

Summary statement of cash flows

(*in ₹ million*)

Particulars	For the nine months period ended December 31, 2021	For the nine months period ended December 31, 2022
A. Cash flow from operating activities		
Profit before tax	**2,267.24**	**2,869.46**
Adjustments for:		
Depreciation and amortisation expense	245.79	285.09
Interest income	(19.58)	(36.59)
Allowance for doubtful export incentives receivable (Net)	4.45	-
Allowance for doubtful debts - trade receivables (Net)	45.82	(6.97)
Liabilities/ provisions no longer required written back	-	(10.88)
Bad debts written off	7.50	4.36
Finance Cost	24.30	57.96
Loss on property, plant and equipment sold / scrapped (Net)	1.05	4.68
Net unrealised foreign loss/(exchange)	(15.57)	47.26
Impairment (reversal) / loss on capital work-in-progress	13.96	(8.18)
Operating profit before working capital changes	**2,574.96**	**3,206.19**
Changes in operating assets and liabilities		
(Increase) / Decrease in inventories	(2,323.05)	178.53
(Increase) in trade receivables	(1,045.27)	(549.63)
(Increase) in other current financial assets	(0.33)	(1.86)
(Increase) in other current assets	(463.21)	(227.44)
(Increase) in contract assets	(335.14)	(138.51)
Decrease in other non-current financial assets	0.28	0.20
(Increase) in other non-current assets	(3.42)	(3.12)
Increase / (Decrease) in trade payables	2,170.48	(196.90)
(Decrease) / Increase in other financial liabilities	(33.41)	26.51
Increase in employee benefits obligations	23.38	41.25
Increase in other non current liabilities	3.45	1.65
Increase in contract liabilities	52.99	17.81
Decrease in other current liabilities	(22.16)	(17.51)
Increase / (Decrease) in provisions	16.69	(29.11)
Cash generated from operations	**616.24**	**2,308.06**
Income tax paid (Net)	(538.96)	(842.01)
Net cash inflow from operating activities (A)	**77.28**	**1,466.05**
B. Cash flows from investing activities		
Investment in National Saving Certificate	-	(0.05)
Decrease in other bank balances	3.00	6.00
Capital expenditure on property, plant and equipment and intangible assets	(478.60)	(387.89)
Proceeds from sale of property, plant and equipment and intangible assets	3.82	27.74
Interest received	26.15	31.80
Net cash outflow from investing activities (B)	(445.63)	(322.40)

(*in ₹ million*)

Particulars	For the nine months period ended December 31, 2021	For the nine months period ended December 31, 2022
C. Cash flows from financing activities		
Dividend paid on equity shares	(402.49)	(402.49)
Repayment of current borrowings	59.92	-
Principal payment of lease liabilities	(3.37)	(10.34)
Interest payment of lease liabilities	(1.52)	(4.78)
Interest paid	(22.87)	(25.90)
Share issuance costs	(60.06)	-
Net cash outflow from financing activities (C)	**(430.39)**	**(443.51)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(798.74)**	**700.14**
Cash and cash equivalents at the beginning of the period	1,551.42	622.10
Cash and cash equivalents at the end of the period	**752.68**	**1,322.24**
Non Cash investing activities		
- Acquisition of right-of-use-assets	-	72.23
- Shares issued as per the scheme of amalgamation of the Company with its erstwhile two fellow subsidiaries	40.86	-
Cash and cash equivalent included in the cash flow statement comprise of the following:		
Balances with banks		
- in current accounts	324.60	377.93
Deposits with original maturity of less than three months	427.70	944.00
Cash on hand	0.38	0.31
	752.68	**1,322.24**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) nine months ended December 31, 2022 and December 31, 2021; (ii) Fiscal 2022; (iii) Fiscal 2021; and (iv) Fiscal 2020, as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported, please see the section titled *"Financial Statements"* on page 197.

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry and segments in which we currently operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial, may also impair our businesses, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our businesses, results of operations, financial condition and cash flows could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a more complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 118, 107 and 83 respectively, as well as the financial, statistical and other information contained in this Preliminary Placement Document.

Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2020 and 2021 has been derived from the Audited Consolidated Financial Statements for Fiscal 2021, (ii) Fiscal 2022 has been derived from the Audited Consolidated Financial Statements for Fiscal 2022, and (iii) the nine months ended December 31, 2021 and December 31, 2022 has been derived from the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

Our historical financial statements for Fiscal 2020 do not reflect the impact of the Merger and have been restated in the Audited Consolidated Financial Statements for Fiscal 2021 to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Financial information for the nine months ended December 31, 2021 and December 31, 2022 is not annualized and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Indian refractories market assessment" dated February 2023, (the "**CRISIL Report**") prepared and issued by CRISIL Research, a division of CRISIL Limited, appointed by us on December 23, 2023 and exclusively commissioned and paid for by us in connection with the Issue.*

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment that may differ from that of other countries. This Preliminary Placement Document also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For details, see "Forward-Looking Statements" on page 18.

Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

Risks relating to Our Business

1. Our business is subject to numerous industry and market factors, particularly relating to the steel industry.

Our business is subject to numerous industry and market factors. In particular, the steel industry is our largest end market, and demand for our products is therefore largely dependent on steel production volumes in our core markets of India, West Asia and Africa. In Fiscals 2020, 2021 and 2022 and the nine months ended December 31, 2022, our Steel Division represented 91.67%, 92.55%, 93.89% and 90.31% of our revenue from operations, respectively. The demand for steel products is highly cyclical and significantly affected by macroeconomic developments globally and in regional and local markets. See also "*– Our growth depends on the sustained growth of the Indian economy and may be impacted by an economic slowdown in India*" on page 65. As our customer base predominantly comprises manufacturers engaged in the steel industry, our business is particularly sensitive to trends in the automotive, construction, home appliances, packaging and distribution industries. Our operations are also influenced by demand for cement and lime, which is principally tied to the level of construction activity in local markets. Construction activity, in turn, is influenced by a number of factors, including general economic conditions, government policy, population growth, urbanisation and seasonal fluctuations. We are also exposed to cyclical developments in other process industries, such as non-ferrous metals, glass, and energy, environmental and chemicals. Sustained downturns in one or more of the industries to which we sell our products or a slowdown or recession in markets from which we derive a substantial portion of our revenue would result in reduced demand for our products and have a material adverse impact on our business, results of operations and financial condition.

2. We depend on sales to a small number of customers.

We are dependent on a small number of customers for a significant portion of our revenue. Revenue from our 10 largest customers (including related parties/ members of the RHI Magnesita Group) represented 70.12%, 71.10% and 73.23% of our revenue from operations in Fiscals 2020, 2021 and 2022, respectively, and 72.36% and 75.92% in the nine months ended December 31, 2021 and December 31, 2022, respectively, while revenue from our single largest customer represented 17.73%, 15.12%, 17.04%, 15.17% and 18.26% of our revenue from operations in the same periods, respectively. With the increasing trend of consolidation in the steel industry, we may continue to be heavily dependent on a few customers for a substantial portion of our revenue. Risks involved with reliance on key customers for significant revenue include reduction, delay or cancellation of orders from our significant customers, failure to renew contracts with one or more of our significant customers, failure to renegotiate favourable terms with our key customers or the loss of these customers entirely, all of which would have a material adverse effect on the business, results of operations, financial condition, cash flows and future prospects of our Company.

We may fail to retain our key customers as a result of a number of factors, including the level of their satisfaction with our products, systems and solutions. If a key customer is dissatisfied with the quality of our products, systems or solutions, or if we fail to meet quality or performance standards under our contracts, we may lose business volume from the customer or lose the customer altogether. Additionally, there are factors beyond our control that could cause a reduction in business volume from a customer or the loss of a customer, including a challenging economic or competitive environment, consolidation, or customer insolvency. The loss of, or a significant reduction in volume of business from, our key customers, would have a material adverse effect on our business, results of operations and financial condition.

3. The Pro Forma Unaudited Condensed Consolidated Financial Information included in this Preliminary Placement Document to reflect the Acquisitions is not indicative of our expected financial performance in future periods or a substitute for our past results

Given that we completed the Acquisitions in January 2023, the Audited Consolidated Financial Statements and the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements included in this Preliminary Placement Document, do not account for the impact of the Acquisitions. For further details on the Acquisitions, see "*Our Business – Recently completed acquisitions (the "Acquisitions")*" on page 120.

Our Pro Forma Unaudited Condensed Consolidated Financial Information for Fiscal 2022 and the nine months ended December 31, 2022, included in this Preliminary Placement Document illustrate the impact of the Acquisitions on the consolidated financial statements of our Company, including the results of operations and the financial position as if the Acquisitions had taken place on April 1, 2021. Accordingly, our Pro Forma Unaudited Condensed Consolidated Financial Information may not be indicative of what our actual results of operations, financial position and cash flows would have been for such periods or as of such dates, nor are these intended to be indicative of expected results or operations in the future periods or our future financial position. For further details, see "*Financial Information – Pro Forma Unaudited Condensed Consolidated Financial Information*" on page 610.

Our Pro Forma Unaudited Condensed Consolidated Financial Information addresses a hypothetical situation and does not represent our actual consolidated financial condition or results of operations, and is not intended to be indicative of our future financial condition and results of operations. The adjustments set forth in the Pro Forma Unaudited Condensed Consolidated Financial Information are based on available information and assumptions that our management believes to be reasonable. As the Pro Forma Unaudited Condensed Consolidated Financial Information is prepared for illustrative purposes only, it is, by its nature, subject to change and may not give an accurate picture of the actual financial results that would have occurred had such transactions by us been effected on the dates they are assumed to have been effected, and is not intended to be indicative of our future financial performance. The Pro Forma Unaudited Condensed Consolidated Financial Information should be read in conjunction with the section "*Basis of Preparation of the Pro Forma Unaudited Condensed Consolidated*

Financial Information" on page 622 and "*Accounting Policies*" appearing in the Pro Forma Unaudited Condensed Consolidated Financial Information included in this Preliminary Placement Document.

Investors should not unduly rely on our Pro Forma Unaudited Condensed Consolidated Financial Information. If the various assumptions underlying the preparation of the Pro Forma Unaudited Condensed Consolidated Financial Information turn out to be untrue, our actual results could be materially different from those indicated in the Pro Forma Unaudited Condensed Consolidated Financial Information.

4. We are exposed to risks relating to the Acquisitions and may be unable to realise targeted synergies and other anticipated benefits of the Acquisitions

We completed the acquisition of DOCL on January 5, 2023 and the refractory business of Hi-Tech Chemicals Limited (the "**Hi-Tech Refractory Business**") with effect from January 31, 2023. As a result of the Acquisitions, our manufacturing capacities have increased from 46.08 KTPA (flow-control products) and 163.08 KTPA (refractory products) as of December 31, 2022 to 65.24 KTPA (flow-control products) and 525.48 KTPA (refractory products) as of January 31, 2023. While we have conducted due diligence on the acquired businesses, we may not have identified hidden liabilities with respect to the Acquisitions, including potential exposure to regulatory sanctions resulting from previous activities of the acquired businesses. As a result, we may incur unanticipated restructuring or integration expenses, including litigation and other liabilities such as latent manufacturing process defects and other warranty liabilities. Furthermore, the underlying EBITDA margin for the fourth quarter is expected to be lower than that recorded in the third quarter due to the effect of the consolidation of DOCL, which is currently operating at lower levels of profitability due to under-utilization of production capacity. The reported EBITDA margin is also expected to be further impacted by one-off acquisition and integration expenses (comprising payments to third-party consultants and advisors, and commitment fees charged by the lender for the facilities availed in January 2023), corporate social responsibility payments and non-recurring provision relating to disputed performance payments from a prior period. For further information, see "*Our Business - Recently completed Acquisitions*".

The Acquisitions also expose us to the risk of being unable to successfully integrate the operations of the acquired businesses with our own, risk of failure of these business entities, financial risks and risks related to integrating enterprise resource planning systems. Our integration measures include optimization measures such as eliminating overlapping functions, harmonizing procurement and vendor procurement practices across acquired manufacturing facilities, and integrating IT and management information systems and other aspects of our operations. We may be unable to successfully execute these integration measures and key personnel may decide to disengage with us or otherwise refuse to cooperate with our personnel and existing systems. In addition, we may not be able to retain the customer base of the acquired businesses. As part of the Acquisition, we have also acquired assets that implicate new operations for us, such as mining sites of DOCL, and integrating these assets may introduce unforeseeable challenges. See, " – *We have limited experience in mining operations in India and could incur significant costs in complying with regulations affecting such mining operations*" on page 55.

Our targeted synergies from the Acquisitions are based on numerous estimates and assumptions that are inherently uncertain and are dependent on many factors, such as the general macroeconomic, industry, legal, regulatory and tax environment, as well as changes to our business strategy, development and investment plans. There can be no assurance that the Acquisitions will yield the targeted synergies for our growth, economies of scale, cost savings, development, production and distribution targets, or other strategic goals to the extent or in the timeframe anticipated, and the attention of management and other personnel may be diverted for long periods of time as we seek to achieve this. Any failure to realise the synergies and benefits expected in connection with the Acquisitions could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may continue to evaluate and consider additional strategic investments and acquisitions which are complementary to our business. Investments or acquisitions involve numerous risks which may also divert the management's time and resources from our normal operations and we may have to incur unexpected liabilities or expenses. We face additional risks in connection with acquisitions, including that: an acquisition may negatively affect our financial condition and results of operations as it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may result in our inability to carry forward accumulated tax losses, may expose us to claims and disputes by shareholders and third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition; we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel, or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us; an acquisition may disrupt our ongoing business, divert resources, increase our expenses, and distract our management; if we issue a significant amount of securities in connection with future acquisitions, existing shareholders may be diluted and earnings per share may decrease or losses per share may increase; unavailability of favourable financing for future acquisitions, due to factors such as a negative impact on credit rating; and inability to maintain the key business relationships and the reputations of acquired businesses.

5. ***Our business is dependent on the sale of our products in key markets, particularly India, West Asia and Africa.***

We have historically derived a significant portion of our revenues from sales to customers in India, West Africa and Africa. The table below sets forth certain information on the revenue earned from these regions for the periods indicated:

Region	Fiscal 2020 (1)	Fiscal 2021	Fiscal 2022	Nine months ended December 31, 2022
	(Percentage of total)	(Percentage of total)	(Percentage of total)	(Percentage of total)
India	82.68%	83.81%	83.48%	84.67%
West Asia	7.72%	8.31%	6.57%	7.82%
Africa	2.00%	1.32%	2.51%	1.98%
Others	7.60%	6.56%	7.44%	5.53%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

1. *Numbers have been restated to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.*

As we are dependent on these markets for our sales, any disruptions in such markets may materially affect our business, cash flows and results of operations. Our revenues from these markets may decline as a result of increased competition, regulatory action, pricing pressures including as a result of anti-dumping measures, fluctuations in the demand for or supply of the products of our customers, or the outbreak of an infectious disease such as COVID-19. Furthermore, our international operations are subject to risks that are specific to each country and region in which we operate, as well as risks associated with international operations, including complying with changes in foreign laws, regulations and policies, restrictions on trade, import and export license requirements, and tariffs and taxes, intellectual property enforcement issues and changes in foreign trade and investment policies. In the event we are unable to effectively address or comply with changes in foreign laws, or meet the conditions stipulated in our licenses, we may be subject to penalties and other regulatory actions, which could adversely affect our reputation, business, prospects, result of operations and financial condition.

6. ***We significantly depend on the RHI Magnesita Group for our operations and have entered into and may continue to enter into a substantial amount of related party transactions with entities in the RHI Magnesita Group.***

We have historically operated as part of the wider RHI Magnesita Group in India, and our affiliates have provided us with finished products for onward sales, technical support and adequate capital to operate in a capital intensive industry. In Fiscals 2020, 2021 and 2022 and the nine months ended December 31, 2022, purchases from our related parties amounted to ₹2,448.28 million, ₹2,680.53 million, ₹3,849.60 million and ₹2,878.35 million, respectively. For more information on our related party transactions, see "*Related Party Transactions*" on page 47. We have engaged, and expect to continue to engage, in a broad range of transactions with entities of the RHI Magnesita Group who are our related parties, in the ordinary course of business on an arm's length basis. As we increase our manufacturing capacities and transition to core manufacturing operations, we will undertake production of patented products for which we will incur additional costs in the form of royalty that will be payable to the RHI Magnesita Group. We may be unable to successfully utilize the infrastructure or implement the changes necessary to operate as a manufacturing hub for the group's refractory business in the region, or may incur additional unforeseen costs that could materially and adversely affect our business.

Our related party transactions mainly consist of import of products for sales in India and outside India, provision of services and royalty payments, and provision of loans and advances. We have entered into agreements with certain entities of the RHI Magnesita Group, for certain services, including (i) providing periodical information on the Indian market, developments in the Indian steel industry and business potential for products marketed by RHI Ag, visiting purchasers and potential purchasers of these products regularly, providing information on the business conduct of such customers, providing relevant information in preparation of offers and forwarding offers to potential customers, collecting information on customer needs and performing customer relationship management, providing after sales services, consultation and advising the customers on use of refractories, and engaging technical experts for relationship management (ii) production and packaging of refractory products in India by our Company for various entities of the RHI Magnesita Group on the payment of a purchase price (consisting of cost incurred on manufacturing, a mark-up and indirect taxes, as applicable), (iii) promotion, marketing, sale, and distribution of our products by RHI Magnesita GmbH, an affiliate of our Company in territories outside India, for which an operating charge is charged on the net sales price of our products in those territories, less costs attributable to selling, general and administrative functions and other expenses incurred by the distributing party, operating margins and indirect taxes. For more information in relation to these charges, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition - Purchases of stock-in-trade, royalty and operating charges*" on page 86, and (iv) licensed use of our affiliate's technical knowhow applied in manufacturing, test methods for quality standards, including temperature, chemical, or corrosion resistance, mechanical behavior, layout of plant and machinery, and sample marketing and sales tools; use of their various patents and trademarks for which a certain royalty rate is charged. For information in relation to royalty paid by us for use of such intellectual property rights, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition - Purchases of stock-in-trade, royalty and operating charges*" on page 86. These agreements are typically valid for an initial term of one year, and automatically renew for an additional term of one year.

These transactions contribute to a significant portion of our expenditure and revenue. In the event there is any modification or termination of these arrangements pursuant to internal factors, which may include corporate restructuring or change in the group's business strategy, or external factors such as imposition of trade barriers or adjustments due to the transfer pricing regulations, it may significantly and adversely affect our business, results of operations, financial condition and prospects. For additional information on our related party transactions, see "*Financial Statements*" on page 197. Also see, "*Risk Factors – Failure to defend our intellectual property or infringement by us on the intellectual property rights of third parties, or any reputational damage to the 'RHI Magnesita' brand could adversely affect our business" on page 62.*

We compete for sales and customer acquisition in the regional markets of India, West Asia and Africa with our related parties and to that extent may be exposed to conflicts of interest. For details on our regional sales and distribution arrangement with the RHI Magnesita Group, see "*Our Business – Products and Services – Sales and Distribution*" on page 127. There can be no assurance that such conflicts will be resolved in our favour or that our related parties will honour their commitments owed to us. While the transactions with these related parties have been conducted in the ordinary course of business and on an arm's length basis on commercially reasonable terms, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties.

7. We operate in a competitive environment and may not be able to compete successfully if our businesses do not adequately adapt to market developments.

We compete with companies in the Indian refractory industry, and our continued success depends on our ability to continue to supply products, systems and solutions tailored to our customers' requirements on a cost-effective and timely basis. The markets for our products are competitive in terms of pricing, product and service quality, product development and introduction time, customer service, financing terms and other similar factors.

In particular, as Indian consumers start shifting towards 'Made in India' refractories, India will keep benefiting from increasing demand for low-cost, high-quality refractories (*Source: CRISIL Report*). If we are unable to compete with lower cost suppliers on price or implement appropriate competitive strategies (e.g., as a niche supplier in certain segments), or if our competitors are able to provide better customer-specific design and refractory solutions, react more quickly to the changing needs of customers, adapt to market developments related to new products (including growing demand for products with environmental features, digitalisation and services), differentiate themselves more effectively, or improve the functionality or performance of their products more quickly than us or in a more cost-effective manner, we may face price and margin declines and lose customers. These outcomes may have a negative impact on our business, results of operations, financial position and prospects.

8. We are subject to repayment and other restrictive covenants under our financing arrangements

We have incurred significant indebtedness of ₹ 10,700 million as of January 31, 2023. We have entered into agreements with certain banks and financial institutions for current and non-current borrowings, which typically contain restrictive covenants, including requirements that we obtain prior consent from lenders for certain activities such as making acquisitions, amendments or modifications to constitutional documents, any direct or indirect changes in our beneficial ownership or control.

If we breach any of these covenants, our lenders will be entitled to accelerate debt obligations, which may also trigger cross-acceleration clauses. Any default under our debt obligations could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity. In addition, any increase in our borrowings could make it more difficult for us to satisfy our financing obligations; increase our vulnerability to a downturn in our business or general economic and industry conditions; require us to dedicate a substantial portion of our cash flow from operations to payments on our debt; and negatively impact credit terms with our creditors; limiting, among other things, our ability to borrow additional funds or raise equity capital; and increasing the costs of obtaining additional capital, which would adversely affect our results of operations, financial condition and business prospects.

9. Our manufacturing operations depend on a limited number of third-party suppliers for raw materials.

Our manufacturing processes are dependent on the availability of various raw materials, including magnesite, dolomite, bauxite, and aluminas. We mainly source raw materials from third-party suppliers in China based on price, location and other considerations.

We depend on a limited number of third-party suppliers to provide raw materials in the required volumes and at appropriate quality and reliability levels. There can be no assurance that increased demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. Any change in the supply pattern of our raw materials can adversely affect our business, results of operations, financial condition and cash flows. We generally do not have long-term supply agreements for our raw materials and are therefore subject to supply risks, as there is no assurance that the arrangements with suppliers can be maintained, renewed or extended on economically viable terms. If our material supply agreements are terminated, or if our suppliers fail to fulfil our orders in a timely manner for any reason, we could become unable to produce certain types of refractories in a timely manner, in sufficient quantities or on terms acceptable to our customers. We may also be required to replace a supplier if its products or services do not meet our safety, quality or performance standards or if a supplier unexpectedly discontinues operations due to reasons beyond its or our control, including financing constraints caused by credit market conditions.

The prices of magnesite, dolomite, alumina, and certain other raw materials used in the refractories industry are highly volatile and may be affected by, among other factors, the oligopolistic nature of the mining industry, the fragmented nature of the refractories industry, demand trends in the refractories industry or other industries, government intervention, tensions between the Indian government and Chinese government on economic or geopolitical fronts, changes in laws or regulations (including export restrictions), preferential allocations to other purchasers, disruptions in production or delivery by suppliers, wars, natural disasters, political disruptions, exchange rate fluctuations, and transportation costs. While we have acquired four mining sites as part of the Acquisitions, these are small-scale bauxite, dolomite and silica mining assets that do not meet our raw material requirements. Furthermore, our ability to use these mines is subject to completion of the transfer of such mines to our Company which is dependent on various factors. See "*Risk Factors – We have limited experience in mining operations in India and could incur significant costs in complying with regulations affecting such mining operations.*" on page 55. Market prices of the key raw materials that we source have been on the rise in the period under review and may continue to rise in the future. Such price increases result in reduced profit margins if they cannot be passed on to customers in full. Additionally, increases in the price of key raw materials could result in an increase in our overall cost of production and result in further reduced profit margins. Hedging the future prices of most of the raw materials we source from third parties typically is not possible due to the lack of functioning futures markets in those commodities. If the prices of these or other raw materials increase further and we are not able to at least partially pass such increases on to customers or otherwise mitigate costs, this would adversely affect our profitability.

Dependence on raw materials purchased from third-party suppliers also exposes us to quality risks. The quality of our materials may not be immediately verifiable, and fluctuating or poor quality may adversely affect our end products and result in product failure, a deterioration of customer relationships, loss of customers, breach-of-warranty, contract or product-liability claims or litigation, any of which may have a material adverse effect on our business, results of operations and financial condition.

Additionally, we rely on suppliers in China for a significant portion of our raw materials, which exposes us to risks of supply chain disruptions due to geopolitical events such as the continued tensions between Indian and China due to border disputes, and the ongoing conflict between Ukraine and Russia. In the past three years, we have experienced supply issues due to the unavailability of container which resulted in higher cost and increase the lead time in 2021. The occurrence of any such instances in the future may disrupt our supply chain and our ability to fulfil the requirement of our customers in a timely manner, which may adversely affect our results of operations, financial condition and business prospects.

10. We may be unable to strengthen our solutions contract business in line with our growth strategy.

Revenue from our solutions contract business/ refractory management service contracts represented 45.41% and 46.08% of revenue of our Steel Division in Fiscal 2022 and the nine months ended December 31, 2022, respectively. We intend to strengthen our solutions contract business, which is characterised by technological advancements, ability to customise and enhance products to suit customer requirements, and intense competition. Our customers' needs change from time to time, and technological advancements may render our existing products, systems and solutions obsolete or less attractive compared to those of our competitors. For example, refractories are losing their relevance in production processes that use basic oxygen furnaces that entail less refractory consumption compared to electric arc furnaces. If the market share of steelmakers that produce steel using basic oxygen furnace technology increases, the relative consumption of refractories per ton of steel produced would likely decrease, resulting in decreased demand for refractory products.

Our ability to anticipate such changes in technology and regulatory standards, understand industry trends and requirements, changes in customer preferences and successfully develop and introduce new and enhanced products to create new or address unidentified needs among our current and potential customers in a timely manner, is a significant factor in our ability to remain competitive. Our ability to do so depends on a variety of factors, including hiring and training of qualified personnel, identification of emerging regulatory and technological trends in our target end markets, validation and performance of innovative technologies. There can be no assurance that we will be able to secure the necessary technological knowledge to remain competitive through our own customization efforts or through strategic technology transfer arrangements that will allow us to continue to develop our product portfolio or that we will be able to respond to industry trends by developing and offering cost effective solutions. We may also be required to make significant investments in R&D, which may strain our resources and may not provide results that can be monetized. If we are unable to obtain such knowledge in a timely manner, or at all, we may be unable to effectively implement our strategies, and our business and results of operations may be adversely affected.

11. We are subject to transfer pricing regulations in respect of transactions with foreign companies in the RHI Magnesita Group. If the income tax authorities review any of our tax returns and determine that the transfer price applied was not appropriate, we may incur increased tax liabilities, including accrued interest and penalties.

Indian transfer-pricing regulations require that any international transaction involving associated enterprises be at an arm's length price. Transactions among us and foreign companies in the RHI Magnesita Group may be considered such transactions. Furthermore, some of the agreements that we have entered into with the RHI Magnesita Group expressly state that the payments receivable by us from the RHI Magnesita Group have to be re-determined in accordance with the Indian transfer pricing regulations. Accordingly, we determine the pricing among our entities on the basis of detailed functional and economic analysis involving benchmarking against transactions among entities that are not under common control.

If the income tax authorities review any of our tax returns and determine that the transfer price applied was not appropriate, we may incur increased tax liabilities, including accrued interest and penalties. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

12. Our Company and Subsidiaries are subject to, and may become involved in, legal disputes and government proceedings.

Our Company and Subsidiaries are involved in certain legal proceedings at different levels of adjudication before various courts, tribunals and appellate authorities. Additionally, our Company has filed a voluntary application dated May 20, 2022 under Section 441 of the Companies Act, 2013 for compounding of default under Section 135 of the Companies Act, 2013 before the Registrar of Companies, which is currently pending adjudication. For further information, see "*Legal Proceedings*" on page 192. The outcome of pending or potential future legal or regulatory proceedings is, as a general matter, difficult to predict. If proceedings are resolved against us, we may be subject to civil or criminal penalties, damages which may exceed any provisions set aside or any available insurance coverage, or may require us to change our business practices. Even if we prevail in legal and regulatory proceedings, defending against actions can be costly and result in the diversion of our management's attention away from our business, which may adversely affect our results of operations, financial condition and business prospects.

13. We have limited experience in mining operations in India and could incur significant costs in complying with regulations affecting such mining operations.

As part of the Acquisitions, we acquired four mining sites from DBRL in January 2023 located at Patrapalli, Chattisgarh, Bhikampali, Odisha, Pilidhar, Gujarat and Mugdara Village, Madhya Pradesh. While transfer of the mine located at Pilidhar is subject to favourable resolution of pending litigation, the mine located at Mugdara will be transferred only once all existing encumbrances over the mine have been revoked. We did not have any mining operations prior to the Acquisitions and as such have a limited operating history in this business. The operation of mines is required to be conducted in accordance with the Mines Act, 1952 and the rules framed thereunder. Although these mining operations may be managed by experienced teams acquired as part of the Acquisitions, operating the acquired mining sites could cause us to incur higher costs than anticipated such as cost of complying with regulatory and licensing requirements, retaining and hiring experienced personnel for mining activities. Assessing the future prospects of our mining operations is challenging in light of both known and unknown risks and difficulties we may encounter, and could place significant demands on our management and our other resources.

Furthermore, mining operations are subject to stringent governmental regulations, such as permit and administrative licencing requirements, and we may need additional permits and renewals in due course. In addition, while the mining licenses form part of the Acquisition, the transfer of the registration of such mining licenses are currently under process. Non-compliance with permitting and licensing requirements, and unfavourable outcome of the ongoing litigation may result in administrative sanctions, such as fines and the suspension of operations and, in certain circumstances, in criminal sanctions. Additional legal requirements could be adopted in the future that would render compliance still more burdensome. Furthermore, obtaining or renewing required permits and licenses is sometimes delayed or prevented due to community opposition and other factors beyond a licensee's control. We could be adversely affected if current provisions for reclamation and closure costs were determined to be insufficient at a later stage, or if future costs associated with reclamation were to be significantly greater than current estimates. Non-compliance with laws and guidelines may also lead to non-renewal or revocation of licenses and permits. It is possible that current or future mining regulations, and the cost of complying with them, could be more expensive than we anticipate, and there could be unforeseen delays in transferring the mines in favour of the Company which could have a material adverse effect on our business, results of operations, financial condition and prospects and may also divert our management's time and resources.

14. We may be subject to product liability claims by customers and warranty issues due to defects in our products.

Our products are widely used as protective linings in industrial furnaces operating in highly hazardous, high-temperature environments, among others. Defects in our refractory products may therefore have significant adverse consequences for our customers, including business interruptions and production downtimes causing financial losses, property damage, personal injuries and even death. The cost of defending product liability claims can be substantial, and we could be responsible for paying damages if we are found liable under statutory damages and product liability provisions or contractual guarantees granted to customers. The publicity surrounding product liability claims is also likely to damage our reputation, regardless of whether they are successful.

Although our products are tested prior to release, we cannot guarantee that our new products will be free of defects when released, as they can only be fully tested when they are used by our customers. Consequently, our customers may discover defects after products have been released. If we are unable to quickly and successfully correct the defects identified after their release, we could experience significant costs associated with compensating our customers for damages caused by our products, costs associated with correcting the defects, costs associated with design modifications, and costs associated with service or warranty claims or both. Additionally, we could lose customers, lose market share and suffer damage to our reputation. We generally record warranty provisions in our accounts based on historical defect rates, but there can be no assurance that our provisions will be adequate for liability ultimately incurred. Any of the above consequences resulting from defects in our products may have a material adverse effect on our performance and financial condition.

15. Our manufacturing operations may experience a business interruption, production curtailment, loss of assets or shortage or non-availability of essential utilities, such as electricity and water

Interruptions in production at any of our manufacturing facilities may cause our productivity and results of operations to decline significantly during the affected period and may also adversely impact customer relationships. We are dependent on critical equipment such as kilns, moulds, automated machinery and others. This equipment may on occasion be out of service or become damaged or destroyed as a result of strikes, unanticipated failures, severe weather conditions, natural disasters, accidents or force majeure events.

Similarly, accidents such as fires, explosions, mechanical failures, power outages, uncontrolled spills or releases of hazardous substances and other accidents associated with the manufacture of refractory materials may disrupt our operations and result in a loss of manufacturing assets. In the event of an extended production interruption, we may be unable to fulfil customer orders in a timely manner, which may result in lost business volume and jeopardise customer relationships and may have a material adverse impact on our business, results of operations and financial condition. See, " – *We operate in a hazardous industry and are subject to health and safety risks*" on page 60.

Our operations are also dependent on continuous supply of electricity and water. While our power requirements are met through local state power grids, we cannot assure you that these will sufficient and, or, that we will not face a shortage of electricity despite these arrangements. Furthermore, while water is procured from sources operated by the relevant state government, any shortage or non-availability of water could result in the temporary shutdown of a part, or all, of our operations at the location experiencing a shortage. Such shutdowns could, particularly if they are for prolonged periods, have an adverse effect our business, results of operations and financial condition. Moreover, if we are required to operate for extended periods of time on diesel-generator sets or if we are required to source water from third parties, our cost of operations would be higher during such period which could have an adverse impact on our profitability.

16. Our manufacturing operations depend on third-party transportation providers for the supply of raw materials and delivery of our products

The production of refractory products involves transportation of raw materials from suppliers to our manufacturing facilities, the transfer of materials between our manufacturing facilities, and the shipping of finished products to our customers. We rely on third-party logistic companies and freight forwarders for our transportation needs.

We do not have formal long-term contractual relationships with logistic companies and freight forwarders and are therefore susceptible to disruptions in their operations, such as transportation strikes, and loss or damage to our products for various reasons, including the occurrence of theft, accidents or natural disasters. For instance, we have previously been exposed to theft of used refractory material from a customer's site that was due to be handled by us as raw material as part of our recycling process. While this did not materially and adversely affect our operations, the occurrence of similar events in the future or recurring instances of such theft may compel us to alter our sourcing strategies which could adversely impact our operations.

We may also be affected by an increase in fuel costs that have a corresponding impact on freight charges levied by our third-party transportation providers. In Fiscals 2020, 2021 and 2022, our freight and forwarding expenses amounted to ₹368.92 million, ₹389.57 million and ₹492.47 million, respectively. In the nine months ended December 31, 2021 and December 31, 2022, our freight and forwarding expenses amounted to ₹397.93 million and ₹295.30 million. This could require us to expend considerable resources in addressing distribution requirements, including absorbing excess freight charges to maintain our selling prices, which could adversely affect our results of operations. If we increase our selling prices as a result of transportation costs, it may render our products less competitive than those sold by competitors with mines and manufacturing facilities situated closer to customers.

17. We may not be able to adjust our manufacturing capacity in line with demand for our products

We plan our manufacturing capacity a few years in advance on the basis of expected sales developments. If we overestimate demand for our products, there is a risk that available capacity will be underutilised, while pessimistic forecasts could result in insufficient capacity to meet demand. Lower than planned capacity utilisation results in lower returns on the capital invested in building such capacity and in reduced profit margins, whereas insufficient capacity could result in lost business and customer dissatisfaction. This requires us to continuously adjust manufacturing capacity at our facilities. However, we may not be able to adjust manufacturing capacity sufficiently and in the timeframe required if demand fluctuates beyond our organisational and technical flexibility. Any restructuring measures could lead to significant one-time costs. The occurrence of any of these events could have a material adverse effect on our business, results of operation, financial condition and prospects. For further information, see "*Our Business – Capacity and Capacity Utilization*" on page 129.

18. Our manufacturing operations may be adversely affected by labour disputes and/ or defaults by our independent contractors

Our operations are labour-intensive, and we are dependent on a large labour force for our manufacturing operations. Some of our workforce is represented by unions or similar organizations and are covered by collective bargaining or similar agreements that are subject to periodic renegotiation. Our workforce and/ or these organisations may commence, in some circumstances, strikes or similar actions which may lead to the disruption of the production process and consequent increase of costs and delay in delivery of our products. In particular, we may not successfully conclude labour negotiations on mutually satisfactory terms, which may result in a significant increase in the cost of labour, work stoppages or labour disputes that disrupt operations.

We also engage independent contractors for contract labour for performance of certain functions at our manufacturing facilities. Although we do not engage these contract labourers directly, we are responsible for wage payments to them in the event of default by the independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial condition.

19. We typically do not enter into long-term agreements with our customers.

Though we have developed long-term relationships with certain customers, we typically do not enter into long-term contracts with our customers, with such contracts typically ranging between one to three years. In the absence of long-term contracts, there can be no assurance that our existing customers will continue to purchase our products or use our services. In the event a customer ceases to use us as its preferred refractory product supplier, we cannot guarantee that we will be successful in marketing those products to another customer. We are also exposed to risks of lower sales volume or lower price realization on such volumes depending on prevailing market conditions, as a result of such short-term arrangements. Furthermore, in the event of any disputes with our customers including in relation to payments for the products supplied, in the absence of formal, long-term agreements, we may have limited recourse to seek contractual remedies against our customers. Our relationship with our customers are therefore dependent to a large extent on our ability to regularly meet customer requirements, including price competitiveness, efficient and timely product deliveries and consistent product quality. In the event we are unable to meet such requirements in the future, it may result in decrease in orders or cessation of business from affected customers and agent.

20. Our business could be adversely affected by the imposition, or, in certain cases, the elimination, of protectionist measures, including tariffs and other barriers to trade

As our raw materials and certain finished products are imported into India, including from our affiliates outside India, we have been and may continue to be adversely affected by trade barriers, including tariffs, quotas, anti-dumping measures, and countervailing duties imposed in India. Barriers to trade may increase our production costs by increasing the cost of certain raw materials we source externally. Finally, trade barriers can also adversely affect demand for our products indirectly through the impact they have on our customers' businesses.

Any barriers to trade or other protectionist measures that increase our cost of production or the price of our products and the elimination of any trade barriers from which we benefit could jeopardise the competitiveness of our products and have an adverse effect on our business, results of operations, financial condition and prospects.

21. We may be unable to accurately forecast demand for our products and manage our inventory.

We evaluate our production requirements based on anticipated demand and forecasted customer order activity for our products. Our inventory balance of materials is influenced by our production requirements, shelf life of the raw materials and expected sourcing levels. Accurate assessments of market demand require significant investment in our sales and marketing network and training of marketing personnel. As of December 31, 2022, our total inventories amounted to ₹5,901.87 million or 32.05% of our total assets. While we seek to accurately forecast the demand for our products to plan our production volumes, there is no guarantee that our estimate of market demand for our products in India or our overseas markets will be accurate.

A number of factors may reduce the end-user demand for our products including, among other things, an over-supply on account of increased competition. On the other hand, we may overestimate demand or demand from our customers may slow down. As a result, we may produce in excess of the actual demand, which would result in surplus stock that we may not be able to sell in a timely manner.

22. We are subject to strict quality requirements and could be exposed to product defect issues.

The finished products delivered by us are required to comply with specifications and quality requirements as prescribed by our customers and may be subject to quality checks by our customers. Our customers may have their own policies regarding product recalls and other product liability actions which may have an impact on their suppliers. Under our purchase arrangements with certain customers, these customers may inspect and audit production process and undertake quality checks of the product and packaging of components. In the event our products do not comply with the specification provided by our customers, our supplies may be rejected, and we may also be required to reimburse our customers for any losses suffered as a result of our non-compliance.

Additionally, prior to placing the orders, there is a detailed audit and review process that is undertaken by certain customers. This may involve inspection of our manufacturing facilities, review of the manufacturing processes, review of our financial capabilities, technical review of the specification of the proposed product and review of our supply-chain capabilities. Our ability to win new customers and retain our existing customers is dependent on our Company being able to conduct our operations in compliance with such requirements.

Furthermore, we are required to incur expenses to maintain our quality assurance systems such as periodic checks and forming a separate team of employees responsible for quality and assurance across our manufacturing processes. We will continue to spend a portion of our future revenues to manage our product quality and to maintain our quality control, a failure of which may negatively impact our profitability.

23. Our Company may undertake a preferential allotment of Equity Shares after completion of the Issue which is subject to the corporate approvals and other considerations.

Subject to approval of the Board and Shareholders, our Company proposes to undertake a preferential issue of Equity Shares for an amount aggregating up to ₹ 2,000.00 million to certain promoter entities of our Company ("**Preferential Issue**") in accordance with the applicable provisions of the Companies Act, SEBI ICDR Regulations and other applicable law. We cannot assure you that our Board and Shareholders will accord their approval for the Preferential Issue and that our Company will be able to raise funds through the Preferential Issue in a timely manner or at all due to market conditions and other considerations.

24. We may experience unanticipated delays and cost overruns in implementing our proposed capacity expansion plans

We have made, and intend to continue making, investments to expand the capacity of our manufacturing facilities to aid our growth efforts. For further information, see "*Our Business*" on page 118. Our expansion plans remain subject to the potential problems and uncertainties that construction projects face including cost overruns or delays. There can be no assurance that the proposed capacity additions and expansions will be completed as planned or on schedule, and if they are not completed in a timely manner, or at all, our budgeted costs may be insufficient to meet our proposed capital expenditure requirements. If our actual capital expenditures significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects. There can be no assurance that we will be able to complete our expansion plans in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition.

25. A significant default by a financial counterparty, a major customer or a risk insurer could adversely affect our performance and financial condition

Credit risks and the related risks of default by our financial counterparties arise primarily in the normal course of business in connection with trade receivables due from our customers. Trade receivables represented 31.61%, 26.01%, 29.21% and 29.59% of our total assets as of March 31, 2020, March 31, 2021, March 31, 2022 and December 31, 2022 respectively. A significant default by financial counterparties or major customers could have a material adverse effect on our performance and financial condition. Furthermore, in managing the risks inherent to our operations, we transfer risks to insurers where cost effective and, accordingly, the financial failure of one or more insurers may compel us to incur a financial loss. Any of these events, if significant, may have a material adverse effect on our business, results of operations or financial condition.

26. Our profit margins may be adversely affected due to increases in labour costs in India

We are a labour-intensive business, and our success partly depends on our ability to manage our labour costs. Employee benefits expense represents a significant portion of our cost base and an increase in wages and salaries may adversely impact our profit margins. Government regulation, wage inflation and other macroeconomic factors that are beyond our control may cause salaries and wages of our employees to increase. Apart from salaries and wages, our employee benefits expense includes pension and other post-employment benefit plans that are dependent on government regulation and are difficult to predict. For instance, the Supreme Court of India in a decision delivered in The Regional Provident Fund Commissioner (II) West Bengal v. Vivekananda Vidyamandir & Ors, dated February 28, 2019 clarified the components of basic wages which need to be considered by companies while making employee provident fund payments, which resulted in an increase in the employee provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations.

Furthermore, in Fiscal 2021, the Parliament of India approved the Code on Social Security, 2020 (the "**Code on Social Security**") and received the assent of the President of India on September 28, 2020, which would impact the contributions we make towards provident fund and gratuity. The Code on Social Security proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Cine-Workers Welfare Fund Act, 1981, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. While the rules for implementation under the Code on Social Security have not been notified, we are yet to determine the impact of all or some such laws on our business and operations. As a result, our future pension and post-employment contributions could be significantly higher than current estimates and if such additional contributions materialise, it could have an adverse effect on our financial performance.

27. Our business is subject to regulatory developments affecting manufacturing activities and the refractory markets

Our business is subject to regulatory developments applicable to manufacturing activities, such as environmental, health and labour laws, regulations and standards in India. The laws, regulations and standards relate to exhaust emissions, including those specifically prescribed for the industry, waste and waste water disposal, soil and groundwater contamination, the use and handling of hazardous materials, waste disposal practices and standards relating to hygiene, ventilation and fire and electrical safety. Environmental laws and regulations in India have become and continue to be more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management and other expenditure to comply with environmental standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings, including public interest litigation, being commenced against us, third-party claims or the levy of regulatory fines. Furthermore, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our manufacturing facilities.

Our business is also impacted by regulatory developments that specifically affect other refractory markets. For example, our results of operations were adversely affected by a supply shortage of, and price increases in, sintered and fused magnesia from China as the Chinese government enforced stricter environmental standards, causing the closure of numerous Chinese raw material producers. There can be no assurance that China will relax its environmental standards, or the enforcement thereof, and if prices do not return to historic levels, our cost of production will continue to increase and our results of operations and financial condition may be significantly and adversely affected.

28. We operate in a hazardous industry and are subject to health and safety risks

Our refractory production operations involve a number of health and safety risks. Our manufacturing facilities require individuals to work with chemicals, equipment and other hazardous materials, that have in the past caused harm, injury and fatalities in our operations. Notwithstanding preventive safety and health measures that we have already taken or may take in the future, we are still exposed to the risk of leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause industrial accidents, fire, personal injury, loss of human life, damage to our and third-party property and environmental contamination. The occurrence of any such accidents may result in disruption to our operations, legal and regulatory consequences and reputational damage, any or all of which may have a material adverse effect on our performance and financial condition.

29. Inability to attract, develop or retain skilled or qualified employees could negatively impact our business

We depend on the capabilities and performance of our executive officers and employees. Competition for skilled employees in the refractory industry is intense, and there can be no assurance that we will be successful in recruiting, training and retaining the personnel required to successfully conduct our operations. Failure to recruit, retain, train or manage qualified employees or managerial staff could have a material adverse effect on our business, results of operations or financial condition.

30. Most of our manufacturing facilities, the manufacturing facilities of our Subsidiaries, our Registered Office and Corporate Office are held by us under leasehold arrangements that may not be renewed upon termination.

Most of our manufacturing facilities and the manufacturing facilities of our Subsidiaries are operated on land leased to us for periods ranging up to 99 years subject to compliance with certain ongoing conditions. If we fail to meet any such conditions, we may be subject to certain penalties. Our Registered Office and Corporate Office are also located on leased premises. For further information, see "*Business – Properties*" on page 131. While our lease arrangements are typically entered into on a long-term basis, these lease agreements may be terminated in accordance with their respective terms, and any termination or non-renewal of such leases could adversely affect our operations. There can be no assurance that we will be able to retain or renew such leases on same or similar terms, or that we will find alternate locations for the existing offices on terms favorable to us, or at all. Failure to identify suitable premises for relocation of existing properties, if required, or in relation to new or proposed properties we may purchase, in time or at all, may have an adverse effect on our business and results of operations.

31. We have referred to the data derived from the industry report commissioned from CRISIL Research, a division of CRISIL Limited.

We have commissioned the services of an independent third-party research agency, and have relied on the report titled "Indian refractories market assessment" dated February 2023 for certain industry-related data in this Preliminary Placement Document. This report uses certain methodologies for market sizing and forecasting. Our Company, our Promoter, and our Directors are not related to CRISIL Limited. The investors should read the industry related disclosure in this Preliminary Placement Document in this context.

The commissioned report also highlights certain industry and market data, which may be subject to assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely among different industry sources. Further, such assumptions may change based on various factors. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

32. Information relating to the historical installed capacity and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document is based on various assumptions and estimates and our future production and capacity may vary

Information relating to the historical installed capacity and capacity utilization of our manufacturing facilities, as disclosed in "*Our Business – Capacity and Capacity Utilization*" on page 129 of this Preliminary Placement Document is based on various assumptions and estimates of our management and an independent chartered engineer, including assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. Actual production volumes and capacity utilization rates may differ significantly from the estimated production capacities of our manufacturing facilities. Investors should therefore not place undue reliance on our historical installed capacity information for our existing manufacturing facilities included in this Preliminary Placement Document.

33. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised and our Company has broad discretion over the use of the Net Proceeds and may use them in ways with which you do not agree and in ways that may not enhance our operating results or the price of our Equity Shares.

We intend to utilize the Net Proceeds towards: (a) repayment/ pre-payment, in full or in part, of certain outstanding borrowings availed by our Company; and (b) investment into one of our Subsidiaries, DOCL, for repayment or pre-payment, in full or in part, of certain borrowings availed by DOCL. Our fund requirements and deployment plans for the Net Proceeds are based on management estimates, our business plan based on current market conditions, which are subject to change in the future, and have not been appraised by any bank or financial institution or any other independent agency. Such internal estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws. Our fund requirements and proposed deployment schedule for the Net Proceeds are based on current general economic and market conditions and business needs, and the actual deployment of funds at each stage will depend on a number of factors, including our financial condition, business and strategy or external circumstances such as financial and market conditions, competitive environment, inflation, employment and disposable income levels, demographic trends, technological changes, changing customer preferences, interest or exchange rate fluctuations and finance charges, increasing regulations or changes in government policies, which may not be in our control. In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements, and may have an adverse impact on our business, results of operations, financial condition and cash flows. Accordingly, investors in the Equity Shares will be relying on the judgment of our management regarding the application of the Net Proceeds.

34. We will continue to be controlled by our Promoters after the completion of the Issue

As of the date of this Preliminary Placement Document, our Promoters hold 60.11% of the issued, subscribed and paid-up equity share capital of our Company. After this Issue, our Promoters will continue to exercise significant control or exert significant influence over us which will allow them to vote together in capacity as shareholders of the Company on certain matters in general meetings of the Company. Accordingly, the interests of our Promoters and certain members of the Promoter Group in capacity as shareholders of the Company may conflict with your interests and the interests of other shareholders of the Company.

35. Our insurance coverage may not adequately protect us against losses

As of December 31, 2022 insurance cover on our assets amounted to ₹10,162.93 million, covering 55.20% of our total assets. We maintain insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. Our key insurance policies cover property damage and business interruption. We have, in the last three Fiscals and nine months ended December 31, 2022, made 27 insurance claims including with respect to accident, material damage in transit and lost material. There can be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

36. We may be unable to continue to avail benefits and incentives that we are currently entitled to under certain export promotion schemes

We currently avail benefits under certain export promotion schemes, such as the Merchandise Exports from India Scheme under the Foreign Trade Policy of India and Excise Duty Drawback, which allow us duty free import of certain inputs used for manufacturing and availing excise duty drawbacks. Any reduction or withdrawal of benefits, or our inability to meet any of the conditions prescribed under any of the schemes, would adversely affect our business, results of operations and financial condition. Furthermore, the benefits and incentives under such industrial schemes are available to us for a fixed period subject to compliance with various terms and conditions and such incentives are not subject to renewal. However, there can be no assurance that we will continue to avail these benefits in the future or will be able to obtain timely disbursement of such benefits.

37. We may be affected by any adverse application or interpretation of competition law in India

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India (the "**CCI**"). Any breach of the provisions of Competition Act, may attract substantial monetary penalties.

Consequently, all agreements entered into by us could be within the purview of the Competition Act. Furthermore, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. We are not currently party to any outstanding proceedings, nor have we ever received any notice in relation to non-compliance with the Competition Act. Any enforcement proceedings initiated by the CCI in future, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI may affect our business, results of operations and financial condition.

38. Failure to defend our intellectual property or infringement by us on the intellectual property rights of third parties, or any reputational damage to the 'RHI Magnesita' brand could adversely affect our business.

Our ability to compete is partially based upon proprietary knowledge and we rely on a combination of trade secrets, patents, confidentiality procedures and agreements, copyright and trademarks to protect our proprietary rights. If we fail to or are unable to protect, maintain and enforce our existing intellectual property, this may result in the loss of our exclusive right to use technologies and processes which are included or used in our businesses. We have made an application for a patent in India in our own name which is currently pending and such application may not be successful or the patent may be granted in a form narrower than that sought by us. If some of the patents or patent applications are not granted, expire or are successfully challenged, we may be unable to exclude competitors from using the technology covered by them.

We have entered into a contract with Refractory Intellectual Property GmbH & Co. KG, an affiliate of our Company, for licensed use of its technical knowhow in manufacturing of certain patented products in India and for use of many of its patents and trademarks including the logo and name "RHI Magnesita". The 'RHI Magnesita' brand could be adversely affected on account of any action or inaction of other entities using the brand or regulatory actions against such companies. Furthermore, any damage to this trademark, name or logo, could attract public scrutiny and negative media attention. Any negative publicity or perception about the group's business practices, whether true or not, could damage the group's reputation, which could adversely affect our ability to attract and retain customers, partners, suppliers, and employees. This could result in a loss of revenue and market share, as well as increased legal, regulatory, and public relations costs, if not immediately and sufficiently remedied, could have an adverse effect on our financial condition, cash flows and results of operations.

Any restricted use of intellectual property rights licensed to us by any of our sub-licensees or an infringement of such intellectual property rights due to malfeasance or negligence of our sub-licensee may result in a breach of a contract making us liable to pay damages. Additionally, third parties may from time to time allege that we have infringed on their intellectual property rights. Successful claims by third parties of infringement, misuse or misappropriation by us could require us to cease making or using products that are alleged to infringe or misappropriate the intellectual property rights, to expend additional development resources to attempt to redesign our products or otherwise to develop alternative technology, or to enter into potentially unfavourable royalty or licence agreements in order to obtain the right to use necessary technologies or intellectual property rights. In addition, we could be exposed to liability for damages. Even claims of infringement, misuse or misappropriation that ultimately are unsuccessful could cause reputational harm, result in expenditure of funds in litigation and divert management's time and other resources, any of which could materially adversely affect our business, financial condition and results of operations.

39. There may be certain inadvertent discrepancies in our secretarial filings and/ or corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies.

We manage our internal compliance by monitoring and evaluating internal controls and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all.

We are unable to trace certain approvals, corporate filings, resolutions and challans in respect of certain corporate filings made by our Company, including the Form MGT-14 and payment challan for the shareholders' resolution approving the scheme of amalgamation amongst our Company, RHI India Private Limited and RHI Clasil Private Limited, the NSE and BSE no-objection certificates dated December 22, 2010 and December 29, 2010, respectively, in respect of the scheme of demerger involving our Company and Orient Abrasives Limited, and the Form 23s filed for the board and shareholders' resolutions approving such scheme of demerger. Although it is unlikely to have a material financial impact on us, and no regulatory action/ litigation is pending against us in relation to any such discrepancies in our secretarial filings and/ or corporate records, we cannot assure you that we will not be subject to penalties imposed by regulatory authorities in this respect. Accordingly, we cannot assure you that we will not be subject to any action, including monetary penalties by statutory authorities on account of any such discrepancies in our secretarial filings and/ or corporate records, which may adversely affect our business, financial condition and reputation.

40. We rely on the proper functioning and integrity of our computer and data processing systems and are exposed to risks relating to data breaches

Our ability to operate our business depends on the functional and efficient operation of our computer and data processing and telecommunications systems across our manufacturing facilities and customer sites. Computer and data processing systems are susceptible to malfunctions and interruptions (including due to equipment damage, power outages, fire, natural disasters, breakdowns, malicious attacks, computer viruses, and a range of other hardware, software and network problems), and these risks are heightened as we attempt to integrate our IT and information systems pursuant to the Acquisitions. A significant or large-scale malfunction or interruption of our computer or data processing systems could disrupt our operations, for example by causing delays or the cancellation of customer orders, impeding the manufacture or shipment of products, the processing of transactions and the reporting of financial results, or could damage our reputation. Some of the contracts we have entered into that, inter alia, require us to enter data in the SAP system with strict clauses of confidential and preservation of such data. Furthermore, we are also required to protect any personal data in accordance with the General Data Protection Regulation applicable to operations in the European Union. In addition to the foregoing risks, we may also be liable for damages arising out of breach of contract.

In addition, we face the risk of potential unauthorised access to, and the loss of, critical and sensitive information, for example as a result of hacking attacks. A leak of confidential information or the loss of critical and sensitive information could reveal our trade secrets or know-how or those of our customers to competitors and harm our business, competitive position and reputation. There can be no assurance that our information technology security measures will adequately protect us against cybersecurity incidents or that such incidents will not have a material adverse impact on our performance and financial condition.

We are also subject to privacy and information security regulations with respect to, among other things, the use and disclosure of personal data, and the confidentiality, integrity and availability of such information. If we fail to adequately safeguard confidential personal or other sensitive data or such data is wrongfully used by us (or by third parties) or disclosed to unauthorized persons, this could result in claims for damages and other liabilities, significant fines and other penalties and the loss of customers and reputation, which could in turn have an adverse effect on our business, results of operations, financial condition and prospects.

41. Non-compliance with and changes in, safety, health and environmental laws and other applicable regulations may affect our manufacturing operations.

We are subject to laws and government regulations, including in relation to safety, health and environmental protection. These safety, health and environmental protection laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. We have made, and will continue to make, capital and other expenditures to comply with environmental, health and safety standards. Furthermore, any change in regulations may require us to make significant investments into our manufacturing facilities to comply with such revised requirements and we cannot assure you that such investments will yield desired returns. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third-party claims or the levy of regulatory fines. A negative outcome in any such proceedings may adversely affect our business, cash flows, results of operations and financial condition.

Additionally, we cannot assure you that we will not be involved in future litigation or other proceedings or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant. While there have been no instances of suspensions of our operations in the last three years, any future non-compliance with applicable regulations could result in the suspension of our operations. The loss or shutdown of our operations over an extended period of time could have a material adverse effect on our business and operations.

42. We may be unable to secure adequate working capital on commercially reasonable terms.

Our business requires a substantial amount of working capital, primarily to maintain optimum inventory levels of raw materials, components which are work-in-progress and finished goods as well as to offer credit to our customers as is customary in our industry. Such working capital requirements are partially offset by the credit received by us from our suppliers. For Fiscals 2020, 2021 and 2022, and the nine months ended December 31, 2022, our Net Working Capital Requirements were ₹ 6,426.55 million, ₹ 4,052.34 million, and ₹ 6,794.36 million and ₹7,691.21 million, respectively. In the past, we have funded such working capital requirements through a combination of debt and internal accruals.

In the future, we may need to seek funding for our working capital needs through additional borrowings or securities offerings. We cannot assure you that such funding will be obtained in a timely manner, on satisfactory terms, or at all. Moreover, if we raise additional debt, our interest expense will increase and our debt covenants under our existing loans may be impacted. If we raise additional funds through the issuance of equity, existing ownership interest in our Company will be diluted.

Our ability to finance our capital expenditures is also subject to a number of risks, contingencies and other factors, some of which are beyond our control, including borrowing or lending restrictions under applicable laws and the terms of our financial and other arrangements, our own profitability and liquidity and general economic and market conditions. Any inability to obtain sufficient financing, or any significant unanticipated expenses or cost escalations, could result in the delay or abandonment of our business and expansion plans. As a result, if adequate funding is not available to us in a timely manner and on commercially viable terms, it may have an adverse effect on our business, financial condition, cash flows, results of operations and prospects.

43. We are dependent on a number of key personnel including our senior management.

Our performance depends largely on the efforts and abilities of our senior management, other key personnel and the performance and productivity of our operational managers. We believe that the inputs and experience of our Promoters and senior management are valuable for the development of our business and operations and the strategic directions taken by our Company. For details in relation to the experience of our senior management, see "*Business – Strengths – Experienced Board and Senior Management Team*". There is no assurance, however, that these individuals or any other member of our senior management team will not leave us or join a competitor.

We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have a material adverse effect on our business and our results of operations.

The continued operations and growth of our business is dependent upon our ability to attract and retain personnel who have the necessary and required experience and expertise. The market for qualified personnel with relevant industry expertise in India is highly competitive. A loss of the services of our senior management or key personnel may adversely affect our business, results of operations, cash flows and financial condition.

44. Interest of our Promoters, Directors and senior management , other than normal remuneration or benefits or reimbursement of expenses incurred.

Our Promoters, certain Directors and certain of our senior management are interested to the extent of their shareholding in the Company and related party transactions. For further information, see "*Board of Directors and Senior Management*" and "*Shareholding Pattern of our Company*" on pages 134 and 141.

EXTERNAL RISK FACTORS

Risks Relating to India

45. Our growth depends on the sustained growth of the Indian economy and may be impacted by an economic slowdown in India

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. Factors that may adversely impact the Indian economy, and hence our results of operations, may include:
- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters or outbreak of an infectious diseases, such as COVID-19;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- any downgrading of India's debt rating by a domestic or international rating agency.

The demand for refractories is driven by the growth in demand for steel output and other industrial products such as cement and lime, non-ferrous metals, glass and other chemical processes that in turn depend on the construction industry. Any slowdown in the Indian economy may have a direct impact on the demand for steel and industrial products, thereby adversely impacting our profitability and growth plans. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy.

Further, pursuant to some of our contracts with entities in the RHI Magnesita Group, we receive payments in Euro and operating charge are deductible in terms of Euro on sales of our products by RHI Magnesita GmbH, an affiliate of our Company, in territories outside. Any fluctuation in rate of exchange with Euro or devaluation of the Indian Rupee may adversely impact our revenue and profit margins.

Our performance and the growth of our business also depends on the performance of the economies of the regional markets we serve from our Indian manufacturing facilities. Any slowdown or perceived slowdown in the Indian economy or those of our regional markets, could adversely impact our business, results of operations and financial condition.

46. We are subject to changes in Indian taxation laws or their interpretation

Any change in Indian tax laws could adversely affect our operations. For instance, the Government of India has introduced the Finance Bill, 2023, in the Union Budget for Fiscal 2024. The Finance Bill, 2023 proposes various amendments to taxation laws in India. Any such future amendments may affect certain benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, and long term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us.

Furthermore, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Similarly, the Finance Act, 2020, had notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and exemption from dividend distribution tax ("**DDT**"), in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020.

We cannot predict whether any new tax laws or regulations impacting our operations will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

47. If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

48. Civil unrest, terrorist attacks and war would affect our business

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. In the past, India has had military confrontations and experienced cases of ceasefire violations with Pakistan and has had territorial and border disputes with neighbouring countries such as China. As a consequence of the recent face-off and physical conflict between Indian and Chinese troops in the Galwan River Valley, both governments in India and in China have taken various measures to establish the status quo of their presence in the territory. We cannot predict how these or similar geopolitical events will pan out in future, however such geopolitical events may have negative impact on the Indian economy and our business, operation and the market for the Equity Shares. Additionally, some of India's neighbouring countries have experienced, or are currently experiencing, internal unrest. This, in turn, could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the Equity Shares.

Lastly, due to the ongoing Ukraine-Russia conflict, there is a risk of increased fuel prices. As a consequence of this, our Company has experienced an increase in energy-surcharges which we have been unable to pass on to our customers in order to remain competitive in our prices, which may adversely impact our margins and business prospects.

49. Our business may be adversely impacted by natural calamities or unfavourable climatic changes, health epidemics or pandemics

Natural disasters such as floods, earthquakes, famines and droughts have in the past had a negative impact on the Indian economy. Furthermore, health epidemics and pandemics like the recent COVID-19 pandemic have also affected the Indian economy negatively. If any such natural disaster, unfavourable climatic changes or health epidemics and pandemics were to occur or continue, our business could be affected due to the event or due to the inability to effectively manage the effects of the particular event. India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Prolonged spells of abnormal rainfall, draught and other natural calamities could have an adverse impact on the economy, which could in turn adversely affect our business and the price of our Equity Shares.

50. Any downgrading of India's sovereign rating by an international rating agency may affect our business and our liquidity

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favourable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations.

51. Investors may have difficulty enforcing foreign judgments in India against our Company or our management

Our Company is a public limited company incorporated under the laws of India. Most of our Company's directors and executive officers named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process on our Company or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For further information on recognition and enforcement of foreign judgments in India, please see "*Enforcement of Civil Liabilities*" on page 19.

A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

52. We may be subject to changes in legislation or policies applicable to our Company

Our Company's business and operations are governed by various laws and regulations. Our Company's business and financial performance could be materially adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to the business. The Government or state governments could implement new regulations and policies, which could require our Company to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our Company's business, prospects, financial condition and results of operations.

Risks relating to the Equity Shares and the Issue

53. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of the Equity Shares. Accordingly, there could be a failure or delay in listing the Equity Shares on NSE and BSE, which would adversely affect your ability to sell the Equity Shares. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Furthermore, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

54. The trading volume and market price of the Equity Shares may be volatile following the Issue, and you may not be able to sell your Equity Shares at or above the Issue Price.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- actual or anticipated variations in our results of operations, including compared to expectations of securities analysts and investors and those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by analysts and investors;
- announcements about our earnings that are not in with analyst expectations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- complaints from our customers, shortages or interruptions in the availability of raw materials, or reports of incidents of tampering of raw materials;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of senior management;
- changes in our shareholder base;
- changes in our dividend policy;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the public's reaction to our press releases, other public announcements, and filings with the regulator;
- adverse media reports about us or our industry;
- changes / volatility in exchange rates;
- changes in the regulatory and legal environment in which we operate;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Any of these factors listed above could result in large and sudden changes in the volume and trading price of the Equity Shares and adversely affect the price of the Equity Shares. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell the Equity Shares at or above the Issue Price. Furthermore, the Issue Price which may include a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations, which will be determined by our Company in consultation with the Lead Manager may not be necessarily indicative of the market price of the Equity Shares after this Issue is complete.

55. An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognized Indian stock exchange for a period of one year from the date of allotment of such Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Equity Shares in the Issue, investors subscribing the Equity Shares in the Issue may only sell such Equity Shares on NSE or BSE and may not enter into any off-market trading in respect of such Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares subscribed by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares subscribed by investors.

56. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements and capital expenditure. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant. We cannot assure you that we will be able to pay dividends in the future. Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Furthermore, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

57. Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding. Furthermore, any such further issuance of our securities and/or sale of Equity Shares by the Promoters or members of our Promoter Group may adversely affect the trading price of our Equity Shares

We cannot assure you that we will not issue additional Equity Shares. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares may lead to the dilution of your shareholding in our Company. Furthermore, any future equity issuances by us or sale of our Equity Shares by the Promoters or members of our Promoter Group or any of our other principal shareholders or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares, may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. In particular, our Board has approved the preferential issue of Equity Shares to the Promoters, subject to receipt of necessary approvals, including consent of the Shareholders. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

58. There may be less information available about companies listed on Indian securities markets than companies listed on securities markets in other countries

There may be less publicly available information about Indian public companies, including our Company, than is regularly disclosed by public companies in other countries with more mature securities markets. There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in those markets, and that of markets in other more developed economies. In India, while there are certain regulations and guidelines on disclosure requirements, insider trading and other matters, there may be less publicly available information about Indian companies than is regularly made available by public companies in many developed economies. As a result, you may have access to less information about our business, results of operations and financial condition, and those of our competitors that are listed on the Stock Exchanges, on an ongoing basis, than you may in the case of companies subject to the reporting requirements of certain other countries.

59. Under Indian law, foreign investors are subject to investment restrictions that may limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Furthermore, the Indian Government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian Government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian Government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 168.

60. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition

Our Audited Consolidated Financial Statements and our Unaudited Interim Special Purpose Condensed Consolidated Financial Statements have been prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should be limited accordingly.

61. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position

Under the Companies Act 2013, as amended ("**Companies Act**"), a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

62. Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operations and financial condition of our Company, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

63. Our Equity Shares are quoted in Indian rupees in India and investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian Rupees and subsequently may need to be converted into the relevant foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, foreign investors that seek to sell Equity Shares will have to obtain approval from the RBI, unless the sale is made on a stock exchange or in connection with an offer made under regulations regarding takeovers. Any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The volatility of the Indian rupee against other currencies may subject investors who convert funds into Indian rupees to purchase our Equity Shares to currency fluctuation risks.

MARKET PRICE INFORMATION

The Equity Shares of our Company have been listed on BSE and NSE since March 9, 2012 and March 12, 2012 respectively. As on the date of this Preliminary Placement Document, 187,996,331 Equity Shares have been issued, subscribed and paid up.

As of March 28, 2023, the closing price of the Equity Shares on BSE and NSE was ₹580.05 and ₹580.80 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for the following periods:

- (i) 12 months period commencing from April 1, 2021 and ending on March 31, 2022;
- (ii) 12 months period commencing from April 1, 2020 and ending on March 31, 2021; and
- (iii) 12 months period commencing from April 1, 2019 and ending on March 31, 2020.

BSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the year (₹)**
2022	643.75	March 30, 2022	67,392	41,719,870	226.30	April 1, 2021	11,760	2,728,528	373.67
2021	260.90	December 30, 2020	45,459	11,388,341	110.65	April 3, 2020	988	111,286	193.44
2020	268.50	February 11, 2020	408,209	104,941,449	108.50	March 25, 2020	3,007	337,236	214.29

(Source: www.bseindia.com)

Notes:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the year (₹)**
2022	644.00	March 30, 2022	361,429	224,648,706	226.20	April 5, 2021	146,165	34,270,765	373.69
2021	260.65	December 30, 2020	480,622	121,096,459	110.00	April 3, 2020	22,286	2,549,741	193.39
2020	268.55	February 11, 2020	6,682,021	171,975,705	108.00	March 24, 2020	80,761	9,460,362	214.40

(Source: www.nseindia.com)

Notes:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(ii) The following tables set forth the reported high, low and average closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the following periods during each of the last six months, as applicable:

BSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹)
February 2023	815.10	February 2, 2023	28,005	22,304,217	587.85	February 23, 2023	146,935	88,319,824	697.36	847,516	558,609,789
January 2023	893.15	January 6, 2023	22,575	19,680,542	773.65	January 30, 2023	8,383	6,568,472	845.75	60,1423	512,272,304
December 2022	862.35	December 20, 2022	113,716	95,499,989	743.85	December 26, 2022	51,806	40,547,557	804.95	1,007,806	819,903,537
November 2022	835.40	November23, 2022	29,2715	228,444,905	571.15	November 14, 2022	37,160	21,940,447	676.34	1,145,960	811,827,712
October 2022	738.10	October 21, 2022	45,137	32,361,326	639.10	October 31, 2022	53,232	36,069,336	684.68	656,286	454,148,944
September 2022	701.00	September22, 2022	26,922	18,668,847	594.00	September 1, 2022	109,193	67,654,948	641.60	826,766	532,442,890

(Source: www.bseindia.com)

Notes:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹)
February 2023	815.70	February 2, 2023	241,175	191,976,892.1	587.85	February 23, 2023	632,254	379,676,751.6	697.55	10,011,141	6,660,238,963
January 2023	892.90	January 6, 2023	382,857	334,013,163.1	773.00	January 31, 2023	273,514	216,334,787.6	845.71	5,710,518	4,864,266,241
December 2022	862.00	December20, 2022	1,402,681	1,187,334,356	743.30	December 26, 2022	311,965	244,530,286.3	804.80	9,680,893	7,895,831,075
November 2022	835.00	November23, 2022	7,151,456	5,627,770,344	570.55	November 14, 2022	436,134	258,392,523.5	676.47	18,254,339	13,300,472,991
October 2022	738.70	October 20, 2022	625,297	454,210,969.6	639.70	October 31, 2022	863,121	584,935,028.9	684.79	7,320,978	5,107,862,220
September 2022	701.15	September 22, 2022	618,502	428,919,480.5	594.00	September 1, 2022	810,832	503,303,022.4	641.60	9,050,638	5,922,902,777

(Source: www.nseindia.com)

Notes:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(iii) The following tables set forth the market price on the Stock Exchanges on February 14, 2023 the first working day following the approval of the Board for the Issue:

BSE					
Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹)
702.00	710.25	638.45	691.70	132,908	90,168,532

(Source: www.bseindia.com)

NSE					
Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹)
699.00	712.00	638.05	692.10	1,648,549	1,120,043,708

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

USE OF PROCEEDS

The gross proceeds of the Issue will aggregate up to ₹[●] million. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹[●] million, shall be approximately ₹[●] million ("**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, we propose to utilise the Net Proceeds for the following objects, as may be permissible under the applicable law and approved by the Board:

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company;
2. Investment into one of our Subsidiaries, Dalmia OCL Limited ("**DOCL**"), for repayment or pre-payment, in full or in part, of certain borrowings availed by DOCL; and
3. General corporate purposes;

(collectively, referred to hereinafter as the "**Objects**").

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

S. No.	Particulars	Amount (₹ million)
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	4,000.00
2.	Investment into one of our Subsidiaries, DOCL, for repayment or pre-payment, in full or in part, of certain borrowings availed by DOCL	3,500.00
3.	General corporate purposes[(1)]	[●]
Total Net Proceeds		[●]

[(1)] *The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.*

Our main objects clause and objects incidental or ancillary to the attainment of the main objects clause of our Memorandum of Association enables us to undertake the Objects contemplated by us in this Issue. Further, the main objects clause and objects incidental or ancillary to the attainment of the main objects clause of the memorandum of association of DOCL enables it to undertake the activities for which the borrowings were availed by it and which are proposed to be repaid or prepaid from the Net Proceeds.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(in ₹ million)

S. No.	Particulars	Amount to be funded from Net Proceeds	Estimated amount to be deployed from the Net Proceeds in Fiscal 2024
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	4,000.00	4,000.00
2.	Investment into one of our Subsidiaries, DOCL, for repayment or pre-payment, in full or in part, of certain borrowings availed by DOCL	3,500.00	3,500.00
3.	General corporate purposes[(1)]	[●]	[●]
Total Net Proceeds		[●]	[●]

[(1)] *The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.*

Our fund requirements and deployment plans for the Net Proceeds are based on management estimates, our business plan based on current market conditions, which are subject to change in the future, and have not been appraised by any bank or financial institution or any other independent agency.

Our fund requirements and proposed deployment schedule for the Net Proceeds are based on current general economic and market conditions and business needs, and the actual deployment of funds at each stage will depend on a number of factors, including our financial condition, business and strategy or external circumstances such as financial and market conditions, competitive environment, inflation, employment and disposable income levels, demographic trends, technological changes, changing customer preferences, interest or exchange rate fluctuations and finance charges, increasing regulations or changes in government policies, which may not be in our control.

If the Net Proceeds are not utilised (in full or in part) for the Objects during the periods stated in this section due to factors such as the timing of completion of the Issue, economic and market conditions outside the control of our Company and any other business and commercial considerations, the remaining Net Proceeds shall be utilised in subsequent periods in such manner as may be determined by our Company, in accordance with applicable law.

Since, the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirements under the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

Details of Objects

I. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company

We avail fund-based and non-fund-based facilities in the ordinary course of business from various banks. The borrowing arrangements entered into by us include, inter alia, term loans and working capital facilities. As of January 31, 2023, we had total outstanding borrowings of ₹6,150.00 million. We propose to utilise a portion of the Net Proceeds aggregating to ₹4,000.00 million for repayment or prepayment, in full or in part, of certain outstanding borrowings availed by our Company. Our Company has made intimations to the lenders of these borrowings as per the requirements under the borrowing arrangements. Further, pursuant to the terms of the borrowing arrangements, prepayment of certain indebtedness may attract prepayment charges as prescribed by the respective lender. Such prepayment charges, as applicable, will also be funded out of the Net Proceeds.

The details of the outstanding borrowings availed by our Company, proposed for repayment or prepayment, in full or in part, from the Net Proceeds are set forth below:

Sr. No.	Name of the lender	Nature of loan or facility*	Purpose of loan or facility availed as per loan or facility documentation	Sanctioned amount (in ₹ million)*	Amount outstanding as at January 31, 2023 (in ₹ million)*	Interest rate (p.a.) (as on January 31, 2023) (%)*	Repayment schedule/ scheduled repayment date*	Tenor	Prepayment Penalty*
1.	The Hongkong and Shanghai Banking Corporation Limited	Term loan	General corporate purposes including purchase of business assets	7,000.00	6,150.00	8.30	January 25, 2024	12 months	1% (One per cent) over and above the rate of interest on the loan

*****_As certified by the S K Patodia & Associates, Chartered Accountants vide their certificate dated March 29, 2023._

II. Investment into one of our Subsidiaries, DOCL, for repayment or pre-payment, in full or in part, of certain borrowings availed by DOCL

Form of Investment

Our Company proposes to invest ₹3,500.00 million from the Net Proceeds in DOCL in the form of investment in either equity or debt instruments or in any other manner as may be mutually agreed between our Company and DOCL in accordance with applicable law. The actual mode of such deployment has not been finalised as on the date of this Preliminary Placement Document.

Details and utilisation

The details of the loan availed by DOCL, proposed for repayment or prepayment, in full or in part, from the Net Proceeds are set forth below:

Sr. No.	Name of the lender	Nature of loan or facility*	Purpose of loan or facility availed as per loan or facility documentation	Sanctioned amount (in ₹ million)*	Amount outstanding as at January 31, 2023 (in ₹ million)*	Interest rate (p.a.) (as on January 31, 2023) (%)*	Repayment schedule/ scheduled repayment date*	Tenor	Prepayment Penalty*
1.	The Hongkong and Shanghai Banking Corporation Limited	Term loan	Working capital requirements, general corporate purposes and payment of the purchase cash consideration under the terms of the business transfer agreement, amongst others	6,250.00	4,550.00	8.04	January 6, 2024	12 months	1% (One per cent) over and above the rate of interest on the loan

*****_As certified by the S K Patodia & Associates, Chartered Accountants, vide their certificate dated March 29, 2023._

Our Company proposes to invest ₹3,500.00 million from the Net Proceeds in DOCL and DOCL will utilise this amount to repay the above-mentioned term loan obtained from The Hongkong and Shanghai Banking Corporation Limited.

III. General corporate purposes

Our Company intends to deploy ₹[●] million from the Net Proceeds towards our general corporate purposes, as approved by our management, from time to time, subject to such amount not exceeding 25% of the gross proceeds of the Issue, in compliance with the NSE circular (reference no. NSE/CML/2022/56) dated December 13, 2022 ("**NSE Circular**"). Such general corporate purposes may include, but are not restricted to, investment in subsidiaries, joint ventures, associates or others (either through debt or equity or any convertible securities), meeting ongoing general corporate exigencies and contingencies, capital expenditure, expenses of our Company, funding working capital requirements of our Company and/or any other general purposes as may be permissible under applicable law.

The allocation or quantum of utilisation of funds towards the specific purposes described above will be determined by our management, based on our business requirements and other relevant considerations, from time to time.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds, our Company intends to temporarily invest the funds in creditworthy instruments, including money market, mutual funds, and deposits with banks and/or financial institutions. Such investments will be in accordance with the investment policies as approved by the Board and/or a duly authorized committee of the Board, from time to time, and in accordance with applicable laws.

Monitoring of utilisation of funds

Our Company has appointed CARE Ratings Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations for monitoring the utilisation of Net Proceeds as the size of our Issue exceeds ₹1,000 million. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt, until such time as the Net Proceeds have been utilized in full or the Objects for which the Net Proceeds were raised have been achieved. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter and uploaded on the website of our Company at https://www.rhimagnesitaindia.com/cpage.aspx?mpgid=23&pgid1=46&pgidtrail=93, or such other time as may be prescribed under the SEBI Listing Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report.

Other confirmations

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us.

Neither our Promoters nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of the Net Proceeds.

Further, neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors or Senior Management are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation as at December 31, 2022 which has been derived from the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements for the nine months ended December 31, 2022 and as adjusted to give effect to the receipt of the gross proceeds of the Issue and the application thereof.

You should read this table together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 83 and Unaudited Interim Special Purpose Condensed Consolidated Financial Statements included in "*Financial Statements*" on page 197.

(₹ in million)

Sr. No.	Particulars	Pre-Issue	Post-Issue
		As at December 31, 2022 (Unaudited Consolidated) (Refer Note-1 below)	**Amount after considering the Issue (Refer Note-2 & 3 below)**
I	**Borrowings:**		
	Non-current borrowing (unsecured)	-	[●]
	Current borrowing (unsecured)	618.57	[●]
	Total borrowings	**618.57#**	**[●]**
II	**Total equity**		
	Equity Share capital	160.99	[●]
	Other equity	11,865.33	[●]
	Total equity	**12,026.32**	**[●]**
III	**Total capitalization (I+II)**	**12,644.89**	**[●]**
IV	**Total borrowings / Total equity**	0.05	**[●]**

Does not include the borrowings aggregating to ₹10,700 million outstanding as on January 31, 2023 which were availed by our Company and DOCL post December 31, 2022 for the acquisition of Dalmia Refractory Business and Hi-Tech Refractory Business undertaken by our Company in January 2023.

Notes:

1. *Amounts derived from the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.*
2. *Without consideration of the Issue related expenses. The figures in this column are unaudited and derived by giving effect to the issue of [●] Equity Shares at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) pursuant to the Issue, without consideration for any other transactions or movements in such financial statement line items post December 31, 2022.*
3. *Will be finalized upon the determination of Issue Price.*
4. *Except as described above, there has been no material change in the total capitalisation since December 31, 2022.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

(in ₹, except share data)

		Aggregate value at face value (except for securities premium account)
A	**AUTHORISED SHARE CAPITAL**	
	308,000,000 Equity Shares of face value of ₹1 each	308,000,000
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	187,996,331 Equity Shares of face value of ₹1 each	187,996,331
C	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**(1)	
	Up to [●] Equity Shares of ₹[●] each aggregating up to ₹[●](1)(2)	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares of ₹1 each(2)	[●]
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as on date of this Preliminary Placement Document)	17,699.98 million
	After the Issue(2)	[●]

Notes:

(1) *The Issue was approved by the Board of Directors on February 13, 2023. Subsequently, our Shareholders, through a special resolution, approved the Issue on March 13, 2023.*

(2) *To be determined upon finalization of the Issue Price. The securities premium account after the Issue is calculated on the basis of gross proceeds of the Issue.*

Equity share capital history of our Company

The history of the equity share capital of our Company is set forth below:

Date of issue / allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason / Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
November 26, 2010	500,000	1	1	Cash	Initial subscription to the Memorandum of Association	500,000	500,000
November 15, 2011	119,639,200	1	-	Other than cash	Allotment pursuant to the scheme of arrangement and demerger(1)	120,139,200	120,139,200
June 25, 2021	40,857,131	1	-	Other than cash	Allotment pursuant to the scheme of amalgamation(2)	160,996,331	160,996,331
January 5, 2023	27,000,000	1	632.50	Other than cash	Preferential allotment pursuant to the share swap agreement(3)	187,996,331	187,996,331

Notes:

(1) *Allotment of Equity Shares pursuant to the scheme of arrangement and demerger between Orient Abrasives Limited and our Company which was approved by the High Court of Delhi vide its order dated September 19, 2011 to equity shareholders of Orient Abrasives Limited as on the record date i.e., November 14, 2011.*

(2) *Allotment of Equity Shares pursuant to the composite scheme of amalgamation by and amongst our Company, RHI India Private Limited, RHI Clasil Private Limited and their respective shareholders and creditors which was approved by the National Company Law Tribunal, Mumbai vide its order dated May 5, 2021.*

(3) *Allotment of Equity Shares to Dalmia Bharat Refractories Limited pursuant to the share swap agreement dated November 19, 2022 entered into by and amongst our Company, Dalmia OCL Limited and Dalmia Bharat Refractories Limited.*

Pre-Issue and post-Issue shareholding pattern of our Company

The pre-Issue and post-Issue shareholding pattern of our Company, as on January 5, 2023, is set forth below:

S. No.	Category	Pre-Issue (as of January 5, 2023)		Post-Issue (1)(2)	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A. Promoters' holding (3)					
1.	Indian				
	- Individual	-	-	[●]	[●]
	- Body corporates	-	-	[●]	[●]
	Sub-total	-	-	[●]	[●]
2.	Foreign promoters	113,002,465	60.11	[●]	[●]
	Sub-total (A)	**113,002,465**	**60.11**	**[●]**	**[●]**
B. Non-Promoters' holding					
1.	Institutional Investors				
	- Indian	14,011,263	7.45	[●]	[●]
	- Foreign	4,595,488	2.44	[●]	[●]
2.	Non-Institutional Investors				
	- Private corporate bodies	29,255,151	15.57	[●]	[●]
	- Directors and relatives	1,399,306	0.74	[●]	[●]
	- Indian public	19,801,781	10.53	[●]	[●]
	- Others including Non-Resident Indians (NRIs)	5,930,877	3.16	[●]	[●]
	Sub-total (B)	**74,993,866**	**39.89**	**[●]**	**[●]**
	Grand Total (A+B)	**187,996,331**	**100.00**	**[●]**	**[●]**

Notes:

(1) *The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue, and reflects the shareholding of all other categories as of January 5, 2023.*

(2) *The post-Issue shareholding pattern has intentionally been left blank and will be filled-in before filing of the Placement Document with the Stock Exchanges.*

(3) *Includes the shareholding of the members forming part of Promoter Group.*

Proposed Allottees in the Issue

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 627.

Other confirmations

(i) Except as disclosed below, our Company has not made any allotments, including for consideration other than cash, in the last one year preceding the date of this Preliminary Placement Document.

Date of issue / allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Total consideration (₹ million)	Reason / Nature of allotment
January 5, 2023	27,000,000	1	632.50	Other than cash	17,077.58	Preferential allotment pursuant to the share swap agreement

(ii) There are no options or outstanding rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

(iii) As on the date of this Preliminary Placement Document, our Company does not have any employee stock option plan.

(iv) No change in control in our Company will occur consequent to the Issue.

(v) Except as disclosed in "*Other confirmations – (i)*" above, our Company has not made any allotments for consideration other than cash, in the last one year preceding the date of this Preliminary Placement Document.

(vi) Except as disclosed in "*Other confirmations – (i)*" above, our Company has not allotted securities on a preferential basis, through a private placement or by way of a rights issue in the one year immediately preceding the date of this Preliminary Placement Document. However, subject to approval of our Board and the Shareholders of our Company, our Company is proposing to undertake a preferential issue of its Equity Shares for an amount aggregating up to ₹2,000 million to its promoter entities.

(vii) Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of the notice to the Shareholders dated February 13, 2023, for the approval of this Issue.

(viii) Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of Allotment, except on the Stock Exchanges.

DIVIDENDS

The declaration and payment of dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act. Our Board may also, from time to time, declare interim dividends. Our Board has approved and adopted a formal dividend distribution policy on February 11, 2020, in terms of Regulation 43A of the SEBI Listing Regulations.

The following table details the dividend paid by our Company on the Equity Shares in the nine months ended December 31, 2022, and in Fiscals 2022, 2021 and 2020:

Particulars	Nine months ended December 31, 2022	Fiscal		
		2022	2021	2020
Face value per share (₹)	1	1	1	1
Dividend per share (₹)	2.50	2.50	2.50	2.50
Dividend rate (%)	250	250	250	250
Payment of dividend distribution tax (₹ in million)	Nil	Nil	Nil	61.74
Dividend paid on Equity Shares (₹ in million)	**402.49**	**402.49**	**342.12**	**300.35**

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid in the future or that the amount thereof will not be decreased. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, distributable surplus available as per applicable law, our Company's liquidity position and future cash flow needs, track record of dividend distributed by our Company, payout ratios of comparable companies, the prevailing taxation policy or any amendments expected thereof, with respect to distribution of dividend, capital expenditure requirements considering opportunities for expansion and acquisition, cost and availability of alternative sources of financing, stipulations / covenants contained under any loan agreements, prevailing macroeconomic and business conditions and other factors, and subject to the approval of our Shareholders.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, please see the section entitled "*Description of the Equity Shares*" on page 174.

For a summary of certain Indian tax consequences of dividend distributions to the Shareholders, please see "*Taxation*" on page 178.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Audited Consolidated Financial Statements and our Unaudited Interim Special Purpose Condensed Consolidated Financial Statements. Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2020 and 2021 has been derived from the Audited Consolidated Financial Statements for Fiscal 2021, (ii) Fiscal 2022 has been derived from the Audited Consolidated Financial Statements for Fiscal 2022, and (iii) the nine months ended December 31, 2021 and December 31, 2022 has been derived from the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

Our historical financial statements for Fiscal 2020 do not reflect the impact of the Merger and have been restated in the Audited Consolidated Financial Statements for Fiscal 2021 to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.

*Our Audited Consolidated Financial Statements have been prepared under Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act, 2013 (the "**Act**") (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act and Unaudited Interim Special Purpose Condensed Consolidated Financial Statements have been prepared in accordance with the principles laid down in the Indian Accounting Standard 34, "Interim Financial Reporting" as prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.*

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Financial information for the nine months ended December 31, 2021 and December 31, 2022 is not annualized and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-Looking Statements" and "Risk Factors" on pages 18 and 48, respectively.

Overview

We are India's leading provider of refractory products and services, holding a market share of approximately 14% in terms of revenue from operations for Fiscal 2022 (*Source: CRISIL Report*). We supply a wide range of refractory products and solutions to customers in the steel, cement and lime, non-ferrous metals and glass sectors in India, West Asia and Africa. We are part of the RHI Magnesita Group, the global market leader in refractory manufacturing, offering customers more than 120,000 products for industrial applications involving temperatures exceeding 1,200° C (*Source: CRISIL Report*).

Refractory products are critical to modern industrial high-temperature manufacturing processes, enabling equipment and fixtures such as steel ladles and furnaces, cement rotary kilns, copper converters and glass furnaces to withstand extreme thermal, mechanical and chemical stress.

Our Company is the product of the integration in June 2021 of three Indian subsidiaries of RHI Magnesita Group: RHI India Private Limited ("**RHI India**"), RHI Clasil Private Limited ("**RHI Clasil**") and Orient Refractories Limited ("**ORL**") (the "**Merger**"). The integration has synergized, simplified and consolidated our strength in India to serve our customers more efficiently as one combined entity. The Merger has resulted in advantages such as the consolidation of (i) RHI Clasil's high alumina-based refractory product manufacturing; (ii) RHI India's customer relationships and capabilities in selling refractory products and services to the Indian steel industry; and (iii) ORL's manufacturing and supply capabilities in India and international markets.

As a result of the Merger, our Company is the largest manufacturer of a range of refractory products in India (*Source: CRISIL Report*). We aim to provide a "one-stop-solution" for refractory products and solutions for the Indian market, with capabilities ranging from innovation and research and development ("**R&D**") to raw material recycling, production of refractories, product marketing and sales, installation and monitoring.

Our products and services are categorized into two operating divisions based on the customer industries they serve: a division for the supply of products and services to the steel industry (the "**Steel Division**") and a division for the supply of products and services to the cement and lime, non-ferrous metals, chemicals and energy industries, glass and other industries (the "**Industrial Division**").

Steel Division. In Fiscal 2022 and the nine months ended December 31, 2022, our Steel Division represented 93.89% and 90.31% of our revenue from operations, respectively. We offer a broad range of refractory products, which enables us to provide solutions for steel manufacturers' refractory requirements. These refractory management service contracts represented 45.41% and 46.08% of revenue of our Steel Division in Fiscal 2022 and the nine months ended December 31, 2022, respectively. Due to the high consumption rate of refractories in the steel making process, refractories are an operating expense for steel manufacturers.

Industrial Division. Demand for refractories in the non-steel industries operates on a longer replacement cycle, with cement and lime customers typically carrying out annual maintenance to replace rotary kiln refractories, while customers in the non-ferrous metals and glass industries may only need to replace refractory lined equipment every ten years. The acquisition of the Dalmia Refractory Business (as defined below) that was completed in January 2023 was undertaken to help the Company reduce its imports and increase its revenue along with delivery of a well-diversified product and end-industry mix.

We have historically catered to our customers in and outside India through our own facilities, with certain additional customers outside India catered to through facilities operated by the larger RHI Magnesita Group. Our revenue streams comprise (i) sales in India of products made by our Company, (ii) sales outside India of products made by our Company, (iii) sales in India of imported products made by other entities of the RHI Magnesita Group, and (iv) services provided by our Company to the larger RHI Magnesita Group. We market our products and services through our sales network within and outside India.

We have a strong focus on R&D and benefit from the global R&D and technical expertise and experience of our parent company. As our customers' requirements and specifications can vary across their facilities, our R&D is focused on customisation of our products and services for such customers, which is an iterative process.

As of December 31, 2022, our Company owned and operated three facilities in India, with an aggregate refractory products production capacity of 163.08 KTPA including a flow control capacity of 46.08 KTPA. We have adopted the RHI Magnesita Group's approach to sustainable manufacturing practices with a view to reduce the impact of our operations on the environment. The RHI Magnesita Group is striving to achieve net zero emissions, has invested in new and emerging technologies and is focused on increasing recycling, improving energy efficiency, switching fuel and using green electricity (*Source: CRISIL Report*). We seek to benefit from the RHI Magnesita Group's investments in this area and aim to further develop processes that reduce CO_2 emissions in refractory production.

The table below sets forth certain financial information for the periods mentioned below, based on our historical financial statements:

Metric	**As of / for Fiscal ended March 31, 2020**[(1)]	**As of / for Fiscal ended March 31, 2021**	**As of / for Fiscal ended March 31, 2022**	**As of / for the nine months ended December 31, 2022**
Total income (₹ million)	13,979.44	13,827.03	20,048.05	18,598.50
EBITDA [(2)] (₹ million)	2,242.86	2,208.58	3,934.86	3,212.51
EBITDA Margin [(3)]	16.04%	15.97%	19.63%	17.27%
Profit after tax ("**PAT**") (₹ million)	1,358.85	1,366.23	2,690.04	2,132.57
PAT Margin [(4)]	9.72%	9.88%	13.42%	11.47%
Basic earnings per share (₹)[(5)]	8.44	8.49	16.71	13.25
Return on Equity ("**RoE**") [(6)]	19.32%	16.96%	26.15%	17.73%
Return on Capital Employed ("**RoCE**") [(7)]	26.02%	22.09%	33.85%	24.21%

Notes:

(1) Numbers have been restated to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.

(2) EBITDA is calculated as profit for the period/ year after tax plus depreciation and amortisation expense, finance cost and income tax expense.

(3) EBITDA margin is calculated as EBITDA divided by total income.

(4) PAT Margin is calculated as profit after tax divided by total income.

(5) Basic earnings per share is calculated as the profit attributable to owners of the Group divided by the weighted average number of equity shares outstanding during the financial year/ period
(6) ROE is calculated as PAT divided by Equity Shareholders Fund, where Equity Shareholders Fund is share capital plus other equity. For Fiscals 2020 and 2021, Equity Shareholders Fund also included shares pending issuance.
(7) ROCE is defined as Operating EBIT (EBITDA less depreciation and amortisation) divided by Adjusted Capital Employed, where Adjusted Capital Employed is Adjusted Total Assets less current liabilities, and Adjusted Total Assets is total assets less intangible assets.

Recent Developments

Acquisitions

On January 5, 2023, we completed the acquisition of DOCL pursuant to which we acquired five refractory manufacturing facilities (the "**Dalmia Refractory Business**") and on January 31, 2023, we completed the acquisition of the Indian refractory business of Hi-Tech Chemicals Limited ("**HTCL**") that comprised a facility at Jamshedpur, Jharkhand (the "**Hi-Tech Refractory Business**") (together, the "**Acquisitions**").

We have included in this Preliminary Placement Document the Pro Forma Unaudited Condensed Consolidated Financial Information of the Company (to be read in conjunction with "*Basis of Preparation of the Pro Forma Unaudited Condensed Consolidated Financial Information*" on page 622) for Fiscal 2022 and as of and for the nine months ended December 31, 2022, to show the impact of the Acquisitions on our Company, including the results of operations and the financial position, as if the Acquisitions had taken place on April 1, 2021, i.e., beginning of the earliest period presented in the Pro Forma Unaudited Condensed Consolidated Financial Information. For further information, see "*Financial Information – Pro Forma Unaudited Condensed Consolidated Financial Information*" on page 610 and "*Risk Factors – The Pro Forma Unaudited Condensed Consolidated Financial Information included in this Preliminary Placement Document to reflect the Acquisitions is not indicative of our expected financial performance in future periods or a substitute for our past results*" on page 49.

Borrowings

On December 14, 2022, and January 5, 2023, we entered into a term loan facility agreement for a borrowing of up to ₹7,000 million and ₹6,250 million with The Hongkong and Shanghai Banking Corporation Limited to fund the Acquisitions. As of January 31, 2023, the outstanding borrowing of our Company under this facility was ₹10,700 million.

For further information, see "*Use of Proceeds*" on page 74.

Significant Factors Affecting our Results of Operations and Financial Condition

Our results of operations and financial condition have been and are affected by the following factors:

Market demand for steel and ability to continue to develop heat management solutions

Our revenue and profitability depend substantially on the demand for steel. In Fiscals 2020, 2021 and 2022, revenue from our Steel Division represented 91.67%, 92.55% and 93.89% of our revenue from operations, respectively. In the nine months ended December 31, 2021 and December 31, 2022, revenue from our Steel Division represented 92.69% and 90.31% of our revenue from operations, respectively. Refractory products for application in the steel industry have a short service life, ranging from a few minutes to two months. As a result, there is a high consumption rate of refractories in the steel making process, for which refractories are an operating expense.

The demand for steel products is highly cyclical and significantly affected by macroeconomic developments globally and in regional and local markets. The steel industry is particularly sensitive to trends in the automotive, construction, home appliances, packing and distribution industries. Refractory consumption in India is expected to grow significantly, owing to the country's target for crude steel production, which is set at 260MT by 2030 (*Source: CRISIL Report*). For further information on the steel industry and factors affecting its growth, see "*Industry Overview*" on page 107 of this Preliminary Placement Document. However, an increase in demand for steel may not always result in an increase in demand for refractories, as the continued relevance of refractories in the steel making process is subject to technological advancements in downstream industries. For example, production processes that use basic oxygen furnaces entail less refractory consumption compared to electric arc furnaces. If the market share of steelmakers that produce steel using basic oxygen furnace technology increases, the relative consumption of refractories per ton of steel produced would likely decrease, resulting in decreased demand for refractory products.

Any significant change in the demand for steel or the production processes of steel and related industries that alter refractory consumption will affect the demand for our products. The demand for steel and our ability to continue to develop relevant heat management solutions will determine our profitability1#

Acquisition costs and ability to integrate and derive synergies from the Acquisitions

Our results of operation and profitability will depend on the costs associated with the Acquisitions and our ability to integrate and derive synergies from them. We completed the Acquisitions in January 2023 for an aggregate consideration of ₹28,351.7 million, of which ₹11,274.12 million was paid as cash consideration, and ₹17,078 million was paid through a share swap agreement through which DBRL was allotted 27 million equity shares representing 14.4% of the outstanding share capital of our Company as of January 31, 2023. The underlying EBITDA margin for the fourth quarter is expected to be lower than that recorded in the third quarter due to the effect of the consolidation of DOCL, which is currently operating at lower levels of profitability due to under-utilization of production capacity. The reported EBITDA margin is also expected to be further impacted by one-off acquisition and integration expenses (comprising payments to third-party consultants and advisors, and commitment fees charged by the lender for the facilities availed in January 2023) corporate social responsibility payments and non-recurring provision relating to disputed performance payments. For further information, see "*Our Business - Recently completed Acquisitions*".

Our ability to grow our revenue to recover our Acquisitions costs and remain profitable will depend on the synergies we derive from the Acquisitions. Our targeted synergies include leveraging the manufacturing capacities and customer base of the acquired businesses, which is based on numerous estimates and assumptions of customer requirements and industrial trade practices that are based on the general macroeconomic, industry, legal, regulatory and tax environment. Our ability to derive these synergies will also depend on the successful integration of the acquired businesses with our existing operations, particularly in terms of executing optimisation measures, discontinuing overlapping functions, and integrating management information systems and personnel.

Our future results of operations are therefore dependent on our ability to (i) efficiently operate our newly acquired manufacturing facilities including its supply chain functions, (ii) cross-sell our acquired product portfolio to our existing customers, and (iii) acquire new customers and gain market share based on cost-efficiencies that we seek to achieve by leveraging the combined economies of scale of the acquired businesses.

Purchases of stock-in-trade, royalty and operating charges

We have historically operated as a trading arm of the RHI Magnesita Group through erstwhile RHI India, one of the Merged Entities, for sale of refractory products in India, and we continue to operate this trading business following the Merger. As part of this arrangement, we have entered into an agreement with RHI Magnesita GmbH, an affiliate of our Company, for providing certain services to it, including sales and marketing services for products outside India, in exchange for a service fee that is deducted from the net sales price of the products. With the acquisition of the Dalmia Refractory Business and the Hi-Tech Refractory Business, we intend to increase manufacturing of products at the facilities operated by our Company and reduce import of products from our the RHI Magnesita Group. Our profitability and margins will therefore be impacted to the extent of the following expense items:

Purchases of stock-in-trade (traded goods)

In Fiscals 2020, 2021 and 2022, our purchases of stock-in-trade (traded goods) were ₹3,841.56 million, ₹4,241.05 million and ₹5,998.37 million, respectively, which represented 27.69%, 30.95% and 30.06% of our revenue from operations in those periods, respectively. Purchases of stock-in-trade (traded goods) were ₹4,433.44 million and ₹5,239.39 million in the nine months ended December 31, 2021 and December 31, 2022, respectively, which represented 31.55% and 28.36% of our revenue from operations in those periods, respectively. We expect our purchases of stock-in-trade (traded goods) to decline in proportion to the decline in imports of finished products from the RHI Magnesita Group.

Royalty

We have historically paid royalty to the RHI Magnesita Group under an agreement between our Company and Refractory Intellectual Property GmbH & Co. KG, an affiliate of our Company, in exchange for a license to use their:

- technical knowhow that is applied in manufacturing certain patented products at our facilities in India and for use of their test methods for quality standards, including temperature, chemical, or corrosion resistance, mechanical behavior, layout of plant and machinery, and sample marketing and sales tools in India; and
- patents and trademarks in India.

A royalty of 3.25% on sales value is charged by the RHI Magnesita Group on the above where such product-related intellectual property rights are owned by another entity in the RHI Magnesita Group. Royalty rates are set on an arm's length basis after an independent review process and are subject to change according to the RHI Magnesita Group's transfer pricing policies, following OECD standards and taking into consideration the applicable tax regulation.

Royalty was ₹18.98 million, ₹12.95 million and ₹81.78 million, which represented 0.14%, 0.09% and 0.41% of our revenue from operations in Fiscals 2020, 2021 and 2022, respectively. Royalty was ₹41.43 million and ₹223.52 million, which represented 0.29% and 1.21% of our revenue from operations in the nine months ended December 31, 2021 and December 31, 2022, respectively. With the increase in manufacturing and sale of products using licensed intellectual property rights in India, we expect to incur higher amounts of royalty going forward.

Prices and availability of raw materials

Our results of operations are affected by the price of raw materials that we require to produce our refractory products. The largest component of our Material Costs is the cost of raw materials and components consumed, which represented 53.59%, 57.89% and 60.07% of our Material Costs in Fiscals 2020, 2021 and 2022, respectively. The cost of raw materials represented 59.13% and 56.94% of our Material Costs in the nine months ended December 31, 2021 and December 31, 2022, respectively.

Our key raw materials include fused magnesite, various type of fused alumina, and calcine bauxite and any changes in their prices to impact business margins, which are commodities and thus are subject to price volatility caused by a number of factors including changes in global supply and demand of such raw materials, foreign exchange rate fluctuations, governmental control measures, transportation and storage costs, trade restrictions, cost of utilities and speculation in futures trading of such raw materials. Any significant change in the availability or significant increase in the price of raw materials and our ability to pass on any increase in raw material costs to our customers will affect our Material Costs and profitability.

Cost of borrowing and foreign exchange

As of December 31, 2022, we had total borrowings of ₹618.57 million, which comprised two term loans from VRD Americas B.V. Netherland, subsidiary of our parent company. Both facilities are commercial borrowings in the form of Euro-denominated term loans at Euribor-linked floating interest rates. As of January 31, 2023, the outstanding borrowing of our Company under two additional term loan facilities with The Hongkong and Shanghai Banking Corporation Limited was ₹10,700 million.

As a result, our finance cost mainly comprised interest payments on these loans, interest on bills discounting, and net exchange differences on foreign currency borrowings, and was ₹123.01 million, ₹64.83 million and ₹21.79 million in Fiscals 2020, 2021 and 2022, respectively, which represented 0.88%, 0.47% and 0.11%, respectively, of our total income for the same periods. Our finance cost was ₹24.30 million and ₹57.96 million in the nine months ended December 31, 2021 and December 31, 2022, respectively, which represented 0.17% and 0.31% of our total income for such periods, respectively. Any increase in the rate of interest payable will increase our finance cost.

Furthermore, as the interest and principal amounts are payable in Euro, our finance cost is also dependent on the exchange rate between the Indian Rupee and Euro. We are required to repay the principal amounts under these term loans by December 31, 2023. Any significant movement in the interbank lending rates in the European Union or further weakening of the Indian Rupee compared to the Euro and our ability to repay the amounts owed by us will affect our results of operations and profitability.

Significant Accounting Policies for the Audited Consolidated Financial Statements

Set forth below are the significant accounting policies adopted in the preparation of the Audited Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Compliance with Ind AS. The Audited Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "**Act**") (Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Historical cost convention. The Audited Consolidated Financial Statements have been prepared on a historical cost basis, except for the following which have been measured at fair value. Defined benefit plans – plan assets measured at fair value.

New and amended standards adopted

We applied the following standards and amendments for the first time for our annual reporting period commencing April 1, 2021: Extension of COVID-19 related concessions – amendments to Ind AS 116 and interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Principles of consolidation

The subsidiary is the entity over which we have control. We control an entity where we are exposed to, or have rights to, variable returns from our involvement with the entity and have the ability to effect those returns through our power to direct the relevant activities of the entity. A subsidiary is fully consolidated from the date on which control is transferred to us and is deconsolidated from the date the control ceases. We have used the acquisition method of accounting to account for our business combinations.

We have combined our subsidiary's financial statements with our own line by line, adding together like items of assets, liabilities, equity, income and expenses. Unrealised losses have also been eliminated unless the transaction provides evidence of an impairment of the transferred asset. We have changed the accounting policies of the subsidiary where necessary to ensure consistency with our own policies.

Critical accounting estimates, assumptions and judgements

The preparation of the Audited Consolidated Financial Statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the date of the Audited Consolidated Financial Statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. In the process of applying our accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the Audited Consolidated Financial Statements:

Property, plant and equipment. Management engages an internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

Intangibles. Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

Income taxes. Management's judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. We review at each balance sheet date the carrying amount of deferred tax assets / liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the Audited Consolidated Financial Statements.

Contingencies. Management's judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations that we are involved in as it is not possible to predict the outcome of pending matters with accuracy.

Allowance for doubtful trade receivables. Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

Revenue from contracts with customers. For refractory management contracts where the transaction price depends on the customer's production, customer expects us to provide total refractory management services, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the product of steel in the steel plant. Thus, only one single performance obligation, performance of refractory management service, exists.

Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per our normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, our operating cycle is 12 months for the purpose of current – non-current classification of assets and liabilities.

Significant Accounting Policies

Property Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when we are likely to receive future economic benefits associated with the item and cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, we elected to continue with the carrying value of our property, plant and equipment recognised as at 1 April, 2016 measured as per the previous GAAP and to use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, Plant and equipment is provided on straight-line basis over the useful lives of assets as determined on the basis of technical estimates which are similar to the useful lives as prescribed under Schedule II to the Companies Act, 2013 except for Vehicles (which are being used by the employees). These vehicles are depreciated on written down value method, over the period of 5 years and 6 years for four wheelers and two wheelers respectively. Based on past experience and internal technical evaluation, management believes that these useful lives represent the appropriate period of usage and therefore, considered to be appropriate for charging depreciation.

Assets residual values, depreciation method and useful lives are reviewed at the end of financial year considering the physical condition of the assets or whenever there are indicators for review and adjusts residual life prospectively.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within Other Income/Other Expenses.

Intangible Assets

On transition to Ind AS, we opted for the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP. Consequently, the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

Identifiable intangible assets are recognised when we controls the asset, it is probable we will receive future economic benefits attributed to the asset and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Software

Software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license.

Leases

As a lessee

Leases are recognised as a right-of-use asset at cost with a corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets in accordance with Ind AS 116 'Leases'.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at the commencement date, we measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

For short-term and low value leases, we recognise the lease payments as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Audited Consolidated Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Inventories

Inventories including stores and spares are valued at the lower of cost on weighted average except certain traded goods which are valued at First in First out basis (FIFO) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods, including freight, octroi and other levies. Work-in-progress and finished goods include appropriate proportion of labour and overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

Our Board of Directors has authorised the Managing Director & CEO to assess our financial performance and position, and make decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors, together with Managing Director has been identified as being the chief operating decision maker. Refer Note 32 for segment information presented.

Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers either over time or at a point of time at an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, we estimate the amount of consideration to which we will be entitled in exchange for transferring the goods or services to the customer.
At the inception of the contract, we identify the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract.
Revenue from contracts for total refractory management services, is recognized over time on the basis using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from providing services is recognised in the accounting period in which the services as rendered.

We recognise contract liabilities for consideration received in respect of unsatisfied performance obligations and report these amounts as other liabilities. Similarly, if we satisfy a performance obligation before we receive the consideration, we recognise either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due.

Employee benefits

Defined benefit plan – Gratuity. The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans. Our contribution to provident fund, national pension scheme and employees' state insurance scheme are considered as defined contribution plans and are charged as expense in the Statement of Profit and Loss, based on the amount of contribution required to be made and when services are rendered by the employee.

Other Benefits - Compensated Absences. Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long-term employee benefits. Our liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Foreign currency translation

Functional and presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which we operate (`the functional currency'). Our operations are primarily in India. The Consolidated Financial Statements are presented in Indian rupee (INR), which is our functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statement of Profit and Loss.

Foreign exchange differences arising on foreign currency borrowings are presented in the Statement of Profit and Loss, within finance cost. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Trade and other payables

These amounts represent liabilities for goods and services provided to us prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Business Combinations

Entities under common control

Business combinations involving entities or businesses under common control is accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.
- The financial information in the Audited Consolidated Financial Statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the Consolidated Financial Statements unless the business combination had occurred after that date, the prior period information shall be restated only from that date.
- The consideration for the business combination may consist of securities, cash or other assets. Securities shall be recorded at nominal value. In determining the value of the consideration, assets other than cash shall be considered at their fair values.
- The balance of the retained earnings appearing in our Audited Consolidated Financial Statements is aggregated with the corresponding balance appearing in the financial statements of the transferee. The

identity of the reserves is preserved and appear in our Audited Consolidated Financial Statements in the same form in which they appeared in the Audited Consolidated Financial Statements of the transferor.

Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Principal Components of Statement of Profit and Loss

Income

Our total income comprises (i) revenue from operations and (ii) other income.

Revenue from Operations

Revenue from operations comprises (i) revenue from contracts with customers and (ii) other operating revenue.

Revenue from contracts with customers

Revenue from contracts with customers includes revenue from (i) sale of products comprising finished goods and traded goods; (ii) total refractories management services; and (iii) sale of services.

Refractories management services include supply of refractory material and its related services, such as installation, maintenance, warehousing, logistics, monthly reporting and optimisation, development of processes and material, and implementation of recycling solutions for customers of our Steel Division. As customers expect complete refractory management for their steel producing operations, we offer a range of services in a single performance obligation.

Other operating revenue

Other operating revenue comprises government grants on account of export incentives and service income for business support services provided to members of the RHI Magnesita Group. These services include marketing and promotion services for refractory products that are sold by the RHI Magnesita Group through our Company to customers in India, West Asia and Africa.

Other Income

Other income primarily includes (i) interest income on financial assets on amortised costs on bank deposits and others; (ii) net foreign exchange differences; (iii) liabilities/ provisions no longer required written-back; (iv) scrap sales; (v) miscellaneous income; (vi) net gain on disposal of financial assets; and (vii) profit on sale of fixed assets.

Expenses

Our expenses comprise (i) cost of raw materials and components consumed; (ii) purchases of stock-in-trade (traded goods); (iii) changes in inventories of finished goods, work-in-progress and traded goods; (iv) employee benefits expense; (v) finance cost; (vi) depreciation and amortisation expense; and (vii) other expenses.

Material Costs

Material Costs comprise (i) cost of raw materials and components consumed; (ii) purchases of stock-in-trade (traded goods) and changes in inventories of finished goods; and (iii) changes in inventories of work-in-progress and traded goods.

Cost of raw materials and components consumed

Cost of raw materials and components consumed primarily comprises costs of fused magnesite, various type of fused alumina, calcine bauxite and graphite.

Purchases of stock-in-trade (traded goods)

Purchases of stock-in-trade comprises of purchases of refractory products such as gunning masses, ramming masses and spray masses from suppliers in India and of gunning masses, ramming masses and bricks from the RHI Magnesita Group.

Employee Benefits Expense

Employee benefits expense comprises (i) salaries, wages and bonus; (ii) contributions to provident and other fund; (iii) gratuity; (iv) leave obligation; and (v) staff welfare expenses.

Finance Cost

Finance cost comprises:
(i) interest expense on (a) external commercial borrowings, (b) bank overdrafts, (c) bills discounting and (d) lease liabilities;
(ii) net exchange differences on foreign currency borrowings; and
(iii) others.

Depreciation and amortisation expenses

Depreciation and amortisation expenses comprise (i) depreciation of property, plant and equipment; (ii) depreciation of right of use assets; and (iii) amortisation of intangible assets.

Other expenses

Other expenses primarily comprise (i) consumption of stores and spare parts; (ii) consumption of packing materials; (iii) power and fuel; (iv) processing charges; (v) freight and forwarding; (vi) legal and professional fees; (vii) selling expenses; (viii) royalty; and (ix) other administrative expenses.

Key components of these items are explained below:

- Processing charges comprise labour charges paid to contractors rendering services at total refractory management sites.
- Power and fuel charges are incurred at our manufacturing facilities on account of power and fuel consumed in the production of finished goods. Power usage is charged based on prevailing rates imposed by state electricity grids and fuel prices are influenced by prevailing market rates of the fuels we consume including coal, piped natural gas, liquified petroleum gas, heavy creasote oil and high-speed diesel.
- Freight and forwarding charges relate to costs incurred towards outward freight operations, i.e. transporting our finished products from our manufacturing facilities to the facilities of our customers.
- Consumption of stores and spare parts relate to moulds, machine parts, spray gun, and bearings used in the production of refractory material and provision of refractory services.
- Consumption of packing materials relate to packing material[s] such as wooden materials and corrugated boxes and related expenses for packing finished goods.
- Legal and professional charges include payments made to advisors for services received in matters related to tax, accounting, human resources and other business matters, and includes fees paid to statutory auditors and auditors engaged for cost audit.

Key Performance Indicators and Certain Non-GAAP Measures

In evaluating our business, we consider and use certain non-GAAP financial measures and key performance indicators that are presented below as supplemental measures to review and assess our operating performance. These non-GAAP financial measures and key performance indicators are not intended to be considered in isolation or as a substitute for the Consolidated Financial Statements. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures and key performance indicators have limitations as analytical tools. Furthermore, these non-GAAP financial measures and key performance indicators may differ from similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

Based on our Consolidated Financial Statements

EBITDA and EBITDA Margin

EBITDA is defined as our profit for the period/year after tax plus depreciation and amortisation expense, finance cost and income tax expense. EBITDA margin is defined as our EBITDA as a percentage of total income.

The table below reconciles our profit for Fiscals 2020, 2021 and 2022, to EBITDA for the years indicated:

Particulars	**For the years ended March 31,**		
	2020 (1)	**2021**	**2022**
	(₹ in millions, except percentages)		
Profit for the year	**1,358.85**	**1,366.23**	**2,690.04**
Add:			
Depreciation and amortisation expense	261.77	297.95	338.25
Finance cost	123.01	64.83	21.79
Income tax expense	499.23	479.57	884.78
EBITDA	**2,242.86**	**2,208.58**	**3,934.86**
Total income	**13,979.44**	**13,827.03**	**20,048.05**
EBITDA Margin	**16.04%**	**15.97%**	**19.63%**

1. Numbers have been restated to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.

The table below reconciles our profit for the nine months ended December 31, 2021 and December 31, 2022, to EBITDA for the periods indicated:

Particulars	**For the nine months ended December 31,**	
	2021	**2022**
	(₹ in millions, except percentages)	
Profit for the period	**1,691.67**	**2,132.57**
Add:		
Depreciation and amortisation expense	245.79	285.09
Finance cost	24.30	57.96
Income tax expense	575.57	736.89
EBITDA	**2,537.33**	**3,212.51**
Total Income	**14,128.00**	**18,598.50**
EBITDA Margin	**17.96%**	**17.27%**

Return on Capital Employed (ROCE)

ROCE is defined as Operating EBIT (EBITDA less depreciation and amortisation) divided by Adjusted Capital Employed.

Adjusted Capital Employed is Adjusted Total Assets less current liabilities.

Adjusted Total Assets is total assets less intangible assets.

The table below reconciles our EBITDA for Fiscals 2020, 2021 and 2022, to Return on Capital Employed:

Particulars	**As of and for the years ended March 31,**		
	2020 (1)	**2021**	**2022**
	(₹ in millions, except percentages)		
EBITDA	2,242.86	2,208.58	3,934.86
Less:			
Depreciation and amortisation expense	261.77	297.95	338.25
Operating EBIT	**1,981.09**	**1,910.63**	**3,596.61**
Total assets	10,517.38	12,596.45	16,742.48
Less:			
Intangible assets	1.96	36.60	56.34
Adjusted total assets	10,515.42	12,559.85	16,686.14
Less:			

Particulars	As of and for the years ended March 31,		
	2020 [(1)]	2021	2022
Current Liabilities	2,901.04	3,911.93	6,061.31
Adjusted capital employed	**7,614.38**	**8,647.92**	**10,624.83**
Return on capital employed ("ROCE")	**26.02%**	**22.09%**	**33.85%**

1. *Numbers have been restated to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.*

The table below reconciles our EBITDA for the nine months ended December 31, 2022, to Return on Capital Employed:

Particulars	As of and for the nine months ended December 31, 2022
	(₹ in millions, except percentages)
EBITDA	3,212.51
Less:	
Depreciation and amortisation expense	285.09
Operating EBIT	**2,927.42**
Total assets	18,414.95
Less:	
Intangible assets	46.25
Adjusted total assets	18,368.70
Less:	
Current Liabilities	6,276.37
Adjusted capital employed	**12,092.33**
Return on capital employed ("ROCE")	**24.21%**

Results of Operations Based on our Consolidated Financial Statements

Nine months ended December 31, 2021 and December 31, 2022

The following tables set forth our selected financial information from our statement of profit and loss for the nine months ended December 31, 2021 and December 31, 2022, the components of which are also expressed as a percentage of total income for such periods:

Particulars	For the nine months ended December 31,			
	2021		2022	
	Amount *(₹ million)*	**Percentage of Total Income** *(%)*	**Amount** *(₹ million)*	**Percentage of Total Income** *(%)*
Income				
Revenue from operations	14,051.85	99.46%	18,472.52	99.32%
Other income	76.15	0.54%	125.98	0.68%
Total income	**14,128.00**	**100.00%**	**18,598.50**	**100.00%**
Expenses				
Cost of raw materials and components consumed	5,080.64	35.96%	6,611.27	35.55%
Purchases of stock-in-trade (traded goods)	4,433.44	31.38%	5,239.39	28.17%
Changes in inventories of finished goods, work -in-progress and stock-in-trade (traded goods)	(922.37)	(6.53) %	(240.37)	(1.29)%
Employee benefits expense	889.91	6.30%	1,182.70	6.36%
Finance cost	24.30	0.17%	57.96	0.31%
Depreciation and amortisation expense	245.79	1.74%	285.09	1.53%
Other expenses	2,109.05	14.93%	2,593.00	13.94%
Total expenses	**11,860.76**	**83.95%**	**15,729.04**	**84.57%**
Profit before tax	**2,267.24**	**16.05%**	**2,869.46**	**15.43%**
Income tax expense:				
A. Current tax	621.40	4.40%	760.07	4.09%
B. Deferred tax	(45.83)	(0.32) %	(31.69)	(0.17) %
C. Short provision for tax relating to prior periods	-	-	8.51	0.05%
Total tax expense	**575.57**	**4.07%**	**736.89**	**3.96%**
Profit for the period	**1,691.67**	**11.97%**	**2,132.57**	**11.47%**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
D. Remeasurement of the defined benefit plans	1.87	0.01%	12.10	0.07%

Particulars	For the nine months ended December 31,			
	2021		2022	
	Amount *(₹ million)*	**Percentage of Total Income** *(%)*	**Amount** *(₹ million)*	**Percentage of Total Income** *(%)*
E. Income tax relating to the above	(0.48)	0.00%	(3.05)	(0.02) %
Other comprehensive income for the period, net of tax	**1.39**	**0.01%**	**9.05**	**0.05%**
Total comprehensive income for the period	**1,693.06**	**11.98%**	**2,141.62**	**11.52%**
Basic earnings per equity share (Face value of Re 1 each share)	10.51		13.25	
Diluted earnings per equity share (Face value of Re 1each share)	10.51		13.25	

Nine months ended December 31, 2022 compared to nine months ended December 31, 2021

Total income. Total income increased by 31.64% from ₹14,128.00 million for the nine months ended December 31, 2021 to ₹18,598.50 million for the nine months ended December 31, 2022, due to an increase in revenue from operations.

Revenue from operations. Revenue from operations increased by 31.46% from ₹14,051.85 million for the nine months ended December 31, 2021 to ₹18,472.52 million for the nine months ended December 31, 2022, due to price increases with existing customers and the acquisition of new business contracts with existing/ new customers.

These increases were attributable to (i) a 30.58% increase in revenue within India from ₹11,830.91 million in the nine months ended December 31, 2021 to ₹15,448.63 million in the nine months ended December 31, 2022, and (ii) a 37.74% increase in revenue outside India from ₹2,037.79 million in the nine months ended December 31, 2021 to ₹2,806.94 million in the nine months ended December 31, 2022.

Other income. Other income increased from ₹76.15 million in the nine months ended December 31, 2021 to ₹125.98 million in the nine months ended December 31, 2022, primarily due to increases in (i) interest income from ₹19.57 million in the nine months ended December 31, 2021 to ₹36.59 million in the nine months ended December 31, 2022, and (ii) scrap sales from ₹26.77 million in the nine months ended December 31, 2021 to ₹45.21 million in the nine months ended December 31, 2022.

Total expenses. Total expenses increased by 32.61% from ₹11,860.76 million in the nine months ended December 31, 2021 to ₹15,729.04 million in the nine months ended December 31, 2022, in line with the growth of our business, as reflected in the increase in revenue from operations.

Material Cost: Material Cost increased from ₹8,591.71 million in the nine months ended December 31, 2021 to ₹11,610.29 million in the nine months ended December 31, 2022, primarily due to an increase in raw material prices, particularly the price of fused magnesite, fused alumina, calcine bauxite and graphite.

Employee benefits expense. Employee benefits expense increased from ₹889.91 million in the nine months ended December 31, 2021 to ₹1,182.70 million in the nine months ended December 31, 2022 on account of a significant increase in employee hires, including senior level hires and contract employees in line with the increase in the volume of our business.

Finance cost. Finance cost increased from ₹24.30 million in the nine months ended December 31, 2021 to ₹57.96 million in the nine months ended December 31, 2022, and primarily comprised interest payments due on our external commercial borrowings denominated in Euro, interest on bill discounting, interest on lease liabilities and net exchange differences on foreign currency borrowings. The increase in the amount of finance cost was primarily due to a sharp depreciation of the Indian Rupee against the Euro in the period, which led to an increase in our Euro-denominated interest payments due under our foreign currency borrowings. For further information on our Euro-denominated borrowings, see " – *Indebtedness*" below on page 105.

Depreciation and amortisation expense. Depreciation and amortisation expense increased from ₹245.79 million in the nine months ended December 31, 2021 to ₹285.09 million in the nine months ended December 31, 2022, due to the capitalization of property, plant and equipment, right-of-use assets and intangible assets amounting to ₹532.46 million during nine months ended December 31, 2022.

Other expenses. Other expenses increased from ₹2,109.05 million in the nine months ended December 31, 2021 to ₹2,593.00 million in the nine months ended December 31, 2022, primarily due to increases in:

- Consumption of stores and spare parts by 26.89% from ₹201.07 million for the nine months ended December 31, 2021 to ₹255.15 million for the nine months ended December 31, 2022 on account of an increase in production volumes;

- Consumption of packing materials by 71.29% from ₹153.55 million for the nine months ended December 31, 2021 to ₹263.01 million for the nine months ended December 31, 2022 on account of an increase in exports entailing higher packing requirements, together with an increase in the price of certain packing materials, such as wooden pallets.

- Power and fuel by 46.50% from ₹361.23 million for the nine months ended December 31, 2021 to ₹529.21 million for the nine months ended December 31, 2022 on account of increase in price and consumption of heavy creasote oil and LPG. Fuel expenses also increased on account of higher prices of coal due to higher purchases from private vendors, rather than lower-cost government sources because following the Merger, and pending approvals to change our Company's name, we could not obtain coal from government sources. We have re-commenced purchase of coal from government sources since February 2023;

- Royalty from ₹41.43 million for the nine months ended December 31, 2021 to ₹223.52 million for the nine months ended December 31, 2022 due to an increase in manufacturing operations in India involving patented products for which royalty equivalent to 3.25% of the gross invoice amount of the product were due; and

- Net foreign exchange differences from ₹18.41 million for the nine months ended December 31, 2021 to ₹146.73 million for the nine months ended December 31, 2022 on account of an increase in realised and unrealised net loss on foreign exchange transactions and exposure of foreign exchange outstanding in relation to payments made to suppliers and revenue earned from customers.

Profit for the period. As a result of the foregoing, our profit for the period increased from ₹1,691.67 million in the nine months ended December 31, 2021 to ₹2,132.57 million in the nine months ended December 31, 2022, due to a greater proportional increase in revenue compared to the increase in our expenses.

Tax expenses. Our total tax expense increased from ₹575.57 million in the nine months ended December 31, 2021 to ₹736.89 million in the nine months ended December 31, 2022, due to an increase in profit before tax from ₹2,267.24 million in the nine months ended December 31, 2021 to ₹2,869.46 million in the nine months ended December 31, 2022.

EBITDA and EBITDA Margins. Our EBITDA was ₹2,537.33 million in the nine months ended December 31, 2021 compared to ₹3,212.51 million in the nine months ended December 31, 2022, while EBITDA Margin was 17.96% in the nine months ended December 31, 2021 compared to 17.27% in the nine months ended December 31, 2022.

Fiscals 2020, 2021 and 2022

The following tables set forth our selected financial information from our statement of profit and loss for Fiscals 2020, 2021 and 2022, the components of which are also expressed as a percentage of total income for such years. The financial information corresponding to (i) Fiscals 2020 and 2021 has been derived from the Audited Consolidated Financial Statements for Fiscal 2021, and (ii) Fiscal 2022 has been derived from the Audited Consolidated Financial Statements for Fiscal 2022.

Particulars	**For the years ended March 31,**					
	2020 (1)		**2021**		**2022**	
	Amount (₹ million)	**Percentage of Total Income** (%)	**Amount** (₹ million)	**Percentage of Total Income** (%)	**Amount** (₹ million)	**Percentage of Total Income** (%)
Income						
Revenue from operations	13,875.86	99.26%	13,703.79	99.11%	19,951.43	99.52%
Other income	103.58	0.74%	123.24	0.89%	96.62	0.48%
Total income	**13,979.44**	**100.00%**	**13,827.03**	**100.00%**	**20,048.05**	**100.00%**
Expenses						
Cost of raw materials and	4,632.18	33.14%	4,952.15	35.81%	7,167.55	35.75%

Particulars	For the years ended March 31,					
	2020 [1]		2021		2022	
	Amount (₹ million)	Percentage of Total Income (%)	Amount (₹ million)	Percentage of Total Income (%)	Amount (₹ million)	Percentage of Total Income (%)
components consumed						
Purchases of stock-in-trade (traded goods)	3,841.56	27.48%	4,241.05	30.67%	5,998.37	29.92%
Changes in inventories of finished goods, work -in- progress and stock-in-trade (traded goods)	169.93	1.22%	(638.91)	(4.62)%	(1,233.83)	(6.15)%
Employee benefits expense	924.11	6.61%	1,055.97	7.64%	1,235.19	6.16%
Finance cost	123.01	0.88%	64.83	0.47%	21.79	0.11%
Depreciation and amortisation expense	261.77	1.87%	297.95	2.15%	338.25	1.69%
Other expenses	2,168.80	15.51%	2,008.19	14.52%	2,945.91	14.69%
Total expenses	**12,121.36**	**86.71%**	**11,981.23**	**86.65%**	**16,473.23**	**82.17%**
Profit before tax	**1,858.08**	**13.29%**	**1,845.80**	**13.35%**	**3,574.82**	**17.83%**
Income tax expense:						
A. Current tax	456.36	3.26%	489.62	3.54%	938.31	4.68%
B. Deferred tax	47.13	0.34%	(12.67)	(0.09)%	(24.08)	(0.12)%
C. (Excess)/Short provision for tax relating to prior years	(4.26)	(0.03)%	2.62	0.02%	(29.45)	(0.15)%
Total tax expense	**499.23**	**3.57%**	**479.57**	**3.47%**	**884.78**	**4.41%**
Profit for the year	**1,358.85**	**9.72%**	**1,366.23**	**9.88%**	**2,690.04**	**13.42%**
Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
D. Remeasurement of the defined benefit plans	(14.40)	(0.10)%	0.97	0.01%	(13.54)	(0.07)%
E. Income tax relating to the above	3.63	0.03%	(0.24)	0.00%	3.41	0.02%
Other comprehensive (loss) / income for the year, net of tax	**(10.77)**	**(0.08)%**	**0.73**	**0.01%**	**(10.13)**	**(0.05)%**
Total comprehensive income for the year	**1,348.08**	**9.64%**	**1,366.96**	**9.89%**	**2,679.91**	**13.37%**
Basic earnings per equity share (Face value of Re 1 each share)	8.44		8.49		16.71	
Diluted earnings per equity share (Face value of Re 1each share)	8.44		8.49		16.71	

1. *Numbers have been restated to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.*

Fiscal 2022 compared to Fiscal 2021

Total income. Total income increased by 44.99% from ₹13,827.03 million for Fiscal 2021 to ₹20,048.05 million for Fiscal 2022, due to an increase in revenue from operations.

<u>Revenue from operations.</u> Revenue from operations increased by 45.59% from ₹13,703.79 million for Fiscal 2021 to ₹19,951.43 million for Fiscal 2022. The increase was mainly attributable to in the growth of our sales volumes and a one-time price increase for our products, that was undertaken to counter the increase in raw material prices and increase in sea freights incurred on account of changing market dynamics driven by suppressed demand for freight in the previous period on account of COVID. The increase in our sales volumes was attributable to the growth in our customer base in Fiscal 2022 compared to Fiscal 2021. Due to COVID-related shutdowns in Fiscal 2021, customers' refractory needs were limited, and we gained more than 150 new customers that purchased refractory products from us/ the RHI Magnesita Group in Fiscal 2022.

These increase in revenue was attributable to (i) a 48.92% increase in revenue within India from ₹11,258.91 million in Fiscal 2021 to ₹16,766.51 million in Fiscal 2022, primarily driven by an increase in our customer base and the one-time price increase we implemented for refractory products, and (ii) a 31.34% increase in revenue outside India from ₹2,355.13 million in Fiscal 2021 to ₹3,093.14 million in Fiscal 2022, primarily driven by increase in export of products to members of the RHI Magnesita Group.

Other income. Other income decreased from ₹123.24 million for Fiscal 2021 to ₹96.62 million for Fiscal 2022, primarily due to decreases in interest income from ₹59.68 million to ₹27.07 million due to higher deployment of funds to meet working capital requirements. Our working capital requirements in Fiscal 2022 included an increase in inventory levels due to anticipated increases in raw material prices and increased transportation costs to ensure timely delivery of goods to customers due to COVID-19 related market uncertainties.

Total expenses. Total expenses increased by 37.49% from ₹11,981.23 million for Fiscal 2021 to ₹16,473.23 million for Fiscal 2022 in line with the growth of our business as reflected in the increase in our revenue from operations. However, as revenue from operations increased by 45.59% from ₹13,703.79 million for Fiscal 2021 to ₹19,951.43 million for Fiscal 2022, our EBITDA Margins improved in Fiscal 2022 as compared to Fiscal 2021. This was attributable to strategic management decisions on cost reductions and an increase in inventories as discussed above.

Material cost: Material Cost increased from ₹8,554.29 million for Fiscal 2021 to ₹11,932.09 million for Fiscal 2022, predominantly due to increase in raw material prices. In particular, our primary raw material magnesite is sourced from China, the market price of which increased due to COVID-19 related supply disruptions in China, and was further exacerbated due to a sharp increase in sea freight costs, also attributable to global trade disruptions related to COVID-19.

Employee benefits expense. Employee benefits expense increased from ₹1,055.97 million for Fiscal 2021 to ₹1,235.19 million for Fiscal 2022, due to inflationary-related increases in employee benefits costs.

Finance cost. Finance cost decreased from ₹64.83 million for Fiscal 2021 to ₹21.79 million for Fiscal 2022, due to strengthening of the Indian Rupee against the Euro in Fiscal 2022 as compared to a decline in Fiscal 2021. Net exchange differences on foreign currency borrowings in Fiscal 2022 was ₹10.10 million as compared to a net loss in Fiscal 2021 of ₹21.93 million.

Depreciation and Amortisation expense. Depreciation and amortisation expense increased from ₹297.95 million for Fiscal 2021 to ₹338.25 million for Fiscal 2022, due to the capitalization of property, plant and equipment, right-of-use assets and intangible assets amounting to ₹740.08 million during Fiscal 2022.

Other expenses. Other expenses increased from ₹2,008.19 million for Fiscal 2021 to ₹2,945.91 million for Fiscal 2022, primarily due to increases in:

- Consumption of stores and spare parts by 43.08% from ₹208.23 million for Fiscal 2021 to ₹297.94 million for Fiscal 2022 on account of an increase in production volumes;
- Consumption of packing materials by 65.33% from ₹168.49 million for Fiscal 2021 to ₹278.57 million for Fiscal 2022 on account of higher exports that requires additional packing and increased packing costs;
- Power and fuel by 32.70% from ₹381.04 million for Fiscal 2021 to ₹505.65 million for Fiscal 2022 on account of increase in volume of production and change in our fuel consumption from light diesel oil to natural gas for improving environmental sustainability of our operations.
- Rates and taxes from ₹3.26 million for Fiscal 2021 to ₹87.47 million for Fiscal 2022 on account of ₹80 million of stamp duty accrued for the transfer of assets between the Merged Entities as part of the Merger;
- Freight and forwarding by 26.41% from ₹389.57 million for Fiscal 2021 to ₹492.47 million for Fiscal 2022 on account of increase in our sales volumes;
- Allowance for doubtful debts – trade receivables (net of provisions no longer required written back) from ₹(27.61) million for Fiscal 2021 to ₹47.86 million for Fiscal 2022 due to delay in receiving payments from customers.

Profit for the year. As a result of the foregoing, our profit for the year significantly increased from ₹1,366.23 million for Fiscal 2021 to ₹2,690.04 million for Fiscal 2022, due to a higher proportional increase in our revenue compared to the increase in our expenses.

Tax expenses. Our total tax expense increased from ₹479.57 million for Fiscal 2021 to ₹884.78 million for Fiscal 2022, due to increase in our profit before tax from ₹1,845.80 million for Fiscal 2021 to ₹3,574.82 million for

Fiscal 2022.

EBITDA and EBITDA Margins. EBITDA was ₹2,208.58 million in Fiscal 2021 compared to ₹3,934.86 million in Fiscal 2022, while EBITDA Margin was 15.97% in Fiscal 2021 compared to 19.63% in Fiscal 2022.

Fiscal 2021 compared to Fiscal 2020

Total income. Total income decreased by 1.09% from ₹13,979.44 million for Fiscal 2020 to ₹13,827.03 million for Fiscal 2021, primarily due to a decrease in revenue from operations.

Revenue from operations. Revenue from operations decreased by 1.24% from ₹13,875.86 million for Fiscal 2020 to ₹13,703.79 million for Fiscal 2021, due to a shutdown of our manufacturing operations and muted economic activity in the first quarter of Fiscal 2021 resulting from COVID-19.

Revenue within India amounted to ₹11,299.23 million in Fiscal 2020 compared to ₹11,258.91 million in Fiscal 2021. The revenue outside India was ₹2,463.53 million in Fiscal 2020 compared to ₹2,355.13 million in Fiscal 2021.

Other income. Other income increased from ₹103.58 million for Fiscal 2020 to ₹123.24 million for Fiscal 2021.

Total expenses. Total expenses decreased from ₹12,121.36 million for Fiscal 2020 to ₹11,981.23 million for Fiscal 2021, in line with the reduced volume of business on account of COVID-19 related market uncertainties in Fiscal 2021.

Material Cost: Material Cost decreased from ₹8,643.67 million for Fiscal 2020 to ₹8,554.29 million for Fiscal 2021, in line with reduced volume of business on account of COVID-19.

Finance cost. Finance cost decreased from ₹123.01 million for Fiscal 2020 to ₹64.83 million for Fiscal 2021, due to the repayment of borrowings during Fiscal 2020 and Fiscal 2021.

Employee benefits expense. Employee benefits expense increased from ₹924.11 million for Fiscal 2020 to ₹1,055.97 million for Fiscal 2021, due to inflationary-related increases in employee benefits costs.

Depreciation and amortisation expense. Depreciation and amortisation expense increased from ₹261.77 million for Fiscal 2020 to ₹297.95 million for Fiscal 2021, due to the capitalization of property, plant and equipment, right-of-use assets and intangible assets amounting to ₹458.94 million during Fiscal 2021.

Other expenses. Other expenses decreased from ₹2,168.80 million for Fiscal 2020 to ₹2,008.19 million for Fiscal 2021, primarily due to lower production in Fiscal 2021 compared to Fiscal 2020 on account of COVID-19 related reductions in manufacturing activities, and particularly due to decreases in:

- Rates and taxes by 88.09% from ₹27.35 million for Fiscal 2020 to ₹3.26 million for Fiscal 2021, due to the settlement of certain excise duty matters incurred in Fiscal 2020 by erstwhile RHI Clasil Private Limited.

- Travelling and conveyance by 55.74% from ₹59.37 million for Fiscal 2020 to ₹26.28 million for Fiscal 2021, due to lockdowns imposed as a result of the COVID-19 pandemic;

- Allowance for doubtful debts – trade receivables (net of provisions no longer required written back) from ₹7.78 million for Fiscal 2020 to ₹(27.61) million for Fiscal 2021;

- Net foreign exchange differences from ₹50.21 million for Fiscal 2020 as against a gain of ₹32.57 million for Fiscal 2021 recorded under other income; and

- Insurance claim receivable written off from ₹34.29 million for Fiscal 2020 to nil for Fiscal 2021.

Profit for the year. As a result of the foregoing, our profit for the year increased from ₹1,358.85 million for Fiscal 2020 to ₹1,366.23 million for Fiscal 2021.

Tax expenses. Our total tax expense decreased from ₹499.23 million for Fiscal 2020 to ₹479.57 million for Fiscal 2021. Effective tax rate in Fiscal 2020 was higher due to tax related adjustment on acquisition of our subsidiary

Intermetal Engineers India Private Limited.

EBITDA and EBITDA Margins. EBITDA was ₹2,242.86 million in Fiscal 2020 compared to ₹2,208.58 million in Fiscal 2021, while EBITDA Margin was 16.04% in Fiscal 2020 compared to 15.97% in Fiscal 2021.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to fund our working capital needs for our operations, which we have typically met through cash flows. As of December 31, 2022, we had ₹1,322.24 million in cash and cash equivalents and ₹147.95 million as other bank balances. We believe that, after taking into account the expected cash to be generated from operations, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for 12 months following the date of this Preliminary Placement Document.

Cash Flows Based on our Consolidated Financial Statements

Nine months ended December 31, 2022 and nine months ended December 31, 2021

The following table sets forth certain information concerning our cash flows for the periods indicated:

Particulars	**Nine months ended December 31,**	
	2021	**2022**
	Amount *(₹ million)*	
Net cash from operating activities	77.28	1,466.05
Net cash from/ (used in) investing activities	(445.63)	(322.40)
Net cash used in financing activities	(430.39)	(443.51)

Operating Activities

Net cash flow from operating activities increased from ₹77.28 million for the nine months ended December 31, 2021 to ₹1,466.05 million for the nine months ended December 31, 2022. This was primarily due to change from an increase in inventories of ₹2,323.05 million for the nine months ended December 31, 2021 to a decrease in inventories of ₹178.53 million for the same period in 2022, and a change in increase in trade receivables from ₹1,045.27 million for the nine months ended December 31, 2021 to ₹549.63 million for the same period in 2022. The increase in net cash flow from operating activities was partially offset by a change from an increase in trade payables of ₹2,170.48 million for the nine months ended December 31, 2021 to a decrease in trade payables of ₹196.90 million for the nine months ended December 31, 2022.

Investing Activities

Net cash used in investing activities was ₹445.63 million for the nine months ended December 31, 2021 compared to ₹322.40 million for the nine months ended December 31, 2022. This was due to a decrease in capital expenditure on property, plant and equipment and intangible assets from ₹478.60 million for the nine months ended December 31, 2021 to ₹387.89 million for the same period in 2022. This was partially offset by an increase in proceeds from sale of property, plant and equipment and intangible assets from ₹3.82 million for the nine months ended December 31, 2021 to ₹27.74 million for the same period in 2022.

Financing Activities

Net cash used in financing activities was ₹430.39 million for the nine months ended December 31, 2021 compared to ₹443.51 million for the nine months ended December 31, 2022. This was primarily due to an increase in (i) principal payment of lease liabilities from ₹3.37 million for the nine months ended December 31, 2021 to ₹10.34 million in the nine months ended December 31, 2022, (ii) interest payment of lease liabilities from ₹1.52 million for the nine months ended December 31, 2021 to ₹4.78 million in the nine months ended December 31, 2022, and (iii) interest paid of ₹22.87 million for the nine months ended December 31, 2021 to ₹25.90 million in the nine months ended December 31, 2022.

Fiscals 2020, 2021 and 2022

The following table sets forth certain information concerning our cash flows for the periods indicated. The financial information corresponding to (i) Fiscals 2020 and 2021 has been derived from the Audited Consolidated Financial Statements for Fiscal 2021, and (ii) Fiscal 2022 has been derived from the Audited Consolidated Financial Statements for Fiscal 2022.

Particulars	**Fiscal**		
	2020 [(1)]	**2021**	**2022**
	Amount *(₹ million)*		
Net cash from operating activities	1,731.82	1,654.10	272.61
Net cash from/ (used in) investing activities	259.97	(787.62)	(699.10)
Net cash used in financing activities	(1,178.66)	(536.84)	(502.83)

1. *Numbers have been restated to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.*

Operating Activities

Net cash from operating activities decreased from ₹1,654.10 million in Fiscal 2021 to ₹272.61 million in Fiscal 2022, primarily due to increased utilization of cash for operating activities during Fiscal 2022, predominantly to maintain high levels of inventory due to uncertain market conditions. In addition, net cash from operating activities decreased as we also experienced an increase in receivables due to longer collection periods from customers due to COVID-19.

Net cash from operating activities decreased from ₹1,731.82 million in Fiscal 2020 to ₹1,654.10 million in Fiscal 2021, primarily due to our utilization of cash for operating activities to meet working capital requirements.

Investing Activities

Net cash used in investing activities was ₹787.62 million in Fiscal 2021 compared to ₹699.10 million in Fiscal 2022, primarily due to a decrease in capital expenditure on property, plant, and equipment and intangible assets (net of sale proceeds) from ₹853.42 million in Fiscal 2021 to ₹620.02 million in Fiscal 2022, which was partially offset by an increase in fixed deposit amounting to ₹107.92 million in Fiscal 2022.

Net cash from investing activities was ₹259.97 million in Fiscal 2020 compared to net cash used in investing activities of ₹787.62 million in Fiscal 2021. The cash flow in Fiscal 2020 was attributable to net proceeds from the disposal of mutual funds of ₹1,096.87 million.

Financing Activities

Net cash used in financing activities was ₹536.84 million in Fiscal 2021 compared to ₹502.83 million in Fiscal 2022. This decrease was due to a decrease in (i) the repayment of current borrowings (net) from a repayment of ₹79.91 million in Fiscal 2021 to no such repayment in Fiscal 2022, (ii) the repayment of non-current borrowings (net) from ₹40.60 million in Fiscal 2021 to no such repayment in Fiscal 2022. This was partially offset by an increase in share issuance costs from no such costs in Fiscal 2021 to a share issuance cost of ₹60.06 million in Fiscal 2022.

Net cash used in financing activities was ₹1,178.66 million in Fiscal 2020 compared to ₹536.84 million in Fiscal 2021. This is due to a decrease in repayment of current borrowings from ₹677.00 million in Fiscal 2020 to ₹120.50 million in Fiscal 2021.

Financial Resources

As of March 31, 2021, we had cash and cash equivalents of ₹1,551.42 million, which decreased by ₹929.32 million to ₹622.10 million as of March 31, 2022 due to a decrease in cash from operating activities by ₹1,381.49 million partially offset by a decrease in cash used in investing and financing activities amounting to ₹122.56 million.

As of March 31, 2020, we had cash and cash equivalents of ₹1,221.78 million, which increased by ₹329.64 million to ₹1,551.42 million as of March 31, 2021 due to an increase in cash from operating activities by ₹1,654.10 million partly offset by cash used in investing and financing activities amounting to ₹1,324.46 million.

Indebtedness

As of December 31, 2022, we had total borrowings of ₹618.57 million, which comprised two term loans from VRD Americas B.V. Netherland, [subsidiary of our parent company], as set forth below:

- Term loan 1: External commercial borrowing of EUR 3,000,000 availed in Fiscal 2015 at a floating interest rate of applicable six-month Euribor plus 200 basis points.

- Term loan 2: External commercial borrowing of EUR 3,950,000 availed in Fiscal 2017 at a floating interest rate of applicable six-month Euribor plus 150 basis points.

The principal amounts of both term loans are repayable in a single installment due December 31, 2023.

Contractual Obligations

The table below sets forth our contractual obligations (undiscounted) as at December 31, 2022. These obligations primarily relate to our contractual maturities of financial liabilities such as trade payables, other financial liabilities and lease liabilities:

Particulars	Total	Less than 1 year	1 year to 5 years	More than 5 years
	(₹ million)			
Borrowings	**640.16**	640.16	-	-
Trade Payables	**5,111.97**	5,111.97	-	-
Other financial liabilities	**202.02**	202.03	-	-
Lease liabilities	**155.21**	25.37	69.75	60.09
Total	**6,109.36**	**5,979.52**	**69.75**	**60.09**

Contingent Liabilities

The table below sets forth the principal components of our contingent liabilities as of December 31, 2022 as per the Unaudited Interim Special Purpose Condensed Consolidated Financial Information:

Particulars	As of December 31, 2022
	(₹ million)
Demand from income tax	451.43
Demand from excise and service tax authorities	142.21
Demand from customs authorities	56.02
Demand from central sales tax	0.21
Total	**649.87**

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risks

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity risk, interest rate risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits and foreign currency hedging instruments, such as forward contracts and options. We have put in place appropriate risk management policies to limit the impact of these risks on financial performance.

Capital Expenditures

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for purchase of property, plant and equipment. In Fiscals 2020, 2021, 2022 and the nine months ended December 31, 2022, our additions to capital expenditures (comprising of additions to property, plant and equipment, right-of-use assets, intangible assets and capital work in progress) were ₹917.01 million, ₹835.57 million, ₹615.87 million and ₹488.67 million, respectively, as per our Consolidated Financial Statements.

Unusual or Infrequent Events of Transactions

Except as described in this Preliminary Placement Document, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled "*Significant Factors Affecting Our Financial Condition and Results of Operations*" and the uncertainties described in the section titled "*Risk Factors*" on page 48. To our knowledge, except as described or anticipated in this Preliminary Placement Document, there are no known factors which we expect will have a material adverse impact on our revenue or income from continuing operations.

Future Relationship between Cost and Income

Other than as described in this Preliminary Placement Document, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenue.

New Products or Business Segments

Other than as described in "*Our Business*" on page 118 of this Preliminary Placement Document, there are no new products or business segments in which we operate.

Seasonality of Business

Our business is not subject to seasonal variations.

Significant Developments after December 31, 2022

Except as stated in above "- *Recent Developments*" on page 85, no circumstances have arisen since December 31, 2022 that materially and adversely affect, or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

The information contained in this section is taken from the CRISIL Report. Neither we, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

OVERVIEW OF THE INDIAN ECONOMY

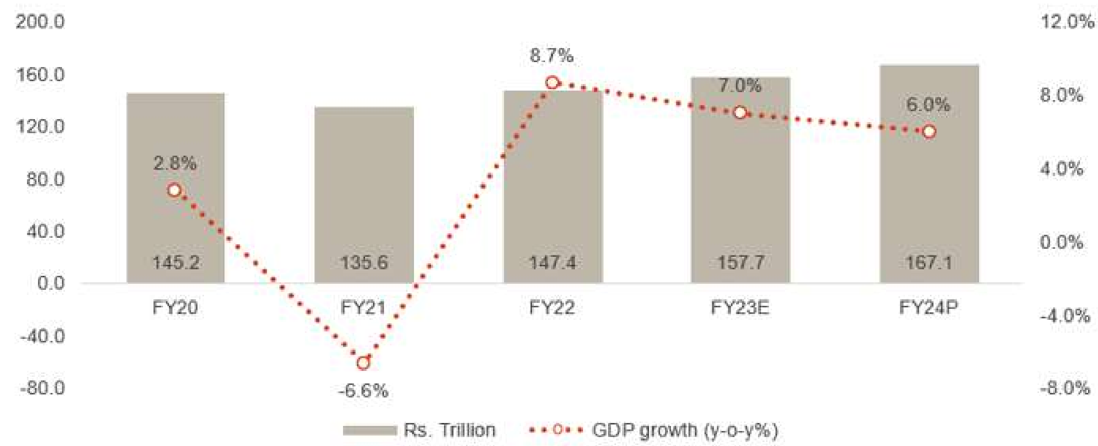
Review: GDP sees revival post pandemic

GDP recovers from – 6.6% in Fiscal 2021 to 8.7% in Fiscal 2022

The Indian economy aims to become the world's third-largest economy by 2027 and a U.S.$7 trillion economy by 2030. India climbed up the ladder in Fiscal 2022, overtaking the UK to become the fourth-largest economy of the world.

Indian gross domestic product ("**GDP**") is expected to grow at 7% this Fiscal compared with 8.7% in the previous Fiscal Year. India saw a broad-based recovery this Fiscal Year for the first time after the onset of the COVID-19 pandemic in 2020 as services caught up with manufacturing. However, the impact on the overall Indian economy is reducing, primarily owing to a slowdown in global growth that has impacted India's exports and industrial activity. However, domestic demand remains supportive this Fiscal Year, helped by a catch-up in contact-based services, Government of India ("**GoI**") capital expenditure ("**capex**"), relatively accommodative financial conditions, and an overall normal monsoon for the fourth time in a row.

Real GDP growth in India



Source: Provisional Estimates of Annual National Income, 2020-21, Second Advance Estimates of National Income, F020-21, MoSPI Central Statistics Office (CSO), CRISIL MI&A Research

In January 2023, the National Statistical Office released the first advance estimate for GDP this Fiscal Year. In the second half of this Fiscal Year, real GDP growth is expected at 4.5% on-year, down from 9.7% in the first half of the Fiscal Year.

- From the demand side, a slowdown is expected in all demand components with the exception of GoI consumption spending. Private consumption is expected to decline 0.2% on-year in the second half, after growing 17.2% in the first. Private consumption remains the slowest to recover to pre-pandemic levels.

- Fixed investment is expected to slow to 8.4% in the second half of Fiscal Year 2023 from 15.0%. Among external trade components, exports (11.9% from 13.0%) are expected to slow down more than imports (12.2% from 30.9%). However, GoI spending is expected to rise (7.2% from -1.3%).

- On the supply side, all components of services are expected to see slower growth. In the second half of the Fiscal Year, trade, hotels, transport and communication services are expected to slow to 9.4% from 19.5%; financial real estate and professional services to 4.2% from 8.2%; and public administration, defence and other services to 1.7% from 15.3% on account of fading base effect and progressing catch up to pre-COVID-19 levels.

- Manufacturing growth is seen rising mildly in the second half of the Fiscal Year (3% from 0.1%), as is mining (2.6% from 2.2%).

GDP growth likely to decline to 6% next Fiscal Year

The slowdown is expected to intensify next year, as global growth falls further. S&P Global expects the U.S. to swing from a GDP growth of 1.8% in Fiscal Year 2022 to a contraction of 0.1% in Fiscal Year 2023, and the European Union from 3.3% in Fiscal Year 2022 to 0.0% in Fiscal Year 2023, driven by tight financial conditions induced by rate hikes of the US Federal Reserve and the European energy crisis.

However, India is expected to remain a growth outperformer globally. Stronger domestic demand is expected to drive India's growth premium over its peers in the medium run. Investment prospects are optimistic given the GoI's capex push, progress of the Production-Linked Incentive ("**PLI**") scheme, healthier corporate balance sheets, and a well-capitalised banking sector with low non-performing assets. India is also likely to benefit as global supply chains get reconfigured with shifting focus from efficiency towards resilience and friend shoring. Private consumption (approximately 57% of GDP) will play a supportive role in raising GDP growth over the medium run.

For Fiscal Year 2024, we expect Consumer Price Index inflation to come down, averaging 5% on-year, within the Reserve Bank of India's target range of 4-6%. A combination of (i) the impact of rising interest rates on domestic demand, (ii) a global demand slowdown leading to falling international commodity prices, (iii) and the base effect should lead to lower inflation.

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next five years, backed by its robust democracy and strong partnerships.

REFRACTORIES: TYPES AND UTILITY IN END USE INDUSTRY

Refractory is one of the key components in steel, cement and glass manufacturing. Refractories are ceramic materials made of high melting point minerals such as magnesite, dolomite and alumina. They are stable at high temperatures as they have immense heat-resistance properties (greater than 1,500ºC as per ISO and DIN) which helps to support production processes of materials that utilise high temperature furnace or kilns. They also provide resistance to abrasion and chemical attacks. Refractories are mostly used in metal-extraction industries, glass-melting furnaces and cement-manufacturing kilns. Refractories are key components in the production of materials used for building infrastructure and hence are an essential part of the products we use in our day-to-day lives.

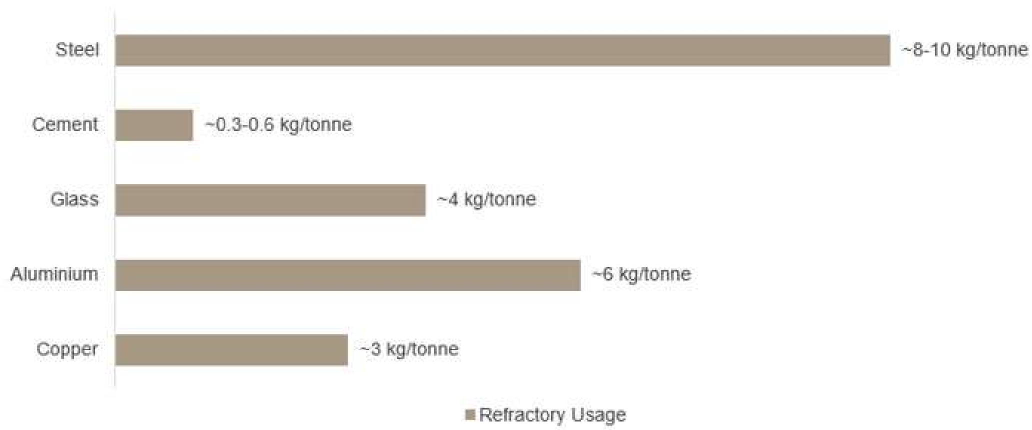
Types of refractories produced in India and their applications

Type	Chemical properties	Application	End use industry
Fireclay refractories	Aluminium silicates: 25% - 45% Al_2O_3 and 50% - 80% SiO_2 with minor other minerals	• Regenerators • Furnaces • Kilns • Stoves	• Steel
Silica refractories	≥92% SiO_2	• Coking oven carbonisation and combustion chambers • Open-hearth heat storage chambers • High temperature bearing parts of hot blast stoves • Vaults of other high-temperature kilns	• Steel
Magnesite refractories	≥85% magnesium oxide	• Glass tank checks • Lime and cement kilns • Metallurgical burners • Metallurgical furnaces	• Glass • Cement • Steel
Alumina refractories	45%-95% alumina sillimanite (61%) Mullite (70–85%), and corundum (99%)	• Hearth and shaft of blast furnaces • Lime and ceramic kilns • Cement kilns • Glass tanks • Crucibles for melting of metals	• Steel • Glass • Ceramic • Chemical • Paper
Monolithic refractories		• Castable refractories • Plastic refractories • Ramming refractories • Patching refractories • Coating refractories • Refractory mortars, and • Insulating castables	• Non-ferrous • Metallurgical • Steel • Cement • Petrochemical • Waste disposal industries
Other refractories (Chromite, zirconia, insulating material)			• Aluminium

End use industry-wise refractory consumption per tonne of material produced

About 8-10 kg of refractory is used to manufacture one tonne of steel and approximately 0.3-0.6 kg is used for producing one tonne of cement.

Per tonne consumption of refractory across end use industry



Source: Industry, CRISIL MI&A Research

Refractory consumption in the country is expected to grow significantly given India's ambitious targets for crude steel production (under the National Steel Policy 2017) to reach 260MT by 2030, and its aim of becoming a U.S.$7 trillion economy by 2030. Subsequently, demand for cement will rise in line with the growing infrastructure and construction activities in the country, leading to a greater consumption of refractories. An increase in aluminium demand across construction and building materials, the automotive sector (for EVs), packaging and power will increase refractory consumption for the aluminium industry.

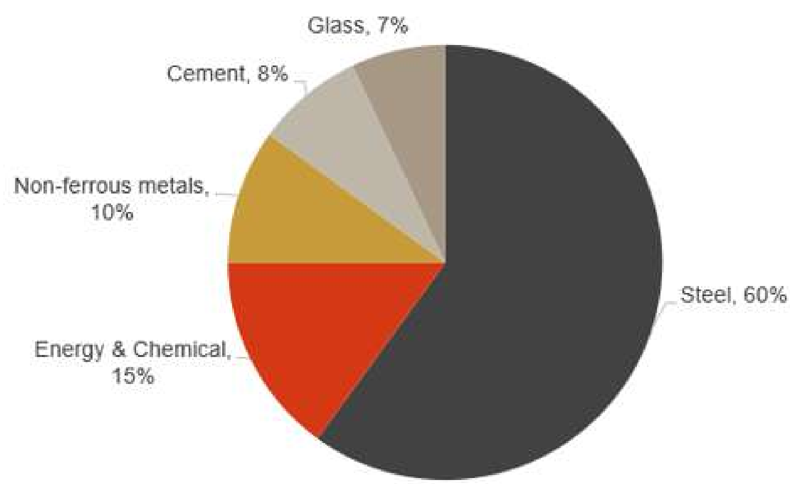
Apart from a bullish outlook, there are certain threats to the growth of the refractory industry. The industry has witnessed degrowth in recent years owing to process and technological innovation in downstream industries. The industry has also suffered from cost overshooting owing to volatile commodity prices, high import dependencies for raw materials, poor domestic sourcing owing to geological and technological constraints, lack of required policies and industrial support, all of which were aggravated by the slump in demand caused by the COVID-19 lockdown. However, due to the promising growth of end-use industries of refractories, the Indian refractory industry can overcome the above-mentioned challenges and grow in the upcoming years.

OVERVIEW OF GLOBAL REFRACTORY MARKET VIS-À-VIS INDIAN REFRACTORY MARKET

Global refractory industry estimated to have been worth U.S.$22-23 billion in 2022

Significant investment has been made in the construction of residential and commercial structures because of increasing urbanisation and industrialisation, particularly in emerging economies such as China and India. Expansion of the automotive sector in emerging countries has been aided by the country's increasing need for transport and ongoing road and rail construction. The iron, steel and cement sectors have also grown as a result. With the increase in construction activities, demand for the glass industry increased, which in turn drove the demand for the refractory industry.

World end-use industry revenue share split of U.S.$22-23 billion



Source: RHI Annual Report

Globally, the refractories market size is likely to attain a CAGR of 3.4% by value and is projected to reach U.S.$27.4 billion by the end of 2025. Some of the key driving factors for refractories and a boost for refractory product suppliers lie mainly in the ever-growing demand from the iron and steel industry. In the global refractories market, there are various Tier I and II suppliers. Saint-Gobain (France), RHI Magnesita (Austria and India), Corning Incorporated (U.S.), Morgan Advanced Materials (UK), and Shinagawa Refractories (Japan) are the leading players.

All these manufacturers and suppliers of refractory products have established facilities across the Asia Pacific, Europe, North and South America, the Middle East and Africa.

RAW MATERIAL SOURCING FOR REFRACTORIES

India on its way to becoming major sourcing hub

India is a mineral-rich country and has many reserves and deposits of minerals and ores. Various raw materials are used for manufacturing refractories, but India lacks both quantity and quality of raw material, and hence is forced to import them. India, like other countries, is dependent on China for the procurement of key quality refractory raw materials. China, Germany and Turkey are the top three countries India imports its refractory raw materials from. Imports from these countries account for 60-65% of the total refractory imports into India.

In 2017, the increasingly stringent environmental policies and heavy duties imposed by the Chinese government affected the volume of raw material exported from China to the rest of the world. To mitigate the impact, India has tried to gradually shift its sourcing from China to other countries, except for its alumina and magnesia-based requirements.

India has a lot of potential in the mining sector and can be self-sufficient for most of its minerals and resources, but the potential growth of the sector would require more proactive policy structures. India also faces technological shortcomings for extracting raw minerals. India has set domestic manufacturing and infrastructure development targets for each year. However, the targets are contradictory to original targets regardless of the fact that there is a cap on its emission increase which is constantly being monitored by the regulatory bodies. India also faces an inverted duty structure when it comes to duties levied on raw materials and products derived from them. The GoI needs to address this anomaly as refractory manufacturers are compelled to import raw materials, like calcined bauxite, (which are already available in India) at a higher price.

As per industry interactions, during COVID-19, raw material sourcing for refractories was impacted adversely owing to an inefficient supply chain system. Materials were taking a greater than expected turnaround time to reach the plant location, thereby affecting the production outcome and planning. Also, owing to over-the-top prices of raw material during the COVID-19 pandemic, refractory customers were unable to pay the premium charged. While large players were able to cope with this impact, many smaller players were forced to close down. Owing to their scale of production and prevailing capital, large players were able to explore local resources for magnesite, bauxite and other resources. Since Indian raw materials are not as efficient as imported materials, large players were able to change the existing composition of refractories through research and development ("**R&D**") by incorporating local resources as substitutes to reduce the cost during the COVID-19 pandemic.

However, in a normal scenario, the dependency on imports of raw material from China and other countries cannot be compacted. The pricing per tonne for some raw materials such as bauxite and magnesia is more economic if imported from China than directly procured from the Indian markets. There's also the underlining fact that the quality of the raw material imported from China and other nations is better than the raw material available in the domestic markets. The quality of the raw material is important for efficient refractory production.

However, if India can resist the need for more imported Chinese refractories, engage in capacity building and R&D, and assure a locally available and cost-effective supply of raw materials, the refractory industry is likely to see unparalleled growth. It's possible this may elevate India to become a leading global player over the coming years.

Country wise matrix of India's import of key refractory raw material

S no.	Product	Main sourcing countries	Others
1	Calcined bauxite	China	The Netherlands, Turkey
2	Brown fused alumina	China	Brazil
3	White fused alumina	China	Bahrain
4	Tabular alumina	EU	China
5	Calcined/reactive alumina	EU	China
6	Andalusite, mullite	South Africa, China	-
7	Magnesia	China, EU	Russia, Australia

Source: Industry, CRISIL MI&A Research

INDIAN REFRACTORIES DEMAND MARKET

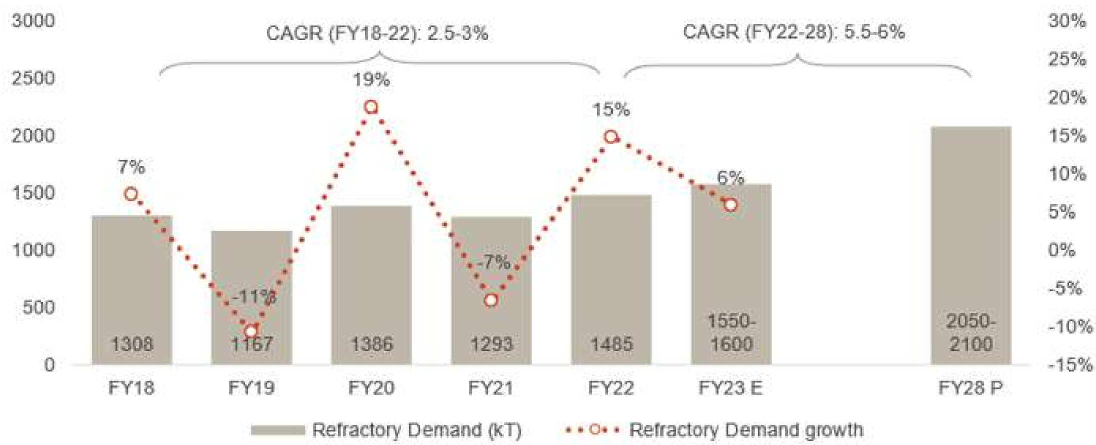
Overall demand market: Review and outlook

Refractory industry grew at 2.5-3% CAGR from Fiscal Year 2018 to Fiscal Year 2022

As per previous market trends, the demand growth for refractories fluctuated from Fiscal Year 2018 to Fiscal Year 2022. Demand for refractories grew at 19% on-year in Fiscal Year 2020 to approximately 1.4 million tonne. However, the domestic demand for refractories declined during the pandemic due to difficulty in imports of finished products and challenges in procurement of raw materials.

At present, India's total refractory market is estimated at Rs 15,000 crore in Fiscal Year 2022 as per market interactions. Demand for the domestic refractory industry is at approximately 1.5 million tonne, with a growth rate of approximately 15% on-year in Fiscal Year 2022. This is due to an increase in the imports of refractories and greater consumption of indigenous production by end-use industries. The sudden hike in the demand growth rate clearly indicates that the industry has overcome the COVID-19 pandemic-era challenges and that businesses have returned to pre-COVID-19 performance.

Refractory demand and growth rate forecast in India



Source: Industry, CRISIL MI&A Research

Refractory industry demand to grow at 5.5-6% CAGR in the medium term from Fiscal Year 2022-to Fiscal Year 2028

Refractory industry demand is expected to reach 1.6 million tonne in Fiscal Year 2023, growing 6% on-year. In Fiscal Year 2023, cement production is expected to grow 10-11% from Fiscal Year 2022. This will increase the consumption share across the cement industry significantly. Crude steel production is expected to grow at 6-7% and aluminium production by 1.5-2% in Fiscal Year 2023. Thus, the increased production of end-use industries of refractories will positively impact demand in Fiscal Year 2023.

Refractories demand is estimated to reach approximately 2.1 million tonne in Fiscal Year 2028. The growth in demand will be backed by India's vision of becoming a U.S.$5 trillion economy by Fiscal Years 2027-28 and a U.S.$7 trillion economy by 2030. This is boosting the infrastructure, building and construction and automotive industries, which are the key end users of refractories. These industries have started increasing capacities and production to cope with demand.

Thus, CRISIL Research expects refractories demand to grow at 5.5-6% CAGR from Fiscal Year 2022 to Fiscal Year 2028, supporting end-use industries with increasing production.

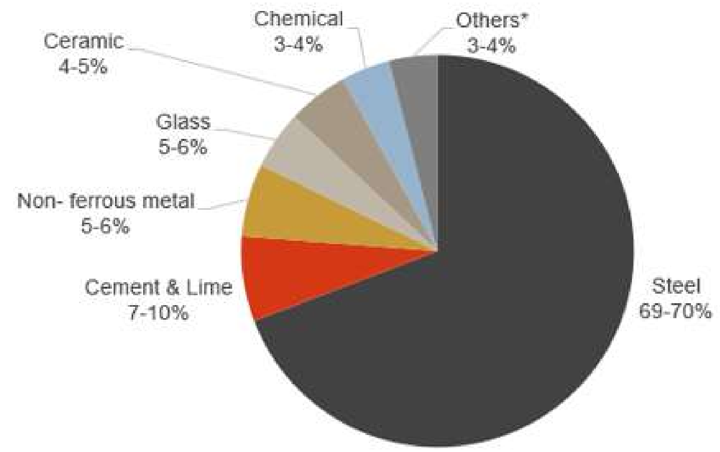
Refractory consumption shares in India for Fiscal Year 2022: Industry-wise end use

Demand of refractories from steel industry constitutes approximately 70% in Fiscal Year 2022

Historically, demand trends and supply of refractories have not shown a strong correlation in India. Refractories used to be an in-house unit of steel and cement manufacturing. However, with the manufacturing processes of steel and cement manufacturing and other metallurgical industries evolving, refractories have established its own identity and blossomed into an independent and significant industry of its own accord.

Refractory consumption in the steel and cement industries has increased from consistent and robust growth in production due to the 'Make in India' initiative. Also, the GoI's support for products through Atmanirbhar Bharat has boosted production across various industries.

Demand segregation for 1.49 million tonne of refractories across end-use industries (Fiscal Year 2022)



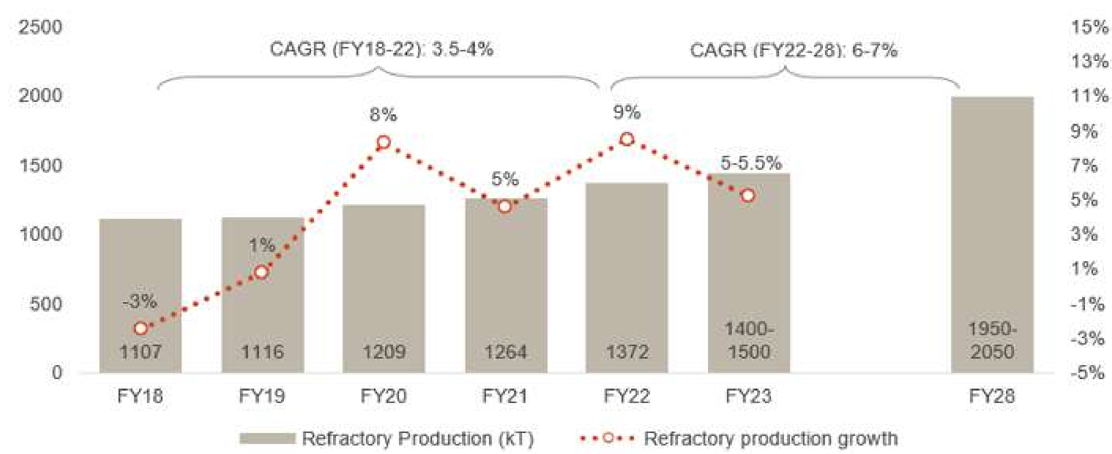
**Others include energy & chemistry, paper & pulp, paint and sugar*

Source: Industry, CRISIL MI&A Research

In India as per IRMA, refractories are most used in the steel industry. In India, refractories constitute approximately 3% of the cost of goods used for manufacturing steel. They account for approximately 0.5% of the cost of goods for manufacturing cement, approximately 0.2% for non-ferrous metals, approximately 1% for glass, and approximately 1.5% for manufacturing chemical and other elements.

INDIAN REFRACTORIES SUPPLY MARKET

Refractory supply and growth rate forecast in India



Source: Industry, CRISIL MI&A Research

Refractories production to grow at 6-7% CAGR in the medium term from Fiscal Year 2022 to Fiscal Year 2028

Refractory industry production is expected reach 1.4-1.5 million tonne in Fiscal Year 2023, growing 5-5.5% on-year. Total capacity is expected to reach 2.94 million tonne in Fiscal Year 2023 with capacity utilisation at 49%. Large players had increased capacity to meet the market demand. In Fiscal Year 2023, with demand for refractories growing by 6% from Fiscal Year 2022, production is expected to increase by 0.1 million tonne.

Refractories production is estimated to reach approximately 1.95-2.1 million tonne in Fiscal Year 2028. Industry capacity for Fiscal Year 2028 is expected to grow at 4-4.5% CAGR to meet the increasing demand, touching 3.5-3.7 million tonne as compared with 2.82 million tonne in Fiscal Year 2022. Capacity utilisation is expected to reach 53-55% in Fiscal Year 2028 as compared with 49% in Fiscal Year 2022. Thus, with increase in market demand, additional capacity and exports, there will be more production of refractories domestically.

Thus, CRISIL Research expects refractories demand to grow at 6-7% CAGR over the six years from Fiscal Year 2022 to Fiscal Year 2028 to support the increasing market demand.

Importance of scale for refractory players

Scale of the company is directly proportionate to higher utilisation and efficiency

The large production scale of large refractory industry players helps them bring efficiency in the tasks performed with the higher utilisation rates as compared with their competitors. Because of this, large industry players get an edge in producing premium quality products at low per tonne cost of production over smaller players in the industry. The refractory industry is uncertain due to heavy dependence on imports for raw materials and its availability on required time. Large industry players tend to eliminate this risk to a great extent by having an estimated fixed minimum production in a year to serve their large client base. They are also able to eliminate, to an extent, or survive the risk of raw material price fluctuations due to their huge production and revenue. With the buying of bulk quantities, they also get discounts on purchase on raw material, which are eventually passed to their clients. On the other hand, small industry players find it difficult to cope with the changes in the international market, which impacts their business and revenue. Hence, small industry players usually manufacture low-quality products at lower prices to sustain themselves in the market and supply to other small industry players of end-use industries.

Given their expertise, larger industry players can easily take on the challenge of implementing new technologies, which can help them improve production and quality of the product as compared with small industry players. As observed during the COVID-19 pandemic, large industry players were able to manufacture goods with the help of their R&D team; they made slight variations in the product to deal with the shortage of raw materials. On the other hand, many small industry players had to shut down their units due to a shortage of raw materials, fluctuating freight rates and uncertain demand.

India has entered the limelight with the trend of de-risking from China as the preferred supplier of refractories as well as raw material on a global level. With refractories made in India beginning to find favour, the steel and cement industries have also begun to strengthen and assist the refractory industry. Refractory materials are now clearly in higher demand whenever the steel and cement industries expand.

Hence, large size industry players who can invest in capacities and R&D, have access to or ownership of local raw materials that are affordable, and have good working relationships with important steel and cement companies will be able to fill this demand and spur significant growth. Thus, the scale of the refractory company plays a very important role in the uncertain political and economic environment.

END-USE INDUSTRY REVIEW AND OUTLOOK

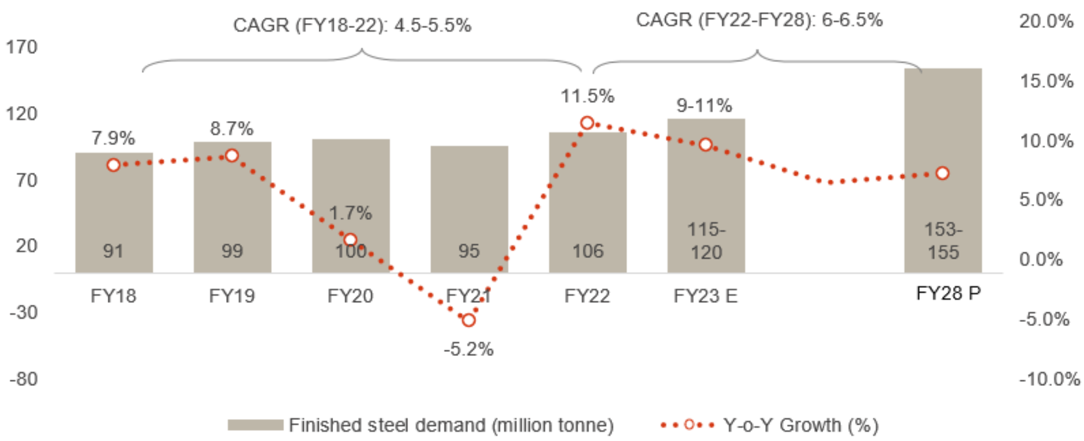
Steel industry: Review and outlook

Domestic steel demand to rise in Fiscal Year 2028

Steel demand in India is poised to grow 9-11% this Fiscal Year, after recovering 11.5% in Fiscal Year 2022 on a low base of the COVID-19 pandemic-impacted Fiscal Year 2021. While growth is moderating, demand is already much higher than pre-COVID-19 pandemic levels. Demand is expected to grow 7-8% in Fiscal Year 2024, led by the infrastructure and auto sectors.

Demand is expected to be led by housing and construction demand, as well as infrastructure projects such as Pradhan Mantri Awas Yojana and National Infrastructure Pipeline.

Finished steel demand and growth rate forecast in India



Note: E-Estimated, P-Projected

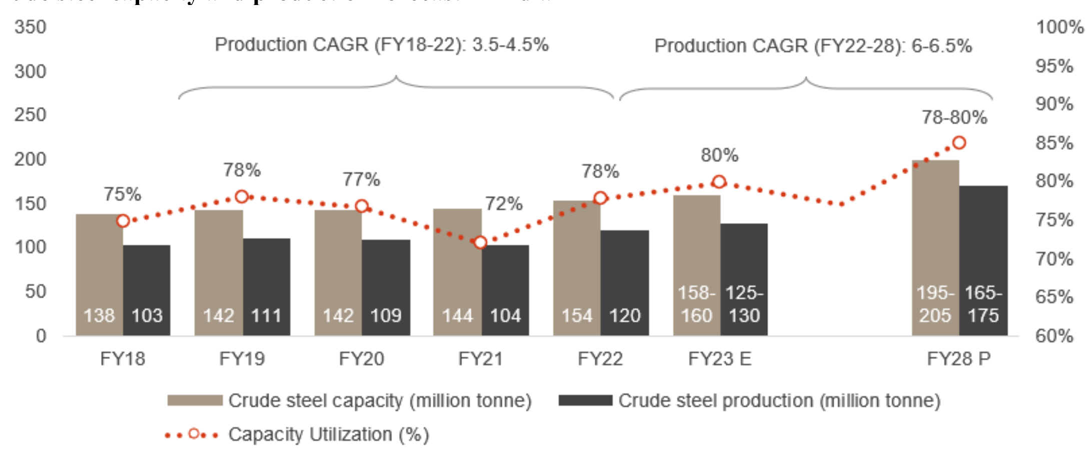
Source: CRISIL MI&A Research, industry

Crude steel capacity utilisation to improve with robust demand

A post-pandemic Fiscal Year 2022 saw a utilisation level of 79%. This level is expected to improve further to approximately 80% this Fiscal Year because of strong demand and a pick-up in exports.

Several new steel capacities are expected to come onstream over the next five to six years (90-95% of capex by large industry players), the pace of which has been accelerated after significant profitability in the past two quarters. We expect a net capacity addition of 57-60 MT during this period, owing to healthy profitability and debt reduction in the past two Fiscal Years. The share of large players is expected to rise to 67% in Fiscal Year 2028 from 62% in Fiscal Year 2022, driven by increased capex on healthy profitability and strong revenue. A ramp-up of acquired assets will also help expand capacities.

Crude steel capacity and production forecast in India



Note: E-Estimated, P-Projected

Source: CRISIL MI&A Research, industry

Crude steel production to rise at a CAGR of 6-6.5% over next 6 years.

Crude steel production is expected to increase 6-7% in Fiscal Year 2023 compared to 16% in Fiscal Year 2022, based on strong demand. With the opening of the export markets and the signing of the free trade agreement with Australia, demand is expected to further rise 7-8%. With operating capacity rising this Fiscal Year, utilisation is expected to improve on robust demand. CRISIL MI&A Research expects utilisation to range between 79% and 80% this Fiscal Year. Furthermore, the GoI's National Policy of Steel 2017 aims to bring India's crude steel capacity to 300 MT. Therefore, steel production is expected to rise positively in India for the next six years thanks to GoI initiatives, growing exports and robust domestic demand.

Cement industry: Review and outlook

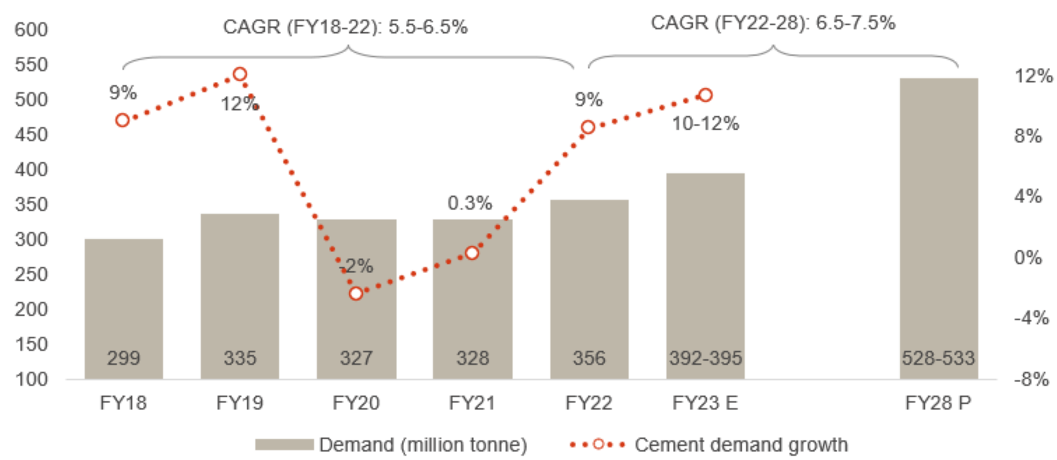
Domestic cement demand to rise this Fiscal Year

Cement demand is projected to increase 10-12% in Fiscal Year 2023, led by housing recovery and infrastructure push, which grew by 9% in Fiscal Year 2022. Operating rates of cement are expected to rise above the pre-pandemic levels in line with demand growth.

Infrastructure and housing to boost cement demand, industrial segment to lend support

- Infrastructure is expected to remain the major demand driver for the cement sector this Fiscal Year, led by, amongst others, GoI spending on roads, rails, metros and urban infrastructure.
- Rural housing demand is expected to grow at a healthy rate on a low base of the last Fiscal Year, while urban housing demand will be moderate after witnessing robust growth in Fiscal Year 2022.
- The industrial/commercial segment will also support demand growth amid capex by large players, implementation of the PLI scheme, return to the office/hybrid model of working and overall economic recovery.
- The sector is projected to grow 8-10% next Fiscal Year, led by pre-election GoI spending.

Cement demand and growth rate forecast in India



Note: E-Estimated, P-Projected

Source: CRISIL MI&A Research, industry

Aluminium industry: Review and outlook

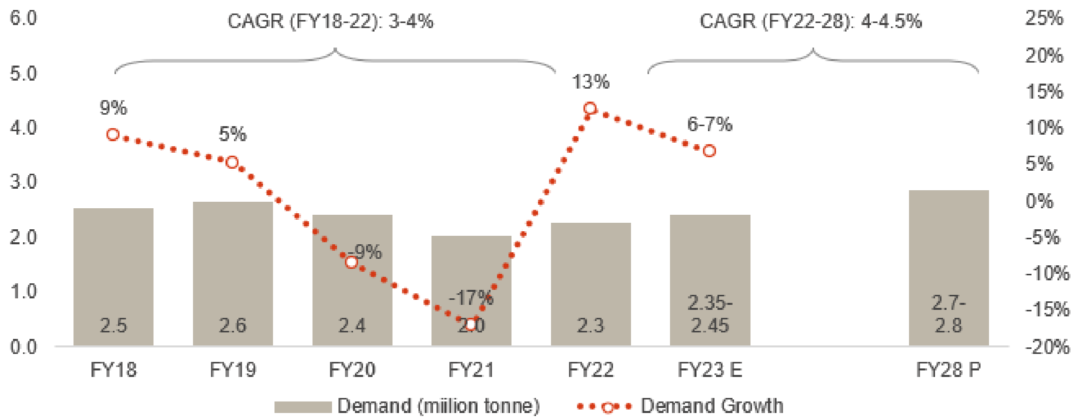
Domestic demand to increase steadily over medium term

Domestic demand for aluminium revived 13% last Fiscal Year, after declining 17% in Fiscal Year 2021, due to the COVID-19 pandemic. Domestic demand is expected to increase 6-7% in Fiscal Year 2023, on the back of healthy demand from power, construction segments, automotive and packaging industries.

We expect demand to increase at a CAGR of 4-4.5% over Fiscal Years 2022 to 2028, led by higher consumption by the power segment, along with pick-up in growth in key sectors such as automobile (domestic and exports), consumer durables and packaging.

Primary aluminium demand and growth rate forecast in India

Primary aluminium demand and growth rate forecast in India



Note: E-Estimated, P-Projected

Source: Industry, CRISIL MI&A Research

TRANSITION IN REFRACTORY INDUSTRY WITH FOCUS ON DECARBONISATION

Need for technological advancement in refractory industry for effective decarbonsiation

Industries that build an economy leave a material impact on the environment. More often than not, the impact is negative. Protection of the environment is a key concern for any economy. At the global level, governments are focusing on decarbonisation, use of efficient technologies and alternative resources that can reduce carbon emission by industries.

Significant interest is devoted towards the use of renewable energy and fuel as an alternative fuel source. Hydrogen is used as an alternative industrial fuel source because it is known to create only water when combusted and, depending on its production method, generates little or no carbon dioxide. Thus, much attention is being given to the feasibility of supply and utilisation of hydrogen as an alternative fuel. However, the effect of any such change and the impact it will have on industrial processes when it is implemented is yet to be fully explored.

Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2020 and 2021 has been derived from the Audited Consolidated Financial Statements for Fiscal 2021, (ii) Fiscal 2022 has been derived from the Audited Consolidated Financial Statements for Fiscal 2022, and (iii) the nine months ended December 31, 2021 and December 31, 2022 has been derived from the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

Our historical financial statements for Fiscal 2020 do not reflect the impact of the Merger and have been restated in the Audited Consolidated Financial Statements for Fiscal 2021 to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Financial information for the nine months ended December 31, 2021 and December 31, 2022 is not annualized and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document.

*In January 2023, our Company completed the acquisition of the Dalmia Refractory Business and Hi-Tech Refractory Business (the "**Acquisitions**"). We have included in this Preliminary Placement Document the Pro Forma Unaudited Condensed Consolidated Financial Information of the Company (to be read in conjunction with "Basis of Preparation of the Pro Forma Unaudited Condensed Consolidated Financial Information" on page 622) for Fiscal 2022 and the nine months ended December 31, 2022, to show the impact of the Acquisitions on our Company, including the results of operations and the financial position, as if the Acquisitions had taken place on April 1, 2021, i.e., beginning of the earliest period presented in the Pro Forma Unaudited Condensed Consolidated Financial Information. For further information, see "Financial Information – Pro Forma Unaudited Condensed Consolidated Financial Information" on page 610 and "Risk Factors – The Pro Forma Unaudited Condensed Consolidated Financial Information included in this Preliminary Placement Document to reflect the Acquisitions is not indicative of our expected financial performance in future periods or a substitute for our past results" on page 49.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Indian refractories market assessment" dated February 2023, (the "**CRISIL Report**") prepared and issued by CRISIL Research, a division of CRISIL Limited, appointed by us on December 23, 2023 and exclusively commissioned and paid for by us in connection with the Issue.*

Overview

We are India's leading provider of refractory products and services, holding a market share of approximately 14% in terms of revenue from operations for Fiscal 2022 (*Source: CRISIL Report*). We supply a wide range of refractory products and solutions to customers in the steel, cement and lime, non-ferrous metals and glass sectors in India, West Asia and Africa. We are part of the RHI Magnesita Group, the global market leader in refractory manufacturing, offering customers more than 120,000 products for industrial applications involving temperatures exceeding 1,200° C (*Source: CRISIL Report*).

Refractory products are critical to modern industrial high-temperature manufacturing processes, enabling equipment and fixtures such as steel ladles and furnaces, cement rotary kilns, copper converters and glass furnaces to withstand extreme thermal, mechanical and chemical stress.

Our Company is the product of the integration in June 2021 of three Indian subsidiaries of RHI Magnesita Group: RHI India Private Limited ("**RHI India**"), RHI Clasil Private Limited ("**RHI Clasil**") and Orient Refractories Limited ("**ORL**") (the "**Merger**"). The integration has synergized, simplified and consolidated our strength in India to serve our customers more efficiently as one combined entity. The Merger has resulted in advantages such as the consolidation of (i) RHI Clasil's high alumina-based refractory product manufacturing; (ii) RHI India's customer relationships and capabilities in selling refractory products and services to the Indian steel industry; and (iii) ORL's manufacturing and supply capabilities in India and international markets.

As a result of the Merger, our Company is the largest manufacturer of a range of refractory products in India (*Source: CRISIL Report*). We aim to provide a "one-stop-solution" for refractory products and solutions for the Indian market, with capabilities ranging from innovation and research and development ("**R&D**") to raw material recycling, production of refractories, product marketing and sales, installation and monitoring.

Our products and services are categorized into two operating divisions based on the customer industries they serve: a division for the supply of products and services to the steel industry (the "**Steel Division**") and a division for the supply of products and services to the cement and lime, non-ferrous metals, chemicals and energy industries, glass and other industries (the "**Industrial Division**").

Steel Division. In Fiscal 2022 and the nine months ended December 31, 2022, our Steel Division represented 93.89% and 90.31% of our revenue from operations, respectively. We offer a broad range of refractory products, which enables us to provide solutions for steel manufacturers' refractory requirements. These refractory management service contracts represented 45.41% and 46.08% of revenue of our Steel Division in Fiscal 2022 and the nine months ended December 31, 2022, respectively. Due to the high consumption rate of refractories in the steel making process, refractories are an operating expense for steel manufacturers.

Industrial Division. Demand for refractories in the non-steel industries operates on a longer replacement cycle, with cement and lime customers typically carrying out annual maintenance to replace rotary kiln refractories, while customers in the non-ferrous metals and glass industries may only need to replace refractory lined equipment every ten years. The acquisition of the Dalmia Refractory Business (as defined below) that was completed in January 2023 was undertaken to help the Company reduce its imports and increase its revenue along with delivery of a well-diversified product and end-industry mix.

We have historically catered to our customers in and outside India through our own facilities, with certain additional customers outside India catered to through facilities operated by the larger RHI Magnesita Group. Our revenue streams comprise (i) sales in India of products made by our Company, (ii) sales outside India of products made by our Company, (iii) sales in India of imported products made by other entities of the RHI Magnesita Group, and (iv) services provided by our Company to the larger RHI Magnesita Group. We market our products and services through our sales network within and outside India.

We have a strong focus on R&D and benefit from the global R&D and technical expertise and experience of our parent company. As our customers' requirements and specifications can vary across their facilities, our R&D is focused on customisation of our products and services for such customers, which is an iterative process.

As of December 31, 2022, our Company owned and operated three facilities in India, with an aggregate refractory products production capacity of 163.08 KTPA including a flow control capacity of 46.08 KTPA. We have adopted the RHI Magnesita Group's approach to sustainable manufacturing practices with a view to reduce the impact of our operations on the environment. The RHI Magnesita Group is striving to achieve net zero emissions, has invested in new and emerging technologies and is focused on increasing recycling, improving energy efficiency, switching fuel and using green electricity (*Source: CRISIL Report*). We seek to benefit from the RHI Magnesita Group's investments in this area and aim to further develop processes that reduce CO_2 emissions in refractory production.

The table below sets forth certain financial information for the periods mentioned below, based on our historical financial statements:

Metric	As of/for Fiscal ended March 31, 2020(1)	As of/for Fiscal ended March 31, 2021	As of/for Fiscal ended March 31, 2022	As of/for the nine months ended December 31, 2022
Total income (₹ million)	13,979.44	13,827.03	20,048.05	18,598.50
EBITDA (2) (₹ million)	2,242.86	2,208.58	3,934.86	3,212.51
EBITDA Margin (3)	16.04%	15.97%	19.63%	17.27%
Profit after tax ("**PAT**") (₹ million)	1,358.85	1,366.23	2,690.04	2,132.57
PAT Margin (4)	9.72%	9.88%	13.42%	11.47%
Basic earnings per share (₹)(5)	8.44	8.49	16.71	13.25
Return on Equity ("**RoE**") (6)	19.32%	16.96%	26.15%	17.73%
Return on Capital Employed ("**RoCE**") (7)	26.02%	22.09%	33.85%	24.21%

Notes:

(1) Numbers have been restated to reflect the impact of the Merger. For further information, see note 34 in the Audited Consolidated Financial Statements for Fiscal 2021.

(2) EBITDA is calculated as profit for the period/ year after tax plus depreciation and amortisation expense, finance cost and income tax expense.
(3) EBITDA margin is calculated as EBITDA divided by total income.
(4) PAT Margin is calculated as profit after tax divided by total income.
(5) Basic earnings per share is calculated as the profit attributable to owners of the Group divided by the weighted average number of equity shares outstanding during the financial year/ period
(6) ROE is calculated as PAT divided by Equity Shareholders Fund, where Equity Shareholders Fund is share capital plus other equity. For Fiscals 2020 and 2021, Equity Shareholders Fund also included shares pending issuance.
(7) ROCE is defined as Operating EBIT (EBITDA less depreciation and amortisation) divided by Adjusted Capital Employed, where Adjusted Capital Employed is Adjusted Total Assets less current liabilities, and Adjusted Total Assets is total assets less intangible assets.

Recently completed acquisitions (the "Acquisitions")

Dalmia Refractory Business

On January 5, 2023, we acquired the Indian refractory business of Dalmia OC Limited, pursuant to which we acquired five refractory manufacturing facilities and four mining sites (together, the "**Dalmia Refractory Business**"). For further information on the terms of the acquisition including consideration and shareholding arrangements, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments*" on page 85.

The Dalmia Refractory Business' operations include manufacturing various types of refractory products such as high alumina bricks and castable and pre-cast shapes, to cater to a balanced customer base comprising producers of steel, cement and other industrials.

Hi-Tech Refractory Business

On January 31, 2023, we acquired the Indian refractory business of Hi-Tech Chemicals Limited ("**HTCL**"), by way of slump sale, that comprised primarily of flow-control products manufacturing facility in Jamshedpur (Jharkhand) in India (the "**Hi-Tech Refractory Business**"). For further information on the terms of the acquisition including consideration and shareholding arrangements, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments*" on page 85.

The Hi-Tech Refractory Business' operations include manufacturing various types of refractory products, such as ladle refractory, tundish refractory, cast house, converter, and furnaces. The business primarily caters to steel producers, including some of the major steel-producing conglomerates in India.

The Acquisitions were carried out to broaden our product portfolio, leverage cross-selling opportunities, strengthen our Industrial Division, and access and increase production capacities (refractory and flow-control) across the industrial regions of India to on-shore manufacturing capacities and reduce the proportion of sales of imported goods by our Company. For further details on the rationale for the Acquisitions, see "*Our Business – Strengths – Well positioned to continue to be a leading player in a fast-growing Indian refractory market*" on page 29, and for information on synergies that we seek to derive from the Acquisitions see "*Our Business – Strategies – Derive synergies from recently completed Acquisitions*" on page 32.

Our post-Acquisition operations comprise nine facilities in India, with an aggregate flow-control production capacity of 65.24 KTPA and refractory production capacity of 525.48 KTPA, as of January 31, 2023.

The table below sets forth certain financial information for the periods mentioned below, based on our Pro Forma Unaudited Condensed Consolidated Financial Information:

Metric	As of/for Fiscal ended March 31, 2022	As of/for the nine months ended December 31, 2022
Total income (₹ million)	31,993.94	31,000.69
EBITDA (1) (₹ million)	5,047.42	4,427.57
EBITDA Margin (2)	15.78%	14.28%
Profit after tax ("**PAT**") (₹ million)	3,370.65	3,207.66
PAT Margin (3)	10.54%	10.35%

Notes:

(1) EBITDA is calculated as profit for the year/ period after tax plus depreciation and amortisation expense, finance cost and income tax expense.
(2) EBITDA margin is calculated as EBITDA divided by total income.
(3) PAT Margin is calculated as profit after tax divided by total income.

Strengths

Trusted brand and strong operational platform post the Merger

We benefit from the brand reputation, industry relationships and technical expertise of the RHI Magnesita Group, a global conglomerate with more than 89 years of experience in the refractory business and a presence across 100 countries as of December 31, 2022. With a global market share of 15%, the RHI Magnesita Group is a leading provider of refractory products and solutions (*Source: CRISIL Report*). We have historically leveraged our access to the RHI Magnesita Group's technology, procurement benefits, R&D, products and services to offer a global range of heat management solutions to our customers.

As a product of the integration of three Indian subsidiaries of the RHI Magnesita Group, we are placed among the leading India-based manufacturers and suppliers of high-grade refractory products and solutions in India based on revenue from operations for Fiscal 2022 (*Source: CRISIL Report*). The Merger has helped consolidate our strength in India by pooling a range of products and solutions that we are able to offer our combined customer base as one entity. It has also created a strong platform under the "RHI Magnesita" brand that is well positioned to derive business and operational synergies by leveraging economies of scale and procurement benefits, and utilising combined management expertise, technology and supply chain, to serve our customers with greater efficiency.

The Merger has also led to a larger asset base facilitating greater access to financial resources through optimization of cash flow, which we believe contributes to the overall growth prospects of our Company. Our revenue from operations grew at a CAGR of 19.40% between Fiscal 2020 and Fiscal 2022, with revenue from our Steel Division and Industrial Division having grown at CAGRs of 20.83% and 2.27% during such period, respectively.

Well positioned to continue to be a leading player in a fast-growing Indian refractory market

We believe the creation of a combined RHI Magnesita entity through the Merger and the recently completed Acquisitions position us to benefit from the fast-growing Indian refractory market.

Our ability to remain profitable as a provider of a wide range of refractory products and services, depends on the access we have to all the required manufacturing capabilities of such refractory products including linings and flow control products. We expect the Acquisitions to be strategically beneficial in increasing our production capacity as well as the range of flow control products that we can supply to our customers. The Acquisitions have provided us with access to a diverse manufacturing network of six additional facilities across the industrial regions of eastern, southern and western India. Our manufacturing capacities have consequently increased from 46.08 KTPA (flow-control products) and 163.08 KTPA (refractory products) as of December 31, 2022 to 65.24 KTPA (flow-control products) and 525.48 KTPA (refractory products) as of January 31, 2023. The acquired facilities enable us to have a manufacturing presence that is closer to our customers' facilities which will help shorten our supply chain to facilitate delivery of products to customers swiftly and reduce our working capital cycle. We also propose to benefit from the Indian government's "Make in India" policy that is aimed at promoting "local-for-local" production in India.

The Hi-Tech Refractory Business has given us access to its steel flow-control product facility in Jamshedpur (Jharkhand), and a portfolio of complementary flow-control production capabilities, which positions us well to capitalise on India's growing demand for steel production. India's steel demand is estimated to grow between 9% to 11% in Fiscal 2023, and Indian steel production is estimated to continue its robust growth pace in line with the Indian government's ambitious goal of achieving 260 million tonnes of production by 2030 (*Source: CRISIL Report*).

The Dalmia Refractory Business has expanded our manufacturing presence in the industrial regions of south, east and west of India, through its network of five facilities in India. It has also expanded our product portfolio with complementary "go-to-market" products such as high alumina bricks and castable and pre-cast shapes, which equips us to cater to its balanced customer base of steel producers, cement producers and other industrials. The growth in India is driving the infrastructure, building and construction, and automotive industries, which are the key end users of refractories (*Source: CRISIL Report*), and are markets served by customers in our Industrial Division.

With an expansion of our product portfolio, access to a diverse mix of customers and industries (specifically the cement business), and an increase in our flow-control and refractory manufacturing capacities allowing us to onshore manufacturing activities in India.

Comprehensive portfolio of products and heat management solutions contracts aimed at capturing a wide spectrum of the refractory value chain

One of the key differentiating factors of our business model is the broad range of refractory products and services we offer across the major refractory product-consuming customer industries in India. We believe this distinguishes us from our competitors, who are specialists and cater to a particular product range, type of refractory or customer industry. We aim to provide a "one-stop-solution" for refractory products and solutions for the Indian market, with capabilities ranging from innovation and R&D to raw material sourcing and recycling, production of a wide range of refractory and flow control products, product marketing and sales, installation and monitoring.

We manufacture a wide range of refractory products and mixes for our customers in the steel industry and non-steel industries such as cement and lime, non-ferrous metals, glass and other industries. From furnace to ladle to mould, we offer a range of refractory products for the entire spectrum of high-temperature manufacturing processes involving temperatures exceeding 1,200° C. Our products are custom made to meet the casting conditions and grade requirements of our customers' manufacturing facilities and are a result of intensive R&D efforts.

Our services and full-line solutions contracts involve partnering with our customers to supply refractory and provide storage, handling, dismantling, relining, installation, and maintenance services. We offer a full-line service to our customers by combining installation, supervision, and other services, to drive efficiency for our customers. As a result of our customised services, customers are able to experience reduced downtime, improved product quality and energy efficiency, and raw material optimisation. We believe our performance-based heat management solutions give us multiple touchpoints with our customers across the value chain and have led to higher customer retention and a long-term production-linked revenue model leading to higher revenue predictability. We are able to offer our range of services by leveraging the RHI Magnesita Group's global capabilities and deriving synergies from our historical customization efforts.

Strong R&D capabilities

R&D activities are essential to develop optimized and bespoke products and solutions for our customers. As our customers' requirements and specifications can vary across their facilities, our R&D is focused on customization and optimization, which is an iterative process. We have and continue to benefit from the global R&D and technical expertise and experience of the RHI Magnesita Group, which is primarily housed in its R&D centre in Leoben (Austria). The centre engaged 161 personnel as of December 31, 2022.

Our customization efforts are carried out at our R&D centre at Bhiwadi (Rajasthan). These efforts include the development of customized Purgebeam and Magfilter for customers to improve steel quality using flow simulation, setting-up isostatically pressed continuous casting refractories, slide gate plates, nozzles and well blocks, tundish nozzles, bottom purging refractories and top purging lances, slag arresting darts, basic spray mass for tundish working lining, castables, high alumina bricks and magnesia carbon bricks.

Our R&D expenditure was ₹16.55 million and ₹25.55 million during Fiscal 2022 and the nine months ended December 31, 2022, respectively, and represented 0.08% and 0.14% of our revenue from operations in the same periods, respectively.

Extensive manufacturing capacity with a focus on sustainability

As of December 31, 2022, our Company owned and operated three facilities in India, located in Bhiwadi (Rajasthan), Vishakhapatnam (Andhra Pradesh) and Cuttack (Odisha). Our facilities had an aggregate refractory production capacity of 163.08 KTPA and aggregate flow-control capacity of 46.08 KTPA, as of December 31, 2022. Our capacity utilization rate was 85.67% in Fiscal 2022 and 82.38% in the nine months ended December 31, 2022 (calculated as actual production volume divided by installed capacity for the nine months ended December 31, 2022 on a pro rata basis).

We have adopted the RHI Magnesita Group's approach to sustainable manufacturing practices with a view to reduce the impact of our operations on the environment. The RHI Magnesita Group is working toward achieving net zero emissions and is investing €50 million in related new and emerging technologies (*Source: CRISIL Report*). We benefit from the group's investments and have developed sustainable processes at our operations. As a result, our facility in Bhiwadi (Rajasthan) had the highest proportion of recycled raw material (by volume) in its manufacturing operations among the RHI Magnesita Group in 2022. The recycling rate of our Company's operations was 15.5% in the calendar year 2022, higher than the RHI Magnesita Group average recycling rate of 10.5%. The use of reclaimed refractory raw materials results in significant CO_2 emissions savings compared to the production of newly mined raw material.

Post the Acquisitions, we own and operate six additional facilities in India with an aggregate flow-control production capacity of 65.24 KTPA and a refractory production capacity of 525.48 KTPA, as of January 31, 2023.

Experienced Board and senior management team

We have a strong management team with considerable industry experience. We are led by our Managing Director and Chief Executive Officer, Parmod Sagar and our Chairman and Independent Director, Vijay Sharma who has significant experience in the refractory manufacturing industry. The Board is supported by members of our senior management team comprising our Chief Financial Officer, Vijaya Gupta and Chief Operating Officer, Abhishek Sharma, who has significant experience in the industry in which we operate. For further information on our Board and senior management, see "*Board of Directors and Senior Management*" on page 134.

Strategies

India continues to be an attractive growth market for the steel industry, driven by domestic availability of raw materials, such as minerals and ores, as well as low energy costs and competitive labour costs. According to CRISIL research, Indian steel production is estimated to continue its robust growth pace in line with the Indian government's ambitious goal of achieving 260 million tonnes of production by 2030. India's steel demand is estimated to grow between 9% to 11% in Fiscal 2023, and by a further 7% to 8% in Fiscal 2024, led by the infrastructure and auto sectors. The growth in India is expected to be refractory intensive, with refractories demand in India estimated to reach approximately 2.1 million tonnes in Fiscal 2028. The growth in demand is expected to be supported by India's vision of becoming a U.S.$5 trillion economy by Fiscals 2027 to 2028, and a U.S.$7 trillion economy by 2030, which in turn should drive the infrastructure, building and construction, and automotive industries, the key end-users of refractories. (*Source: CRISIL Report*).

We strive to increase our market share in India's growing refractory market and believe we are uniquely positioned to capitalize on India's growth opportunities by leveraging our competitive strengths and pursuing the following strategies.

Derive synergies from the Acquisitions

We seek to create long-term value for our stakeholders through the Acquisitions by leveraging the acquired businesses' deep local expertise with the support of RHI Magnesita Group's brand and well-established customer base.

With the added manufacturing capacities, we aim to reduce our import-related expenses, such as freight and forwarding costs, customs duties and import tariffs. To achieve this, we intend to onshore considerable manufacturing activities in India and reduce the proportion of sales of products manufactured by members of the RHI Magnesita Group outside India. For example, following our acquisition of a Mg carbon brick production facility as part of the Dalmia Refractory Business, we will no longer need to import Mg carbon brick for onward sales to our customers.

Furthermore, with lower energy and labour costs in India compared to Europe, we propose to derive significant cost-efficiencies in our manufacturing operations. We propose to achieve this by leveraging economies of scale and integrating vendor engagements and procurement practices across our nine facilities. We also intend to increase capacity utilization, improve product quality and yield higher margins by streamlining production plans and manufacturing practices across our facilities with those of the RHI Magnesita Group.

We intend to derive significant network optimization synergies to offer a broader range of products in India and gain further market share in our key export markets of West Asia and Africa. To enable this, we propose to pursue cross-selling and upselling opportunities by leveraging the acquired portfolio of products and customers.

Expand and upgrade manufacturing capacities of existing products

In line with the Indian government's "Make in India" policy, which encourages companies to on-shore manufacturing in India for domestic customers, we intend to continue to manufacture products for the Indian market locally. We intend to increase our production capacity in India and increase the sales of products manufactured using such expanded capacity to customers in India in the coming years to gain competitive advantages available under the "Make in India" policy.

To cater to the growing demand from our existing customers and to meet requirements of new customers, we intend to, and are in the process of, expanding manufacturing capacities at our existing and newly acquired facilities. For example, in October 2021 a new tunnel kiln was commissioned at our facility in Vishakhapatnam (Andhra Pradesh). The new tunnel kiln has increased the capacity of non-basic high alumina content refractory bricks by 11,500 KTPA. We also intend to increase automation of existing plants in Bhiwadi, Vishakhapatnam and Cuttack, to be completed by 2025. We have also invested and will continue to invest in capacity expansion of magnesia-based refractory products. Additionally, we are establishing additional capacities to scale up basic brick production at Cuttack (Odisha).

To improve capacity utilization rates at our newly acquired facilities, we intend to streamline production plans and manufacturing practices across our facilities with those of the RHI Magnesita Group. We are in the process of identifying improvement areas at these facilities and propose to implement facility and product-specific upgrades to the manufacturing practices based on the outcome of our ongoing assessments.

Continue to leverage existing R&D capabilities

We intend to continue to pursue our R&D efforts, with a focus on further customization of products in order to better serve our customers while ensuring cost efficiency. We propose to achieve this by continuing to access the R&D capabilities of the RHI Magnesita Group.

We have multiple ongoing projects involving technology transfers from the RHI Magnesita Group globally to facilitate the production of certain high-grade products, such as tundish nozzle changers, mono tubes, segmented tap holes, sleeves and high performance slide gates, in India. For example, we brought two patented digital refractory solutions to India – Automatic Process Optimization technology ("**APO**") and Electromagnetic Level Indication Platform ("**EMLI**"). APO enhances the prediction of a linings' lifetime by enabling the user to identify and assess parameters responsible for wear using artificial intelligence methods. Users can utilize this information to optimise refractory use for energy and cost savings and benefit from data driven control over maintenance. The EMLI technology automates monitoring of slag flow to improve control of slag carryover and increases production yield.

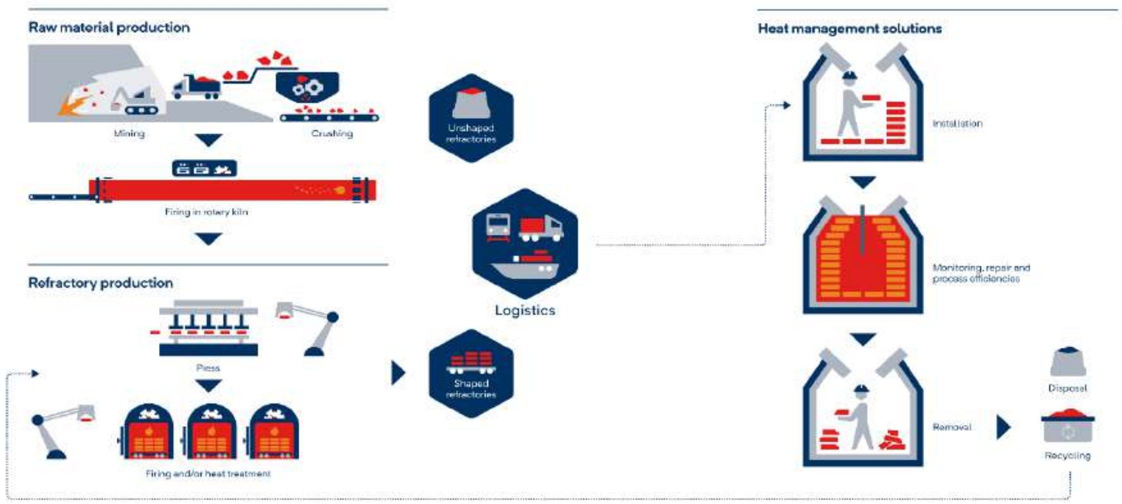
We intend to benefit increasingly from similar R&D projects to cater to our customers' evolving requirements. To this end, we have recently commissioned a R&D centre at Bhiwadi (Rajasthan) that will work closely with the global R&D network of the RHI Magnesita Group for local raw material development, provide solutions support for customer performance improvement projects and support manufacturing activities across our facilities.

Continue to grow our solutions contract business

We continue to focus on our solutions contract business with a view to increase the proportion of its revenue in line with the RHI Magnesita Group's global strategy of maintaining a balanced revenue stream of products and services.

We intend to expand the scope of services we provide to our existing customers and acquire new customers under our solutions contract business. To achieve this, we intend to implement focused marketing and business development activities such as providing all the refractory products and services as "one stop solution" to various industries. We also propose to facilitate deeper collaboration between our technical marketing team and our sales team to present the full range of our capabilities to potential customers.

The Refractory Value Chain



We do not own or operate large scale refractory raw material assets in India, with the exception of certain small scale bauxite and silica mining assets acquired through the purchase of the Dalmia Refractory Business. We source the majority of our magnesia and alumina based raw materials from third party suppliers in China.

Our Company's products and solutions cover all key stages in the refractory value chain, including mixing, pressing, firing, packing, transportation and logistics, inventory management, design, installation, monitoring, removal and recycling, enabling us to offer high-quality refractory products based on R&D and technological product and process know-how.

Two key raw materials for many refractory products are magnesite and dolomite. Once mined, magnesite or dolomite ore is crushed and burned at 1,800°C in rotary or shaft kilns. The resultant raw material, 'dead burned magnesia' or 'dead burned dolomite', is crushed and pressed into bricks which are then fired or cured in tunnel kilns ('shaped products') or sold as mixes for direct application or use in moulded linings ('mixes').

The bricks and mixes are either combined with binding agents, packaged and shipped as repair materials, or pressed into different sizes and shapes. Depending on their intended use, the bricks are then either heated at up to 350°C or fired at up to 1,800°C in tunnel kilns to form a brick suitable for refractory use. Once completed, and if a service contract has been concluded with a customer, we can install the refractory bricks at the customer's facilities. After the customer's production process has used the bricks, we can break out worn refractory linings and reuse certain secondary raw materials.

Products and Services

Our products and services are organised in two operating divisions based on the customer industries they serve: the Steel Division and the Industrial Division.

Steel Division

Within our Steel Division, we provide customers with a broad range of customised solutions and comprehensive packages for steel production, including refractories (basic and non-basic mixes based on magnesite content, bricks and functional products), machinery, flow controls systems and full line service solutions.

In Fiscals 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, revenue from the Steel Division was ₹12,818 million, ₹12,647 million, ₹18,715 million, ₹12,995 million and ₹16,693 million, respectively, which represented 91.67%, 92.55%, 93.89%, 92.69% and 90.31% of our revenue from operations, respectively.

Refractories

The Steel Division offers a complex range of tailored refractory products for a variety of applications in the steel industry, including basic products for converters and ladles; non-basic products for blast furnaces, reheating furnaces and direct reduction; and functional products, including for continuous and ingot casting. For example, refractory applications for steel ladles include bricks, monolothics and pre-casts (including mixes and pre-castables), and functional products such as slide gates, nozzles, purge plugs and isostatic pressed products.

Refractory products for application in the steel industry have a short service life, ranging from a few minutes to two months. As a result, steel refractories are significantly influenced by the immediate demand for steel and are considered to be consumable products for steel manufacturers.

Machinery

Our machinery portfolio includes (i) rotary gunning machines for the application of unshaped products; (ii) pressure vessel machines used for unshaped products in a variety of production units, such as furnaces, converters, ladles or degassers; (iii) demolition hammers and tap hole breakout devices (to break out worn bricks from tap hole channels and remove residual material); and (iv) converter shooters and gunning manipulators for repairs in various converter areas.

Services

We provide services, know-how and individual package solutions to customers in the steel industry, particularly through full line supply ("**FLS**") and other service contracts. Under service contracts, we offer (besides material deliveries) complete or partial refractory product installation and management of steelworks, thus allowing customers to outsource these non-core activities. These services include logistic services (demand planning, stock keeping), reports, machinery, consultation, engineering and project management. FLS solutions include the development of economical lining concepts, the selection and supply of the best suited refractory products, the supply of machinery and its installation or servicing during operations, the supply of infrastructure (machines and stock-keeping), the development of efficient logistics concepts and the provision of qualified staff. In addition to FLS contracts, we offer other service contracts with less extensive service coverage. Under all types of service contracts, we charge a fixed amount per ton of steel produced depending on the output of the unit or steelworks.

Market position and competition

We define the refractory industry as supplying refractory products for industrial high-temperature processes exceeding 1,500° C. Our main competitors in India include IFGL, Vesuvius, TRL and Calderys (*Source: CRISIL Report*).

Industrial Division

Within our Industrial Division, we supply refractory systems to the cement/ lime, non-ferrous metals, glass, energy, environmental and chemical process industries. We provide customised solutions and consulting services, which are increasingly required by customers that employ sophisticated process technologies.

In Fiscals 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, revenue from the Industrial Division was ₹1,164 million, ₹1,018 million, ₹1,218 million, ₹1,025 million and ₹1,791 million, respectively, which represented 8.33%, 7.45%, 6.11%, 7.31% and 9.69% of our revenue from operations, respectively.

Cement/ lime

In the cement/ lime industry, we provide refractory applications, including preheaters, kilns, grate coolers and planetary coolers (basic and non-basic bricks and unshaped products as linings and gunning mixes and mortars as well as auxiliary materials such as metallic and ceramic anchoring systems, calcium silicate boards and fibre products). Refractory products for the cement/ lime industry are typically required annually, and providing reliable products to this industry can be challenging because the choice of refractory grade requires detailed knowledge of customer processes. Shaft kilns used in the lime industry operate under a high gas pressure, requiring tight fitting brickwork with minimal measurement tolerance and mortar joints. These kilns also subject refractory linings to substantial abrasion and changes in temperature and chemical conditions, as the burning zone within the kiln is difficult to control and the chemical composition of raw materials and the various fuels used during the burning process vary.

As a result, the basic section of modem rotary kilns needs to be able to perform under constantly changing operational parameters and processes (for example, due to the increased use of alternative fuels), with non-basic linings also playing an important role in reliable kiln operation.

Non-ferrous metal

Within the non-ferrous metal industry, our offering is focused on customized materials and solutions for manufacturers of heavy metals, such as copper, nickel, lead, zinc and tin, rather than the more commoditised segment of aluminium production. Manufacturing processes in this industry require numerous, often customer-specific, furnaces, plants and process optimisation solutions. To address these varied needs, we offer a broad product line of refractories, such as magnesia, magnesia-chrome, alumina-chrome, and silicon-carbide.

Glass

In the glass industry, we provide refractory applications, including various types of glass melting furnaces and auxiliary plants (such as glass tank bottoms, basins, superstructures, feeders or regenerators), operated by manufacturers of flat glass, container glass and special glass (for example, organic light-emitting diodes or thin-film-transistor liquid crystal displays). Our applications in this industry also include linings of fused cast refractories, which are made by melting alumina-, zirconia- and silica-refined raw materials and pouring them into moulds to solidify.

Our product and service portfolio covers the full range of unshaped products and ceramically bonded bricks used in the glass melting process. Our basic refractories line performs in regenerators, and for all glass industry furnaces we produce silica, alumina-silica, alumina, zircon and chrome-containing high-performance refractories.

Environment, Energy and Chemicals

In the environment, energy and chemicals industries, our refractory applications include petrochemical plants and refineries. Our services in this segment include assistance in the design of plants and furnaces, consulting during the process of selecting suitable refractories, installation, logistics and after sales services.

In each of these end markets, our portfolio is complemented by our offering of related services and process engineering capabilities. The service life of refractory products in the Industrial Division is significantly longer than those in the Steel Division, ranging from approximately one year in the cement industry, to between one and ten years in the production of certain non-ferrous metals, such as copper, nickel, zinc, aluminium and numerous ferroalloys, and up to ten years in the glass industry.

Market position and competition

The majority of the Industrial Division's competitors specialize in one industrial segment only, and we believe, post the Acquisitions, we are one of the few broad-range suppliers of refractory products across these sectors.

Sales and Distribution

Our sales and distribution activities are organized into India, West Asia and Africa regions. This regional organization and the resulting proximity to customers enables us to obtain detailed knowledge of customers' processes and technologies and to adjust and fine-tune the refractories to their production technologies.

Our Company is the primary vehicle through which the RHI Magnesita Group conducts business in India. As a result of our geographical position, we also serve customers in the West Asia and Africa region, in which the RHI Magnesita Group does not own or operate any production facilities (excluding Turkey). The products we sell include products manufactured at our facilities in India and those manufactured at facilities of other entities of the

RHI Magnesita Group outside India, and benefit from the RHI Magnesita Group's global sale network to do so. Under our arrangement with the RHI Magnesita Group, the RHI Magnesita Group is permitted to make sales directly into India for (a) product lines which cannot be made in India due to capacity constraints or technology limitations, (b) certain specialized products that can only be made in one location outside of India or (c) orders which have historically been filled from manufacturing sites outside India. The RHI Magnesita Group also sells products into the West Asia and Africa region after taking into account the customer's requirements, production capacity limitations, intellectual property and logistics considerations. However, the RHI Magnesita Group does not compete with our Company for sales into India which could reasonably be satisfied by our Company at a competitive unit cost and for which production capacity is available in India.

Production

Raw Materials

Our key raw materials comprise magnesite and alumina.

Magnesite – Magnesite is the main raw material used in refractory production due to its extreme resistance to high temperatures (up to 2,000° Celsius).

Alumina – Due to its extreme resistance to high temperatures (up to 2,000° Celsius), alumina is also an important raw material for refractory products.

Other raw materials – Bauxite, Graphite, Zirconoa and quartzite are also used in the manufacture of refractory products.

We source the majority of our refractory raw materials from third-party suppliers in China. A significant volume of our raw material also comprises materials recycled at our facility in Bhiwadi (Rajasthan).

We derive procurement benefits from being part of the RHI Magnesita Group, which is a large-scale purchaser of refractory raw materials. In the event of any disruption to supplies of raw materials from existing third-party sources, the RHI Magnesita Group will be able to supply a limited quantity of raw material from its own mining assets in Brazil, North America, Turkey and Europe.

In addition, we acquired four mining sites as part of the Dalmia Refractory Business, which will supplement our requirements on an as-needed basis. The mines are located in Pilidhar (Gujarat) for bauxite ore, Bhikampali (Odisha) and Chiraipani (Chattisgarh) for quartzite ore, and Mugdara (Madhya Pradesh) for dolomite ore. Our mining rights are subject to certain transfer-related approvals. See, "*Risk Factors – We have limited experience in mining operations in India and could incur significant costs in complying with regulations affecting such mining operations*" on page 55.

Production of refractory goods

As of January 31, 2023 we had nine manufacturing facilities in India. The table below sets forth certain information on our facilities:

S. No.	Facility Location	Product Description
1.	Bhiwadi (Rajasthan)	Flow control products and mixes such as Slide Gate Plates, Nozzles, Well Blocks, Purge Plugs, Tap Hole Clay
2.	Vishakhapatnam (Andhra Pradesh)	High alumina products and pre-casts
3.	Cuttack (Odisha)	Magnesia carbon and basic bricks
4.	Jamshedpur (Jharkhand) *	ISO, Monoblock Stopper, Submerged Entry Nozzle, Shrouds, Slide Gates, Purging Fire Bricks, Castable
5.	Rajgangpur (Odisha) *	Basic Burnt, Unburnt, Silica, Monolithics, Castables, Snorkel, Concast, SGP, Lances, Precast, Porus Plug
6.	Khambhaliya (Gujarat) *	Alumina Bricks, Monolithiks
7.	Dalmiapuram (Tamil Nadu) *	Alumina Bricks, Basic Unburnt, Monolithiks
8.	Bhillai (Chattigarh) *	Lances

S. No.	Facility Location	Product Description
9.	Katni (Madhya Pradesh) *	Castables, Binder

** Acquired through the Acquisitions*

The power requirements for our facilities are partly met by the local state power grid and we procure water for use at our facilities from local authorities.

In order to meet the demand for our products and to develop and introduce newer products, we are in the process of expanding our existing facilities. Consistent with our past practices, we intend to add capacity in a phased manner to ensure that we utilize our capacity at optimal levels. Our proposed expansion plans remain subject to the potential problems and uncertainties that construction projects face, including cost overruns or delays. We are in the process of obtaining various consents, approvals and acknowledgements from regulatory authorities that are routine in nature in relation to these facilities. Also see, "*Risk Factors – We may experience unanticipated delays and cost overruns in implementing our proposed capacity expansion plans*." on page 58.

Capacity and Capacity Utilization

The following table sets forth certain information relating to our capacity utilization of our manufacturing facilities calculated on the basis of total installed production capacity and actual production as of/ for the periods indicated below:

Facility	Fiscal 2022	Nine months ended December 31, 2022
Bhiwadi (Rajasthan)		
Installed capacity [KTPA]	56.61	59.88
Actual production volumes [KTPA]	50.09	35.17
Capacity utilization	88.47%	78.31%
Vishakhapatnam (Andhra Pradesh)		
Installed capacity [KTPA]	70.28	85.20
Actual production volumes [KTPA]	60.67	52.50
Capacity utilization	86.33%	82.16%
Cuttack (Odisha)		
Installed capacity [KTPA]	18.00	18.00
Actual production volumes [KTPA]	13.37	13.09
Capacity utilization	74.26%	96.94%
Jamshedpur (Jharkhand) *		
Installed capacity [KTPA]	43.20	61.80
Actual production volumes [KTPA]	32.36	35.91
Capacity utilization	74.90%	77.48%
Rajgangpur (Odisha) *		
Installed capacity [KTPA]	121.20	121.20
Actual production volumes [KTPA]	75.31	56.46
Capacity utilization	62.14%	62.11%
Khambhaliya (Gujarat) *		
Installed capacity [KTPA]	66.00	66.00
Actual production volumes [KTPA]	50.46	37.39
Capacity utilization	76.46%	75.54%
Dalmiapuram (Tamil Nadu) *		
Installed capacity [KTPA]	63.60	63.60
Actual production volumes [KTPA]	45.50	33.58
Capacity utilization	71.54%	70.40%
Bhillai (Chattigarh) *		
Installed capacity [KTPA]	1.80	1.80

Facility	Fiscal 2022	Nine months ended December 31, 2022
Actual production volumes [KTPA]	1.31	0.95
Capacity utilization	72.67%	70.02%
Katni (Madhya Pradesh) *		
Installed capacity [KTPA]	48.00	48.00
Actual production volumes [KTPA]	29.14	19.62
Capacity utilization	60.72%	54.49%

** Acquired through the Acquisitions*

Notes:

(i) For the Bhiwadi plant, installed capacity is calculated on the basis of 3 shifts each being of 8 hours long operating 302 days a year.

(ii) For the Visakhapatnam plant, installed capacity is calculated on the basis of 3 shifts each being of 8 hours long operating 365 days a year.

(iii) For the Cuttack plant, installed capacity is calculated on the basis of 3 shifts each being of 8 hours long operating 297 days a year.

(iv) For the Jamshedpur plant, installed capacity is calculated on the basis of 3 shifts each being of 8 hours long operating 312 days a year.

(v) For the Rajgangpur and Dalmiapuram plants, installed capacity is calculated on the basis of 3 shifts each being of 8 hours long operating 365 days a year.

(vi) For the Khambalia plant, installed capacity is calculated on the basis of 3 shifts each being of 8 hours long operating 360 days a year.

(vii) For the Bhilai plant, installed capacity is calculated on the basis of 3 shifts each being of 8 hours long operating 300 days a year.

(viii) For the Katni plant, installed capacity is calculated on the basis of 3 shifts each being of 8 hours long operating 312 days a year.

(ix) For FY 2022, capacity utilization is calculated as actual production volume divided by installed capacity.

(x) For the period ended December 31, 2022, capacity utilization is calculated as actual production volume divided by pro rata installed capacity for 9 months.

Quality Control

We use an integrated management system in the areas of quality (ISO 9001), environment (ISO 14001), and occupational health and safety (ISO 45001) to improve our operational performance and processes. Opportunities for improvement are identified through internal and external audits and implemented as part of a continuous quality control improvement process. We have received the ISO 9001, ISO 14001 and ISO 45001 certification for our facilities at Bhiwadi (Rajasthan), Cuttack (Odisha) and Vishakhapatnam (Andhra Pradesh).

Research and development

Our R&D activities focus on customization in order to develop optimized and bespoke products and solutions for our customers. We benefit from the global R&D and technical expertise and experience of the RHI Magnesita Group, which is primarily housed in its R&D centre in Leoben (Austria). We recently commenced operations at our R&D centres in Bhiwadi (Rajasthan) through which we will engage with the R&D centre in Austria. As of December 31, 2022, our R&D function employed seven employees in India.

Intellectual property

We are currently using the brand name, 'RHI Magnesita', pursuant to a resolution dated May 25, 2021 passed by the board of directors of Refractory Intellectual Property GMBH & Co. KG, the owner of the trademark. We have also entered into an agreement with Refractory Intellectual Property GmbH & Co. KG for licensed use of their technical knowhow applied in manufacturing and test methods for quality standards, including temperature, chemical, or corrosion resistance, mechanical behavior, layout of plant and machinery, and sample marketing and sales tools; use of their various patents and trademarks for which a certain royalty rate is charged.

Employees

As of December 31, 2022, we employed 1,095 employees across various plants at Bhiwadi, Visakhapatnam and Cuttack.

We regularly train our employees to ensure competitiveness and maintain quality and safety compliance standards. We attach significant importance to our employees' health and safety at work as we believe that safe business and production measures minimise operational risks. We monitor data on accidents as well as reported near accidents for the purpose of accident prevention.

Insurance

We maintain insurance coverage that we believe is reasonable and prudent. Our key insurance policies cover property damage and business interruption.

Properties

Our registered office is located at Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai – 400 042, Maharashtra, India. Our corporate office is located at 301, 316-17 Tower B, EMAAR Digital Greens, Golf Course Road Extension, Sector - 61, Gurugram -122 011, Haryana, India. As of December 31, 2022, two of our manufacturing facilities were situated on freehold properties, and one manufacturing facility was situated on leasehold property. Our R&D centre is also situated on leased property.

ORGANISATIONAL STRUCTURE

Corporate history

Our Company was originally incorporated as 'Orient Refractories Limited', a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated November 26, 2010 issued by the RoC, New Delhi and received a certificate of commencement of business from the RoC, New Delhi on December 29, 2010. Thereafter, the name of our Company was changed from 'Orient Refractories Limited' to 'RHI Magnesita India Limited' pursuant to the scheme of amalgamation amongst our Company, RHI India Private Limited and RHI Clasil Private Limited and a fresh certificate of incorporation dated July 2, 2021 was issued by the RoC. The CIN of our Company is L28113MH2010PLC312871.

The registered office of our Company is located at Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai - 400 042, Maharashtra, India. The corporate office of our Company is located at 301, 316-17 Tower B, EMAAR Digital Greens, Golf Course Road Extension, Sector - 61, Gurugram - 122 011, Haryana, India.

Changes in Registered Office

The table below sets forth details of changes in the registered office of our Company since its incorporation:

Date of Change	Details of change in the Registered Office address	Reasons for Change
June 1, 2014	Registered office address was changed from 1307, Chiranjiv Tower, 43, Nehru Place, New Delhi - 110 019 India to 804A, Chiranjiv Tower, 43, Nehru Place, New Delhi – 110 019 India	Shift to a new office on expiry of lease and license agreement for the previous registered office location
August 1, 2018	Registered office address was changed from 804A, Chiranjiv Tower, 43, Nehru Place, New Delhi – 110 019 India to C-604, Neelkanth Business Park, Opp. Railway Station, Vidhyavihar (West), Mumbai – 400 086, Maharashtra, India	Better operational and administrative convenience
April 1, 2022	Registered office address was changed from C-604, Neelkanth Business Park, Opp. Railway Station, Vidhyavihar (West), Mumbai - 400 086, Maharashtra, India to Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai - 400 042, Maharashtra, India.	Non requirement of a big office space and payment of lease rent for the previous registered office location

Organizational structure

Holding company

As on the date of this Preliminary Placement document, RHI Magnesita N.V. is our ultimate holding company which holds 70.19% of our paid-up Equity Share capital as of December 31, 2022 through its subsidiaries, Dutch US Holding B.V., Netherlands and Dutch Brasil Holding B.V., Netherlands.

Associate company

As on the date of this Preliminary Placement document, our Company does not have any associate company.

Subsidiaries

As of the date of this Preliminary Placement Document, we have three Subsidiaries, comprising Intermetal Engineers (India) Private Limited, Dalmia OCL Limited and RHI Magnesita Seven Refractories Limited.

Intermetal Engineers (India) Private Limited

Intermetal Engineers (India) Private Limited was incorporated under the Companies Act, 1956 as a private limited company and the certificate of incorporation dated May 20,1988 was issued by the RoC. The CIN of the company is U28920MH1988PTC047421 and its registered office is located at Gala No. 18, Noble Industrial Estate No.1, Navghar Vasai Road (East), Palghar, Mumbai - 401 202, Maharashtra, India.

Dalmia OCL Limited

Dalmia OCL Limited was originally incorporated as "Ascension Commercio Private Limited" under the Companies Act, 2013 and a certificate of incorporation dated October 9, 2018 was issued by the Registrar of Companies, Tamil Nadu & Andaman at Chennai. The name of "Ascension Commercio Private Limited" was changed to "Dalmia OCL Private Limited" and a certificate of change of name was issued by the Registrar of Companies, Tamil Nadu & Andaman at Chennai on February 6, 2020. Further, Dalmia OCL Private Limited was converted to Dalmia OCL Limited and fresh certificate of incorporation was issue on March 6, 2020. The CIN of the company is U26100TN2018PLC125133 and its registered office is located at Dalmiapuram, Lalgudi District, Tiruchirapalli, Chennai - 621 651, Tamil Nadu, India.

RHI Magnesita Seven Refractories Limited

RHI Magnesita Seven Refractories Limited was originally incorporated as "Dalmia Seven Refractories Limited", a public limited company under the Companies Act, 2013 and a certificate of incorporation dated December 16, 2016 was issued by the RoC, New Delhi. The name of "Dalmia Seven Refractories Limited" was changed to 'RHI Magnesita Seven Refractories Limited' basis the certificate of incorporation pursuant to change of name dated March 16, 2023 issued by the RoC, New Delhi. Its CIN is U74999DL2016PLC309327 and its registered office is located at 4, Scindia House, Connaught Place, New Delhi - 110 001, India.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

In accordance with the Articles of Association, our Company is required to have not less than three and not more than fifteen Directors, provided that our Company may appoint more than fifteen Directors as per the provisions of the Companies Act,2013. As on the date of this Preliminary Placement Document, our Board comprises of seven Directors which includes a Managing Director, three Non-Executive Non-Independent Directors and three Non-Executive Independent Directors.

The following table sets forth details regarding our Board of Directors:

S. No.	Name, Age, Date of birth, Address, Occupation, DIN and Nationality	Designation and Current Term
1.	**Parmod Sagar** ***Age:*** 57 years ***Date of birth:*** September 4, 1965 ***Address:*** 902, Basil Tower, Salcon The Verandas, Sector - 54, Gurugram - 122 011, Haryana, India ***Occupation:*** Service ***DIN:*** 06500871 ***Nationality:*** Indian	***Designation:*** Managing Director and Chief Executive Officer ***Current Term:*** Period of five years with effect from March 4, 2023 until March 3, 2028
2.	**Vijay Sharma** ***Age:*** 68 years ***Date of birth*****:** October 1, 1954 ***Address*****:** C-260, Eden Villa, Sushant Lok 3, Sector 57, Gurugram - 122 002, Haryana, India ***Occupation*****:** Service ***DIN*****:** 00880113 ***Nationality:*** Indian	***Designation:*** Chairman and Non-Executive Independent Director ***Current Term***: Period of five years with effect from November 12, 2019 until November 11, 2024
3.	**Gustavo Lucio Goncalves Franco** ***Age:*** 45 years ***Date of birth:*** November 27, 1977 ***Address:*** Girardigasse 1/27, Vienna, Austria - 1160 ***Occupation:*** Service ***DIN:*** 08754857 ***Nationality:*** Brazilian	***Designation:*** Non-Executive Non-Independent Director ***Current Term:*** Liable to retire by rotation
4.	**Erwin Jankovits** ***Age:*** 51 years ***Date of birth:*** August 13, 1971 ***Address:*** Assmayergasse 32 /2 /20, Vienna - 1120, Austria ***Occupation:*** Professional ***DIN:*** 07089589	***Designation:*** Non-Executive Non-Independent Director ***Current Term:*** Liable to retire by rotation

S. No.	Name, Age, Date of birth, Address, Occupation, DIN and Nationality	Designation and Current Term
	Nationality: Austrian	
5.	**Ticiana Kobel** ***Age:*** 52 years ***Date of birth:*** June 18, 1970 ***Address:*** Schlickplatz 4/2/210, Vienna - 1090, Austria ***Occupation:*** Executive Vice President Legal, Corporate Communications & Purchasing ***DIN:*** 0009850411 ***Nationality:*** French and Brazilian	***Designation:*** Non-Executive Non-Independent Director ***Current Term:*** Liable to retire by rotation
6.	**Nazim Sheikh** ***Age:*** 68 years ***Date of birth:*** April 11, 1954 ***Address:*** C2 Redifice Ambrosia, Millers 1st Cross, Prestige Super Market, Khadriya Mosque, Benson Town, Bengaluru – 560 046, Karnataka, India ***Occupation:*** Retired ***DIN:*** 00064275 ***Nationality:*** Indian	***Designation:*** Non-Executive Independent Director ***Current Term:*** Period of five years with effect from November 3, 2020 until November 2, 2025
7.	**Sonu Chadha** ***Age:*** 52 years ***Date of birth:*** January 14, 1971 ***Address:*** 401, Aziza, The Verandas, Gold Course Road, Sector – 54, Gurugram – 122 011, Haryana, India ***Occupation:*** Business ***DIN:*** 00129923 ***Nationality:*** Indian	***Designation:*** Non-Executive Independent Director ***Current Term:*** Period of five years with effect from August 13, 2019 until August 12, 2024

Relationship between our Directors

None of our Directors are related to each other.

Brief Biographies of our Directors

Parmod Sagar is the Managing Director and Chief Executive Officer of our Company.

Vijay Sharma is the Chairman and Non-Executive Independent Director of our Company. He holds a bachelor of technology degree in metallurgical engineering from the Indian Institute of Technology, Kharagpur, a postgraduate course of studies in business management from Xavier Labour Relations Institute, Jamshedpur and holds a degree of doctor of philosophy under the faculty of mechanical engineering from the Anna University Chennai.

Gustavo Lucio Goncalves Franco is a Non-Executive Non-Independent Director in our Company.

Erwin Jankovits is a Non-Executive Non-Independent Director in our Company.

Ticiana Kobel is a Non-Executive Non-Independent Director our Company. She has over 18 years of professional experience and was previously a member of the legal department of Adecco management & consulting SA, served as a general counsel and company secretary to SR Technics Switzerland Ltd. and was also the general counsel for the Buhler Group. She is currently the EVP Legal & Purchasing & Communications in RHI Magnesita Tarding B.V.

Nazim Sheikh is a Non-Executive Independent Director in our Company. He holds a bachelor of engineering degree in metallurgy from the University of Mysore. He was previously the managing director of Sandur Manganese & Iron Ores Limited where he provided his services for over 44 years.

Sonu Chadha is a Non-Executive Independent Director in our Company.

Borrowing Powers of our Board

Pursuant to a resolution passed by the Board on February 13, 2023 and special resolution passed by the Shareholders on March 13, 2023 and in accordance with provisions of the Companies Act, 2013, the Board has been authorized to borrow, for and on behalf of our Company, from time to time, any sum or sums of monies in Indian Rupees or its equivalent foreign currency (including non-fund based facilities) at its discretion for the purpose of the business of our Company, from any one or more banks and/ or financial institutions and/or any other lending institutions in India or abroad and/or bodies corporate, whether by way of cash credit, advance, loans or bill discounting, issue of non-convertible debentures / fully and/or partly convertible debentures with or without detachable or non-detachable warrants or warrants of any other kind, bonds, external commercial borrowings or other debt instruments, or otherwise and with or without security and upon such terms and conditions as may be considered suitable by the Board, provided that the monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained or to be obtained from the bankers of the company in the ordinary course of business) shall not at any time exceed the limit of ₹50,000 million (Rupees Fifty Thousand Million) or the aggregate of the paid-up capital, free reserves and securities premium account of our Company, whichever is higher.

Terms of Appointment and Remuneration of our Whole-time Directors

Parmod Sagar, Managing Director and Chief Executive Officer

Parmod Sagar was re-appointed as a Managing Director and Chief Executive Officer of our Company pursuant to a resolution of our Board dated August 10, 2022 and a resolution of our Shareholders dated September 26, 2022. The terms of his appointment and the details of his remuneration are stated in the table below:

Category	Remuneration
Basic salary	₹1.20 million per month with such increments as may be decided by the Board from time to time in the scale of ₹1.20 million to ₹2.10 million per month. First increment shall be due from January 1, 2023.
Perquisites, Allowances, Retirals & Other Benefits, Reimbursements and Earned Leave	As per the Company's policy and/or as may be recommended by the Nomination and Remuneration Committee and approved by the Board from time to time, subject to a maximum of 150% (one hundred fifty percent) of the basic salary.
Performance Linked Incentive/Bonus	As per the Company's policy and/or as may be recommended by the Nomination and Remuneration Committee and approved by the Board, subject to a maximum of 80% of gross salary (basic plus perquisites, allowances & retirals plus benefits)
Benefit of Long-Term Incentive Plan	In recognition of the seniority of his role within our Company, he would be eligible for the long-term incentive plan of the holding company, as may be applicable from time to time.
Sitting fees	Sitting fees for attending meetings of the Board of Directors and/or any Committee(s) of the Board is not payable to him.
Termination	The appointment of Managing Director and Chief Executive Officer may be terminated by

Category	Remuneration
	either party giving to the other 6 (six) calendar months' notice in writing. In the event of termination of appointment of the Managing Director of the company, he shall be entitled to receive compensation in accordance with the provisions of Section 202 of the Companies Act, 2013.
Ceiling on Remuneration	Pursuant to Schedule V and other applicable provisions of the Companies Act, 2013, if any, and subject to such approvals as may be necessary, wherein in any financial year during the tenure of his service, the Company has no profits or its profits are inadequate, the company shall pay to Parmod Sagar, remuneration by way of salary, perquisites and other terms as specified in schedule V of the Companies Act, 2013, as minimum remuneration.

The details of the remuneration (including salaries, commission and perquisites) of our Executive Director for the nine months ended December 31, 2022 and Fiscals 2022, 2021 and 2020 are set forth in the table below:

(*₹ in millions*)

S. No.	Name of the Director	Nine months ended December 31, 2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
1.	Parmod Sagar	23.08	33.82	35.19	27.86

Remuneration of Independent Directors

Pursuant to the resolution of the Board dated June 25, 2021, our Independent Directors are entitled to receive sitting fees of ₹0.1 million for every Board meeting attended by them and those who are members of the audit committee are entitled to receive ₹0.05 million for every audit committee meeting attended by them. in the following manner:

The details of the remuneration (which includes sitting fees and commission) of the Independent Directors for the nine months period ended December 31, 2022 and for Fiscals 2022, 2021 and 2020 are set forth in the table below:

(*₹ in millions*)

S. No.	Name of the Director	Nine months ended December 31, 2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
1.	Vijay Sharma	0.73	0.68	0.40	0.50
2.	Sonu Chadha	0.65	0.68	0.40	0.30
3.	Nazim Sheikh	0.65	0.68	0.18	-

Shareholding of Directors in our Company

Other than as stated below, none of our Directors hold any Equity Shares in our Company as of the date of filing of this Preliminary Placement Document:

S. No.	Name of the Director	Number of Equity Shares held	Percentage of the pre-Issue issued and paid-up Equity Share capital
1.	Parmod Sagar	13,698	Negligible

Interest of Directors

Our Directors may be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, out of the present Issue in terms of this Preliminary Placement Document. For details of the Equity Shares held by our Directors, please refer to "– *Shareholding of Directors in our Company*" above. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefit arising out of such holding.

Our Directors may also be deemed to be interested to the extent of their remuneration, reimbursement of expenses, perquisites and other benefits to which they are entitled as per their terms of appointment. Our Independent Directors may also be deemed to be interested to the extent of sitting fees and commission payable to them for attending meetings of the Board or committees thereof as well as to the extent of remuneration and other reimbursement of expenses payable to them.

Our Executive Director may also be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. No payments have been made to them in respect of any such contracts, agreements or arrangements, or are proposed to be made with them. Further, our Company has neither availed of any loans from, nor extended any loans to our Directors, which are currently outstanding.

Related Party Transactions

For details in relation to the related party transactions entered into by the Directors with our Company during the last three Fiscals immediately preceding the year of circulation of this Preliminary Placement Document, please see "*Related Party Transactions*" on page 47.

Corporate Governance

Our Board presently consists of seven Directors. In compliance with the requirements of the SEBI Listing Regulations, there are three Independent Directors on our Board, including two women Directors.

We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and other applicable SEBI Regulations in respect of corporate governance, including constitution of the Board and committees thereof. Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility Committee; and (v) Risk Management Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

S. No.	Committee	Name and Designation of Members
1.	Audit Committee	i. Vijay Sharma (Chairperson); ii. Nazim Sheikh (Member); iii. Sonu Chadha (Member); and iv. Gustavo Lucio Goncalves Franco (Member).
2.	Nomination and Remuneration Committee	i. Nazim Sheikh (Chairperson); ii. Vijay Sharma (Member); and iii. Erwin Jankovits (Member).
3.	Stakeholders' Relationship Committee	i. Sonu Chadha (Chairperson); ii. Gustavo Lucio Goncalves Franco (Member); and iii. Parmod Sagar (Member).
4.	Corporate Social Responsibility Committee	i. Sonu Chadha (Chairperson); ii. Erwin Jankovits (Member); and iii. Parmod Sagar (Member).
5.	Risk Management Committee	i. Vijay Sharma (Chairperson); ii. Gustavo Lucio Goncalves Franco (Member); and iii. Parmod Sagar (Member).

Senior Management

The details of the Senior Management of our Company as per the SEBI ICDR Regulations are given below:

S. No.	Name of Senior Management	Designation
1.	Jyotirmoy Bhattacharjee	Head Sales Steel

S. No.	Name of Senior Management	Designation
2.	Eduardo Passos Nogueira de Matos	Head Sales Steel, West Asia & Africa, Magnesita Refractories Middle East FZE
3.	Bruno Carvalho Giunzioni	Head Sales Industrial, Magnesita Refractories Middle East FZE
4.	Thomas Mathew	Head Marketing & Solutions
5.	Abhishek Sharma	Chief Operating Officer, Dalmia OCL Limited
6.	Vijaya Gupta	Chief Financial Officer
7.	K. T. Rao	Head People & Culture, Dalmia OCL Limited
8.	Narendra Kumar Mishra	Head R&D
9.	Mayank Kulshreshtha	Head Supply Chain, Procurement & Commercial, Dalmia OCL Limited
10.	Sanat Ganguli	Head Business Development, Dalmia OCL Limited
11.	Abhijit Borah	Head, Communications
12.	Sanjay Kumar	Company Secretary

None of the Senior Management are related to our Directors or each other.

Except for Abhishek Sharma, K T Rao, Mayank Kulshreshtha and Sanat Ganguli, who are employees of our Subsidiary, Dalmia OCL Limited, and Eduardo Passos Nogueira de Matos and Bruno Carvalho Giunzioni, who are employees of Magnesita Refractories Middle East FZE, all our Senior Management are permanent employees of our Company.

Shareholding of Senior Management

Except as disclosed below, none of the Senior Management hold any Equity Shares as on the date of this Preliminary Placement Document:

S. No.	Name of Senior Management	Number of Equity Shares held	Percentage of the issued and paid-up Equity Share capital (in %)
1.	Thomas Mathew	100	Negligible
2.	Abhishek Sharma	100	Negligible
3.	Narendra Mishra	100	Negligible

Interests of Senior Management

Our Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and the reimbursement of expenses incurred by them during the ordinary course of business.

Our Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, to the extent of any Equity Shares held by them.

Except as provided in "*Related Party Transactions*" on page 47, our Senior Management do not have any interest in our Company.

Other Confirmations

Except as otherwise stated above in "*– Interest of our Directors*" and "*– Interest of Senior Management*", none of our Directors, Promoters or Senior Management has any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interest of other persons.

Neither our Company, nor any of our Directors or Promoters have been identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrower as defined under the SEBI ICDR Regulations.

Neither our Company, nor any of our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI. Further, none of our Promoters or Directors are a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of the Directors, Promoters or Senior Management of our Company intends to subscribe to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of internal procedures and conduct for the fair disclosure of unpublished price sensitive information and the prevention of insider trading. In compliance with the same, our Company has adopted a code of conduct for prevention of insider trading, as approved by our Board on May 15, 2015, which lays down the procedure for preserving the confidentiality of unpublished price sensitive information and preventing misuse of such information. Our Company Secretary acts as the compliance officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

The following tables present information regarding the ownership of Equity Shares by the Shareholders as of January 5, 2023:

Table I - Summary Statement holding of specified securities:

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	3	113,002,465	113,002,465	60.11	113,002,465	61.15	113,002,465
(B) Public	70,522	74,993,866	74,993,866	39.89	71,796,106	38.85	74,142,767
(C1) Shares underlying DRs	0	0	0	0	0	0	0
(C2) Shares held by Employee Trust	0	0	0	0	0	0	0
(C) Non Promoter - Non Public	0	0	0	0	0	0	0
Grand Total	**70,525**	**187,996,331**	**187,996,331**	**100.00**	**184,798,571**	**100.00**	**187,145,232**

Note: C=C1+C2
Grand Total=A+B+C

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group:

	Category of shareholder	Entity type	No. of shareholders	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A + B + C2)	Number of Voting Rights held in each class of securities		No. of locked in shares		No. of equity shares held in dematerialized form
							No.(a)	As a % of total Shares held(b)	Class e.g.: X	Total	
A1)	Indian					0		0		0	
A2)	Foreign					0		0		0	
	Any Other (specify)		3	113,002,465	113,002,465	60.11	113,002,465	61.15		0	113,002,465
	DUTCH US HOLDING BV	Promoter	1	79,877,771	79,877,771	42.49	79,877,771	43.22		0	79,877,771
	DUTCH BRASIL HOLDING B.V.	Promoter	1	20,620,887	20,620,887	10.97	20,620,887	11.16		0	20,620,887
	VRD AMERICAS B.V.	Promoter	1	12,503,807	12,503,807	6.65	12,503,807	6.77		0	12,503,807

	Category of shareholder	Entity type	No. of shareholders	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A + B + C2)	Number of Voting Rights held in each class of securities		No. of locked in shares		No. of equity shares held in dematerialized form
							No.(a)	As a % of total Shares held(b)	Class e.g.: X	Total	
	Sub-total (A)(2)		3	113,002,465	113,002,465	60.11	113,002,465	61.15		0	113,002,465
	A = A1 + A2		3	113,002,465	113,002,465	60.11	113,002,465	61.15		0	113,002,465

Table III - Statement showing shareholding pattern of the Public shareholder:

Category and Name of the shareholders	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of locked in shares		No. of equity shares held in dematerialized form (Not Applicable)
							No.(a)	As a % of total Shares held(b)	
B1) Institutions (Domestic)	0	0		0		0		0	
Mutual Funds	17	13,142,521	13,142,521	6.99	13,142,521	7.11		0	13,142,521
HSBC INFRASTRUCTURE FUND	1	3,613,119	3,613,119	1.92	3,613,119	1.96		0	3,613,119
AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AX	1	4,448,231	4,448,231	2.37	4,448,231	2.41		0	4,448,231
Alternate Investment Funds	9	131,048	131,048	0.07	131,048	0.07		0	131,048
Banks	3	7,000	7,000	0	7,000	0		0	2,000
Insurance companies	2	705,694	705,694	0.38	705,694	0.38		0	705,694
NBFCs registered with RBI	1	25,000	25,000	0.01	25,000	0.01		0	25,000
Sub Total B1	32	14,011,263	14,011,263	7.45	14,011,263	7.58		0	14,006,263
B2) Institutions (Foreign)	0	0		0		0		0	
Foreign Portfolio Investors Category I	74	4,486,169	4,486,169	2.39	4,486,169	2.43		0	4,486,169

Category and Name of the shareholders	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of locked in shares		No. of equity shares held in dematerialized form (Not Applicable)
							No.(a)	As a % of total Shares held(b)	
Foreign Portfolio Investors Category II	9	109,319	109,319	0.06	109,319	0.06		0	109,319
Sub Total B2	83	4,595,488	4,595,488	2.44	4,595,488	2.49		0	4,595,488
B3) Central Government / State Government(s) / President of India	0	0		0		0		0	
B4) Non-Institutions	0	0		0		0		0	
Directors and their relatives (excluding independent directors and nominee directors)	4	1,399,306	1,399,306	0.74	1,399,306	0.76		0	1,399,306
Investor Education and Protection Fund (IEPF)	1	3,197,760	3,197,760	1.70		0		0	3,197,760
Resident Individuals holding nominal share capital up to Rs. 2 lacs	66,116	18,162,292	18,162,292	9.66	18,162,292	9.83		0	17,316,957
Resident Individuals holding nominal share capital in excess of Rs. 2 lacs	3	1,639,489	1,639,489	0.87	1,639,489	0.89		0	1,639,489
Non-Resident Indians (NRIs)	1,982	1,780,396	1,780,396	0.95	1,780,396	0.96		0	1,779,872
Bodies Corporate	944	29,255,151	29,255,151	15.56	29,255,151	15.83	27,000,000	92.29	29,254,911
Any Other (Specify)	1,357	952,721	952,721	0.51	952,721	0.52		0	952,721
Sub Total B4	70,407	56,387,115	56,387,115	29.99	53,189,355	28.78	27,000,000	47.88	55,541,016
B = B1 + B2 + B3 + B4	70,522	74,993,866	74,993,866	39.89	71,796,106	38.85	27,000,000	36.00	74,142,767

Notes:
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares.

(3) With respect to the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

Table IV - Statement showing shareholding pattern of the Non Promoter – Non Public Shareholder

Category and Name of the Shareholders (I)	No. of shareholders (III)	No. of fully paid-up equity shares held (IV)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 as a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (XIV) (Not Applicable)
C1) Custodian / DR Holder	0	0		0	
C2) Employee Benefit Trust	0	0		0	
C = C1 + C2	**0**	**0**		**0**	

Notes:
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares.
(3) With respect to the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the BRLM. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the BRLM and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 161 and 168, respectively.

Our Company, the BRLM and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and other applicable provisions of the Companies Act, our Company may issue equity shares to Eligible QIBs provided that certain conditions are met by our Company. Some of these conditions are set out below:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must *inter alia* specify that, (a) the allotment of the Equity Shares is proposed to be made pursuant to the QIP, and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of Issue, the contribution made by the Promoters or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the Issue or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on Stock Exchanges for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to seek approval of our Shareholders for the above-mentioned special resolution;

- invitation to apply in the Issue must be made through a private placement offer-cum-application form, serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer made, except as permitted under the Companies Act, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed under the Companies Act;

- our Company shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document), our Company must prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;

- in accordance with the SEBI ICDR Regulations, the Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited; and

- our Promoters and Directors are not Fugitive Economic Offenders.

At least 10.00% of the Equity Shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise their Bids downwards after the Bid / Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of up to 5.00% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated February 13, 2023, and our Shareholders by way of a special resolution passed on March 13, 2023, have authorised our Board to decide the quantum of discount of up to 5.00% of the Floor Price at the time of determination of the Issue Price.

The "Relevant Date" referred to above means the date of the meeting in which the Board or a duly authorized committee decides to open the Issue and "Stock Exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving the Issue, being March 13, 2023, and also within 60 days from the date of receipt of Bid Amount from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500 million; and
- five, where the issue size is greater than ₹2,500 million.

No single Allottee shall be Allotted more than 50.00% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*—Bid Process—Application Form*" on page 152.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on February 13, 2023, and our Shareholders by way of a special resolution passed on March 13, 2023.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to U.S. QIBs in transactions exempt from the registration requirements of the U.S. Securities Act and (ii) outside the United States in "offshore transactions", in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For a description of certain restrictions on transfer of the Equity Shares, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 161 and 168, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Bid / Issue Opening Date, our Company and the BRLM shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with the RoC within the stipulated time period as required under the Companies Act and the PAS Rules.

2. The list of Eligible QIBs to whom this Preliminary Placement Document and the Application Form is delivered shall be determined by our Company in consultation with the BRLM. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid / Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Accounts, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Accounts along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Accounts, on behalf of the Eligible QIB is authorised to do so.

4. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Accounts specified in the application form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid / Issue Period to the BRLM.

5. Bidders will be required to indicate the following in the Application Form:

- a representation that it is either (i) outside the United States acquiring the Equity Shares in an "offshore transaction", as defined in, and in reliance on Regulation S, or (ii) a U.S. QIB, and it has agreed to certain other representations set forth in the "*Representations by Investors*" on page 4 and "*Purchaser Representations and Transfer Restrictions*" on page 168 and certain other representations set forth in the Application Form;

- full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

- Equity Shares held by the Bidder in our Company prior to the Issue;

- details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue; and

- it has agreed to certain other representations set forth in the Application Form and this Preliminary Placement Document.

NOTE**:** *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

6. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Accounts opened in the names of "HSBC-RHI MAGNESITA-QIP ESCROW ACCOUNT" and "RHI MAGNESITA INDIA LIMITED-QIP-Escrow Account" with the Escrow Agents, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until

Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid / Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "- *Refunds*" on page 157.

7. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount is transferred to the Escrow Accounts, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Accounts along with the submission of such revised Bid. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

8. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Accounts, on or before the Bid / Issue Closing Date, our Company shall, in consultation with BRLM determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the BRLM on behalf of our Company will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Accounts, on behalf of the Eligible QIB is authorised to do so. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the BRLM.**

9. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it.

10. Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

11. Upon determination of the Issue Price and issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the BRLM, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

12. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

13. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

14. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

15. Our Company will then apply for the final trading approvals from the Stock Exchanges.

16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

17. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the BRLM shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

18. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for, through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "- *Refunds*" on page 157.

Eligible QIBs

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds, VCFs, AIFs, each registered with SEBI;
- Pension funds with minimum corpus of ₹250 million;
- provident funds with minimum corpus of ₹250 million;
- public financial institutions as defined under Section 2(72) of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies; and
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005, of the Government published in the Gazette of India.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE

FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) should not exceed 10.00% of post-Issue Equity Share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Further, in terms of the FEMA Rules, the total holding of each FPI or an investor group shall be below 10.00% of the post-issue total paid-up Equity Share capital of our Company on a fully diluted basis.

Further, with effect from April 1, 2020, the limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to our Company, currently being 100.00% under the automatic route. As of January 5, 2023, the aggregate FPI shareholding in our Company is 2.45% of our Company's paid-up Equity Share capital on a fully diluted basis. For further details, see "*Shareholding Pattern of our Company*" on page 141.

In case the holding of an FPI including its investor group increases to 10.00% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per the procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. As per the circular issued by SEBI dated November 5, 2019 (circular no. IMD/FPI&C/CIR/P/2019/124), these investment restrictions shall also apply to subscribers of Offshore Derivative Instruments. Two or more subscribers of Offshore Derivative Instruments having a common beneficial owner shall be considered together as a single subscriber of the Offshore Derivative Instruments. In the event an investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI and Offshore Derivative Instruments investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3.00% below the overall limit a red flag shall be activated. The designated depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars / public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on page 161 and 168, respectively.

Please note that participation by non-residents in the Issue is restricted to participation by FPIs under Schedule II of the FEMA Rules, in the Issue subject to limit of the individual holding of an FPI below 10.00% of the post-Issue paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding 100.00% (sectoral limit of the sector in which our Company operates) of the paid-up capital of our Company. Other non-residents such as FVCIs are not permitted to participate in the Issue.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being our Promoters, or any person related to, the Promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the BRLM and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the BRLM who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the BRLM in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made all the following representations and warranties, acknowledgements and undertakings, and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 4, 161 and 168, respectively:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or members of the Promoter Group or persons related to the Promoters;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee

director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters;

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. The Bidder confirms that in the event it is resident outside India, it is not an FVCI;

9. Each Eligible QIB confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

10. Each Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Accounts, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date;

11. Each Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLM. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

12. Each Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLM.

13. Each Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50.00% of the Issue. For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

14. Each Eligible QIB acknowledges that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

15. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

16. Each Eligible QIB acknowledges, represents and agrees that its total voting rights in our Company does not exceed 10.00% of the total issued share capital of our Company.

17. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) in our Company does not exceed 10.00% of the post-Issue paid-up capital of our Company on a fully diluted basis.

18. Each Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

19. The Eligible QIB confirms that:

    a. If it is outside the United States, it is subscribing to the Equity Shares in an "offshore transaction", as defined in, and in reliance on Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate; or

    b. If it is within the United States, it is a U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the definition and requirement of a U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN (IF APPLICABLE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BRLM, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLM TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLM, ESCROW AGENTS OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID / ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form, whether signed or not, and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the BRLM) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount shall be deposited in the Escrow Accounts as is specified in the Application Form and the Application Form shall be submitted to the BRLM either through electronic form or through physical delivery at the following address(s):

Name	Address	Contact Person	Email	Phone (Telephone)
HSBC Securities and Capital Markets (India) Private Limited	52/60, Mahatma Gandhi Road, Fort, Mumbai 400001, Maharashtra, India	Rishi Tiwari / Sumant Sharma	E-mail: rhimagnesitaindiaqip@hsbc.co.in	Tel: +91 22 6864 1289

The BRLM shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the duly completed Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the Escrow Accounts in the names of "HSBC-RHI MAGNESITA-QIP ESCROW ACCOUNT" and "RHI MAGNESITA INDIA LIMITED-QIP-Escrow Account" with the Escrow Agents, in terms of the Escrow Agreements. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Accounts, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "HSBC-RHI MAGNESITA-QIP ESCROW ACCOUNT" and "RHI MAGNESITA INDIA LIMITED-QIP-Escrow Account" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "- *Refunds*" on page 157.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company may offer a discount of not more than 5.00% of the Floor Price in accordance with the approval of our Shareholders, accorded by way of a special resolution passed on March 13, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations. Our Company, in consultation with the BRLM, shall determine the Issue Price, which shall be at or above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board or a duly authorized committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Build up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLM. Such Bids cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. The book shall be maintained by the BRLM.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLM on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, Company in consultation with BRLM has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLM IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLM AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLM ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLM, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the details of amount to be refunded, if any, probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLM.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Accounts shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5.00% of the Equity Shares offered in the Issue, namely, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid / Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN. In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12.00% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Accounts shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC, whichever is later.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the Income Tax Act, 1961. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the BRLM, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLM in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "- *Bid Process*" and "- *Refunds*" on pages 152 and 157, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLM shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

Placement

The BRLM has entered into the Placement Agreement with our Company, pursuant to which the BRLM has agreed to manage the Issue and to act as placement agent in connection with the proposed Issue and, subject to certain conditions procure subscription for the Equity Shares to be issued pursuant to the Issue, on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The BRLM and its affiliates may engage in transactions with and perform services for our Company and our Subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and our Subsidiaries or affiliates, for which they would have received compensation and may in the future receive compensation.

Affiliates of the BRLM which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. See "*Offshore Derivative Instruments*" and "*Representations by Investors*" on pages 10 and 4, respectively.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold within the United States, except pursuant to an effective registration statement or an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered or sold only (i) outside the United States in "offshore transactions", as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur and (ii) to U.S. QIBs in transactions not subject to the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Relationship with the Book Running Lead Manager

Affiliates of the Book Running Lead Manager may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of Offshore Derivative Instruments. Please see "*Offshore Derivative Instruments*" on page 10. From time to time, the Book Running Lead Manager, and its affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, our Subsidiaries, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and its respective affiliates and associates. For further details, see "*Use of Proceeds*" on page 74.

Lock-up

Our Company shall not: (a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any equity shares, or any securities convertible into or exercisable or exchangeable for equity share; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of equity shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of equity shares, or such other securities, in cash or otherwise, for a period up to 90 days after the Closing Date without the prior written consent of the BRLM, however, the foregoing restriction shall not be applicable to the (i) the issuance of the Issue Shares pursuant to the Issue; (ii) preferential issuance of Equity Shares or any other securities to the Promoters of the Company; (iii) a bonus issue; and (iv) any transaction required by law or an order of a court of law or a statutory authority. Further, subject to approval of our Board and the Shareholders of our Company, our Company may undertake a preferential issue of its Equity Shares for an amount aggregating up to ₹2,000 million to its promoter entities.

Further, our Promoters have undertaken that they shall not, without the prior written consent of the BRLM, announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, for a period of 90 days from the date of the Placement Document (both dates inclusive) directly or indirectly: (1) offer, issue, pledge, sell, encumber, contract to sell or announce the intention to sell, lend, purchase any option or contract to sell, grant or sell any option, right, contract or warrant to purchase, lend, make any short sale or otherwise transfer or dispose of any lock-up shares or any other securities of our Company substantially similar to the shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive lock-up shares, whether now owned or hereinafter acquired; (2) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the lock-up shares and the securities that are convertible into, exercisable or exchangeable for lock-up shares, whether now owned or hereinafter acquired; (3) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the shares in any depository receipt facility, or (4) publicly announce its intention to enter into the transactions referred to in (1) to (3) above. Provided, however, that none of the foregoing restrictions shall apply in relation to the preferential issue of Equity Shares or any other securities to the Promoters of the Company, in one or more tranches, for an amount of up to ₹2,000 million.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Purchaser Representations and Transfer Restrictions*" on page 168.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "**Corporations Act**");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors ("**Exempt Investors**"), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within

12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Preliminary Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, the Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

British Virgin Islands

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on our behalf. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a "**BVI Company**"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This Preliminary Placement Document has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered document has been or will be prepared in respect of the Equity Shares for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

People's Republic of China

This Preliminary Placement Document does not constitute a public offer of the Equity Shares, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Placement Agent for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Company or Placement Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO.

No advertisement, invitation or document relating to the Equity Shares has been or will be issued for the purposes of the issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree is not a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made.

If an offeree is a Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made. To subscribe to the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Kuwait

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Preliminary Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets

Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Preliminary Placement Document is subject to Malaysian laws. This Preliminary Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Preliminary Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Preliminary Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Preliminary Placement Document, each investor represents and warrants that if they receive this Preliminary Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Preliminary Placement Document to any person who is not also a Habitual Investor.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Sultanate of Oman

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Preliminary Placement Document will not take place inside Oman. The Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Preliminary Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Preliminary Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Preliminary Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Equity Shares, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, of Singapore as modified and amended from time to time (the "**SFA**")), (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i). a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii). a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

- where no consideration is or will be given for the transfer;

- where the transfer is by operation of law;

- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the offering, our Company or the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

Saudi Arabia

This Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of this Preliminary Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

Dubai International Financial Centre

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/ or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document you should consult an authorized financial advisor. In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the BRLMs for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA provided that no such offer of the Equity Shares shall require the Issuer or any Placement Agent to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

United States

See "*Purchaser Representations and Transfer Restrictions*" of this Preliminary Placement Document.

Other Jurisdictions

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Preliminary Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsels prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the BSE or the NSE. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 161.

Purchaser Representations and Transfer Restrictions for Purchasers within the United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

If you purchase the Equity Shares offered in the United States, by accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Placement Agent as follows:

- You (A) are U.S. QIB and (B) are aware that the sale of the Equity Shares to you is being made pursuant to an available exemption from the registration requirements of the U.S. Securities Act and (C) are acquiring such Equity Shares for your own account or for the account of a U.S. QIB.

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who is a U.S. QIB, (ii) in an "offshore transaction", as defined in, and in reliance on, Regulation S, (iii) pursuant to and in accordance with Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction in which such offers or sales are made.

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you/ it, nor any of your/ its affiliates, nor any person acting on your/ its behalf, will make any "general solicitation" or "general advertising" within the meaning of Regulation D under the U.S. Securities Act, with respect to the Equity Shares. You/ it acknowledge and agree that you/ it is not purchasing any Equity Shares as a result of any "general solicitation" or "general advertising".

- The Equity Shares offered and sold in the United States are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares.

- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act.

- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Placement Agent) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company only) the information contained in this Preliminary Placement Document, as it may be supplemented.

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for you are subscribing to the Equity Shares for (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Placement Agent or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution.

- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.

- You acknowledge that if at any time its representations cease to be true, you agree to resell the Equity Shares at our Company's request.

- You have been provided access to this Preliminary Placement Document which you have read in its entirety.

- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Placement Agent, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions will not be recognized by us.

Purchaser Representations and Transfer Restrictions for Purchasers outside the United States

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of us or the Placement Agent and their respective affiliates shall have any responsibility in this regard.

- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States, and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and you customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States, and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (ii) in an "offshore transaction" in compliance with Rule 903 or Rule 904 of Regulation S, as applicable, (iii) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (iv) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction.

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any "directed selling efforts".

- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Placement Agent) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company) the information contained in this Preliminary Placement Document, as may be supplemented.

- You acknowledge and agree (or if you're a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Placement Agent, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions, will not be recognized by us.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the BRLM or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Rules, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by the SEBI and the stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to ensure a minimum public shareholding at 25.00%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25.00% at any time, such company is required to bring the public shareholding to 25.00% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time / price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"). The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, employees and directors, with respect to their shareholding in the company, and the changes therein. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Insider Trading Regulations prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles and the Companies Act. Bidders are urged to read the Memorandum and Articles carefully, and consult with their advisers, as the Memorandum and Articles and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹308,000,000 divided into 308,000,000 Equity Shares having a face value of ₹1 each. For further details please see "*Capital Structure*" on page 79.

Dividends

Under Companies Act, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each Fiscal. Subject to certain conditions laid down by Section 123 of the Companies Act, no dividend can be declared or paid by a company for any Fiscal except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous Fiscal(s) arrived in a manner laid down by the Companies Act and remaining undistributed or out of both or out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government.

Further, as per the Companies Act read with the Companies (Declaration and Payment of Dividend) Rules, 2014, in the event of inadequacy or absence of profits in any year, a company may declare dividend out of free reserves, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this shall not apply to a company, which has not declared any dividend in each of the three preceding financial years (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves of the company as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15.00% of the company's paid up share capital as per the most recent audited financial statement of the company.

Our Board may retain any dividends on which our Company may have a lien and may apply the same towards the satisfaction of the debts or liabilities or engagement in respect of which the lien exists. No member shall be entitled to receive payment of interest and dividend in respect of his Equity Shares while any money may be due or owing from him to our Company and our Board may deduct from any dividend payable to any member all sums of money, if any, payable by him to our Company on account of calls in relation to the Equity Shares of our Company or otherwise. A transfer of Equity Shares shall not pass the right to any dividend declared therein before the registration of the transfer unless the registered holder of the Equity Shares authorises our Company to pay the dividend to the transferee.

According to the Articles of Association, dividends may be paid to the members according to their respective rights but the amount of dividend shall not exceed the amount recommended by our Board of Directors.

Unclaimed and unpaid dividend shall not be forfeited by our Company before the claim becomes barred under the applicable laws. Subject to applicable provisions of the Companies Act, if our Company has declared a dividend but which has not been paid or claimed or dividend warrant or such other instrument has not been posted within 30 days from the date of declaration to any member entitled to the payment of the dividend, our Company shall within seven days from the date of the expiry of the aforesaid 30 days period transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened in that behalf in any scheduled bank called "Unpaid Dividend of RHI Magnesita India Limited" account.

The Equity Shares issued pursuant to this Preliminary Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the

Companies Act permits the board of directors of a company subject to approval of shareholders in a general meeting to issue fully paid up bonus shares to its members out of (a) the free reserves of the company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalise its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorised by articles, (b) it has been, on the recommendation of the board of directors, been authorised by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues such as contribution to provident fund, gratuity and bonus, and (e) there are no partly paid-up shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to the SEBI ICDR Regulations.

Our Company may by a resolution passed in a general meeting of the Shareholders, upon a recommendation by the Board, resolve to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the statement of profit and loss and that such sum be available for distribution amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions. The aforesaid sum shall not be paid in cash but shall be applied on behalf of such shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Company to be allotted and distributed, credited as fully paid up in the proportion aforesaid, provided that a share premium account and a capital redemption reserve fund may, be applied in the paying up of any unissued shares to be issued to members of our Company as fully paid bonus shares.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between two AGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM *suo motu* when it deems fit.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95.00% of the shareholders entitled to vote. Further, a general meeting, other than an annual general meeting may be called after giving a shorter notice if consent is received, by the majority in number of shareholders of the company who are entitled to vote and who represent not less than 95.00% of the paid up share capital of the company. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with, unless exempted by appropriate authority.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum of Association, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, every member holding shares is entitled to vote through e-voting process. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. The Chairman of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Directors

The Articles of Association provide that the number of Directors on the Board shall not be less than three and not more than 15. The Articles of Association also permit our Directors to appoint any other person as a director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number of 15, as fixed under the Articles of Association. However, any director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated, but shall be eligible for re-election at such meeting.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act and any related SEBI guidelines issued in connection therewith.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository. For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Liquidation Rights

In the event of our winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. The liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

Certificate on statement of tax benefits

To,

The Board of Directors
RHI Magnesita India Limited
301, 316-17, Tower B
EMAAR Digital Greens
Golf Course Road Extension
Sector - 61, Gurugram 122 011
Haryana, India

HSBC Securities and Capital Markets (India) Private Limited
52/60 Mahatma Gandhi Road
Fort, Mumbai 400 001
Maharashtra, India
("**HSBC**")

(HSBC is referred to as the "**Book Running Lead Manager**" or "**BRLM**")

Dear Madam(s) / Sir(s),

Sub: Qualified Institutions Placement of equity shares of face value ₹ 1 each ("Equity Shares") (such placement, the "Issue") by RHI Magnesita India Limited (the "Company")

1. We, S K Patodia & Associates, Chartered Accountants, (Firm Registration Number: 112723W) hereby confirm that the enclosed **Annexure A** states the possible tax benefits available to the Company, its subsidiaries and to its shareholders (the "**Statement**"), under direct and indirect taxes (together, the "**Tax Laws**") presently in force in India. These possible special tax benefits are dependent on the Company, its subsidiaries and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company, its subsidiaries and its shareholders to derive these possible tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company, its subsidiaries and its shareholders may or may not choose to fulfil such conditions.

2. The benefits discussed in the enclosed **Annexure A** are not exhaustive and cover the possible special tax benefits available to the Company, its subsidiaries and its shareholders and do not cover any general tax benefits available to them. The Statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her or its own tax consultant with respect to the specific tax implications arising out of their participation in the proposed Issue, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither do we suggest nor do we advise the investors to invest money based on this Statement.

3. We do not express any opinion or provide any assurance as to whether:
   i) the Company, its subsidiaries and its shareholders will continue to obtain these possible special tax benefits in future; or

   ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with, or

   iii) the revenue authorities will concur with the views expressed herein.

4. The contents of the enclosed **Annexure A** are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

6. We confirm that the information in this certificate is true, accurate, complete and not misleading, and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

7. Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the preliminary placement document and placement document of the Company prepared in connection with the Issue to be filed with the stock exchanges on which the Equity Shares of the Company are listed (the "**Stock Exchanges**") and any other authority (together the "**Placement Documents**").

8. We consent to the inclusion of the above information in the Placement Documents to be filed by the Company with the stock exchanges on which the Equity Shares of the Company are listed (the "**Stock Exchanges**"), the Securities and Exchange Board of India, and the Registrar of Companies, Maharashtra at Mumbai, and any other authority and such other documents as may be prepared in connection with the Issue.

9. The aforesaid information herein has been provided at the request of the Company and may be relied upon by the BRLM and legal counsels appointed pursuant to the Issue and may be submitted to the Stock Exchanges, the Securities and Exchange Board of India, and any other regulatory or statutory authority in respect of the Issue and/or for the purpose of conducting due diligence and maintaining records by the BRLM in connection with the Issue and for any defense, the BRLM may advance in any claim or proceeding or any other matter in connection with the contents of the Placement Documents. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save as where expressly agreed by our prior consent in writing.

10. We undertake to immediately inform the BRLM and legal counsels in case of any changes to the above until the date when the Equity Shares pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

For **S K Patodia & Associates**
Chartered Accountants
Firm Registration Number: 112723W
Peer Review Certificate Number: 014150

Dhiraj Lalpuria
Partner
Membership Number: 146268
Place: Mumbai
Date: March 29, 2023
UDIN: 23146268BGVPMU6904

CC:

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ANNEXURE A

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO RHI MAGNESITA INDIA LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE INCOME TAX LAWS OF INDIA

Outlined below are certain possible special direct tax benefits available to the Company and its shareholders under the Income-Tax Act, 1961 as amended by the Finance Act, 2022 (hereinafter referred to as "**the Act**") read along with applicable Income-Tax Rules, Circulars and Notifications (hereafter referred to as 'Indian Income Tax Regulations'). These special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Act and the relevant Indian Income Tax Regulations.

A. Special tax benefits available to the Company

1. Beneficial corporate tax rate - Section 115BAA of the Act

Section 115BAA of the Act, introduced vide The Taxation Laws (Amendment) Act, 2019, lays down certain conditions on fulfilment of which domestic companies are entitled to avail a beneficial tax rate of 22% (plus applicable surcharge and cess). The option to apply this tax rate is made available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised shall apply to subsequent AYs. The beneficial tax regime is subject to a company not availing any of the following deductions / exemptions under the provisions of the Act:

- Section10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1)(iia): Additional depreciation;
- Section 32AC: Investment in New Plant & Machinery
- Section 32AD: Investment allowance.
- Section 33ABA: Site Restoration Fund
- Section 35(1)(ii) or (iia) or (iii)/35(2AA)/ 35(2AB): Expenditure on scientific research.
- Section 35AC: Expenditure on Eligible Projects or Schemes.
- Section 35AD: Deduction for capital expenditure incurred on specified businesses.
- Section 35CCC/35CCD: expenditure on agricultural extension /skill development.
- Chapter VI-A other than the provisions of Section 80JJAA and Section 80M.

The total income of a company availing the beneficial tax rate of 25.17% (i.e., 22% plus 10% surcharge and 4% health & education cess) is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives u/s 72A. A company can exercise the option to apply for the beneficial tax regime in its return of income filed under Section 139(1) of the Act. Further, provisions of Minimum Alternate Tax ('MAT') under Section 115JB of the Act shall not be applicable to companies availing this beneficial tax regime.

The provisions do not specify any limitation/condition on account of turnover, nature of business or date of incorporation for opting for the beneficial tax regime. Accordingly, all existing as well as new domestic companies are eligible to avail this beneficial tax regime.

The Company has opted for beneficial tax regime under Section 115BAA of the Act and therefore is eligible for a reduced effective tax rate of 25.17% (including applicable surcharge and health and education cess) subject to fulfilment of above conditions.

2. Deduction in respect of inter-corporate dividends – Section 80M of the Act

As per the provisions of Section 80M of the Act, inserted with effect from April 1, 2021, a domestic company shall be allowed to claim a deduction of dividend income earned from any other domestic company or a foreign company or a business trust. However, such deduction shall be restricted to the amount of dividend distributed by it to its shareholders on or before the due date i.e., one month prior to the date of furnishing the return of income under sub-section (1) of Section 139 of the Act.

3. Deductions in respect of employment of new employees – Section 80JJAA of the Act

As per Section 80JJAA of the Act, where a company is subject to tax audit under Section 44AB of the Act and derives income from business, it shall be allowed to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of Section 80JJAA of the Act.

4. Deduction of scientific expenditure incurred in respect of own business - Section 35(1)(iv) of the Act

As per the provisions of Section 35(1)(iv) of the Act, domestic companies are allowed deduction in respect of any expenditure of a capital nature on scientific research related to the business carried on by the assessee. The deduction is subject to the conditions prescribed in Section 35(2) of the Act.

5. Tax Relief to Amalgamating/Merged Company in case of Amalgamation/Merger – Section 47(vi) of the Act

As per the provisions of Section 47(vi) of the Act, capital gain arising from the transfer of assets by the amalgamating/merged companies to the Indian Amalgamated/Resulting Company is exempt from tax as such transfer will not be regarded as a transfer for the purpose of Capital Gain. Below mentioned two conditions must be satisfied:
a) the scheme of amalgamation/merger satisfies the conditions of Section 2(1B); and
b) the amalgamated/resulting company is an Indian Company.

6. Allotment of Shares in Amalgamated/Resulting Company to the Shareholders of Amalgamating/Merged Company - Section 47(vii) and Section 49(2)

Any transfer by a shareholder in a scheme of amalgamation/merger of shares held by him in the amalgamating/merged company shall not be regarded as transfer if:

a). transfer is made in consideration of allotment to him of shares in the amalgamated/merged company; and
b). amalgamated/resulting company is an Indian company.

Section 49(2)-provides that in above case the Cost of Shares of the amalgamating/merged company shall be cost of Shares to the amalgamated/resulting company.

7. Deduction under Section 35D of the Act

The Company is eligible for amortization of preliminary expenses being the expenditure on public issue of shares under Section 35D(2)(c)(iv) of the Act, subject to the limit specified in Section 35D(3) of the Act.

8. Capital Assets are Transferred as Stock in Trade in case of Amalgamation/Merger - Section 43C

When an asset [(not being an asset referred to in Section 45(2)] which has become the property of amalgamated/Resulting Company under scheme of amalgamation/merger, is sold as stock in trade then, in computing the profits and gains from the sale of assets, the cost of acquisition of the asset to the amalgamated/resulting company shall be the cost of acquisition of the asset to the amalgamating/merged company, as increased by the cost, if any, of any improvement made thereto and the expenditure incurred wholly and exclusively in connection with such transfer.

The provisions of Section 43C are applicable to the following cases of revaluation;

1. Where Stock-in-trade of the amalgamating/merged company is taken over at revalued price by the amalgamated/resulting company under scheme of amalgamation/merger;

2. Where a capital asset of the amalgamating/merged company is taken over as Stock-in trade by the amalgamated/merged company after revaluation under scheme of amalgamation/merger.

9. Allowability of expenditure relating to amalgamation/demerger (Section 35DD)

An Indian company will be allowed a deduction of 1/5th of the expenditure incurred for the purposes of amalgamation or demerger for five years from the year in which amalgamation/demerger takes place.

10. Depreciation in the year of amalgamation/demerger (Fifth proviso to Section 32(1))

Depreciation to amalgamated company and amalgamating company in the year of amalgamation and depreciation to demerged company and the resulting company in the year of demerger shall be apportioned in the ratio of the number of days for which the assets were used.

11. Carry forward of accumulated loss and/or unabsorbed depreciation (Section 72A)

Accumulated loss and unabsorbed depreciation of an amalgamating/merged company can be carried forward by the amalgamated/resulting company for set off against its profits; where -

Amalgamated/Resulting Company fulfils the following conditions –

a. It continuously holds 3/4th of the book value of the fixed assets acquired in a scheme of amalgamation/merger for at least five years from the date of amalgamation/merger.
b. It continues to carry on business of amalgamating/merged company for at least five years from the date of amalgamation/merger.
c. It achieves at least the level of 50% of the installed capacity before the end of 4 years from the date of amalgamation/merger and maintains that level till the 5th year.

Amalgamating/merged company has to fulfil the following conditions:

a. It was engaged in the business in which the accumulated loss has occurred or the unabsorbed depreciation remains unabsorbed for three or more years.

b. It has continuously held 3/4th of the book value of fixed assets held by it two years prior to amalgamation/merger.

12. Bad Debts - Section 36(1)(vii)

In order to Claim deduction u/s 36(1)(vii), one must keep in view the following points:

a. There must be a debt.
b. Debt must be incidental to the business or profession of the assesse.
c. Debt must have been taken into account in computing assessable income.
d. Debt must have been written off in the books of accounts of the assessee.

13. Special Provision for computation of capital gains in case of depreciable assets - Section 50

According to Section 50 of the Act if an assessee has sold a capital asset forming part of block of assets (building, machinery etc) on which the depreciation has been allowed under the Act, the income arising from such capital asset is treated as short term capital gain.

The calculation of capital gain or loss arising on the sale of depreciable assets can be divided into two categories:
(a) Where some assets are sold from the blocks of assets.
(b) Where all assets of the block are transferred. And the block of assets ceases to exist.

13. Special Provision for cost of acquisition in case of depreciable asset – Section 50A

Where the capital asset is an asset in respect of which a deduction on account of depreciation under Section 32(1)(i) has been obtained by the assessee in any previous year, the provisions of Sections 48 and 49 shall apply subject to the modification that the written down value, as defined in Section 43(6), of the asset, as adjusted, shall be taken as the cost of acquisition of the asset.

14. Special Provision Consequential to changes in the rate of exchange of currency – Section 43A

Where an assessee has acquired any asset in any previous year from a country outside India for the purpose of his business or profession and, in consequence of a change in the rate of exchange during any previous year after the acquisition of such asset, there is an increase or reduction in the liability of the assessee as expressed in India Currency (as compared to liability existing at the time of acquisition of the asset) at the time of making of payment:

a. Towards the whole or a part of the cost of the asset; or
b. Towards repayment of the whole or a part of moneys borrowed by him from any person, directly or indirectly, in any foreign currency specifically for the purpose of acquiring the asset along with interest, if any.

The amount by which the liability as aforesaid is so increased or reduced during such previous year and which is taken into account at the time of making the payment, irrespective of the method of accounting adopted by the assessee, shall be added to, as the case may be deducted from:

- The actual cost of the asset as defined in Section 43(1); or
- The amount of expenditure of a capital nature on scientific research referred to in Section 35(1)(iv); or
- The amount of expenditure of capital nature relating to family planning referred to in Section 36(1)(ix); or
- The amount of expenditure of a capital nature relating to patent and copyright referred to Section 35A; or
- The cost of acquisition of a capital asset (not being a capital asset referred to in Section 50) for the purpose of Section 48.

And the amount arrived after such addition or deduction shall be taken to be the actual cost of the asset or the amount of expenditure of a capital nature or as the case may be, the cost of acquisition of the capital asset as aforesaid.

15. Taxation of Foreign Exchange Fluctuation – Section 43AA

Section 43AA of the Act deals with taxation of forex fluctuation. The said section states that subject to the provisions of Section 43A, any gain or loss arising on account of any change in foreign exchange rates shall be treated as income or loss, as the case may be, and such gain or loss shall be computed in accordance with ICDS notified under Section 145(2).

Section 43AA is applicable for all forex transactions including those relating to monetary, non-monetary, translation of Financial Statements of Foreign Operations, Forward Exchange Contracts and Foreign Currency Translation Reserves.

In other words, except for situations stated in Section 43A, for all other situations, the gain/loss arising from forex transactions is to be dealt in accordance with Section 43AA read with relevant ICDS.

16. Deduction on CSR Expenditure – Section 80G

As per Section 80G of the Act, payments/contributions made by the company towards CSR expenditure which are eligible for deduction u/s 80G can be claimed.

B. Special tax benefits available to the shareholders under the Act

1. Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of a domestic corporate shareholder, benefit of deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed in A.2 above).

2. As per Section 111A of the Act, short-term capital gains arising from transfer of equity shares on which securities transaction tax (STT) is paid at the time of acquisition and sale, shall be taxed at the rate of 15%. This is subject to fulfilment of prescribed conditions under the Act.

3. As per Section 112A of the Act, long-term capital gains arising from transfer of equity shares on which STT is paid at the time of acquisition and sale, shall be taxed at the rate of 10% (without indexation). This is subject to fulfilment of prescribed additional conditions as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated October 1, 2018. It is worthwhile to note that tax shall be levied where such aggregate capital gains exceed INR 1,00,000 in a year.

4. As per Section 115A of the Act, dividend income earned by a non-resident (not being a company) or by a foreign company, shall be taxed at the rate of 20% subject to fulfilment of prescribed conditions under the Act.

5. As per Section 115E of the Act, long term capital gains arising to non-resident Indian from transfer of shares in an Indian company which the assessee has acquired in convertible foreign exchange shall be taxed at the rate of 10% subject to fulfilment of prescribed conditions under the Act.

6. As per Section 90(2) of the Act, non-resident shareholders will be eligible to take advantage of the beneficial provisions under the respective Double Taxation Avoidance Agreement ("**DTAA**"), if any, applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.

7. Further, any income by way of capital gains, dividends accruing to non-residents may be subject to withholding tax per the provisions of the Act or under the relevant DTAA, whichever is more beneficial to such non-resident. However, where such non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders can also avail credit of any taxes paid by them, subject to local laws of the country in which such shareholder is resident.

Notes:

1. The ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The possible special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India.

4. The Statement is prepared based on information available with the management of the Company and there is no assurance that:
    - the Company or its shareholders will continue to obtain these benefits in future.
    - the conditions prescribed for availing the benefits have been/ would be met with; and
    - the revenue authorities/courts will concur with the view expressed herein.

5. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

6. The above Statement of Possible Special Direct Tax Benefits sets out the provisions of law in a summarized manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership, and disposal of shares.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO RHI MAGNESITA INDIA LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS UNDER THE APPLICABLE THE INDIRECT TAX REGULATIONS IN INDIA

1. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)

i. Remission of duties and taxes on Exported Products (RoDTEP)

Remission of duties and taxes on Exported Products (RoDTEP) scheme ("**RoDTEP Scheme**") has replaced Merchandise Export from India Scheme (MEIS). Under the scheme, rebate of duty and taxes which is not refunded under any other Scheme will be given in the form of duty credit/electronic scrip. The scheme was notified from January 1, 2022 with the intention to boost exports. The rate of duty of remission for the products under RoDTEP Scheme has been notified by the Government of India and it ranges from 0.5 percent to 4 percent.

ii. Export Promotion Capital Goods (EPCG)

The objective of the Export Promotion Capital Goods (EPCG) Scheme ("**EPCG Scheme**") is to facilitate import of capital goods for producing quality goods and services and enhance manufacturing competitiveness. EPCG Scheme allows import of capital goods that are used in pre-production, production and post-production without the payment of customs duty. The benefit under the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization. EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty in lieu of Value Added Tax/local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess, wherever applicable, subject to certain conditions.

iii. Advance Authorization

Advance Authorisation is a scheme under FTP that allows duty free import of inputs, which are physically incorporated in an export product. In addition to any inputs, packaging material, fuel, oil, catalyst which is consumed / utilized in the process of production of export product, is also allowed to be imported duty free. The quantity of inputs allowed for a given product is based on specific norms defined for that export product. The Directorate General of Foreign Trade (DGFT) provides a sector-wise list of Standard Input -Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own ad -hoc norms in cases where the SION does not suit the exporter.

The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping duty, Safeguard Duty and Transition Product -Specific Safeguard duty, Integrated tax, and Compensation Cess, wherever applicable, subject to certain conditions.

2. Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962

Duty Drawback scheme was introduced as a rebate for customs duty chargeable on any imported materials or excisable materials used in manufacture or processing of goods, manufactured in India and exported.

As per Section 75, Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods. Unlike drawback of a portion of the customs duty paid on imported goods, here the main principle is that the Government fixes a rate per unit of final article to be exported out of the country as the amount of drawback payable on such goods.

3. Benefits under the Central Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated supplies.

There are two mechanisms for claiming refund of accumulated ITC against export. Either person can export under Bond/ Letter of Undertaking (LUT) as zero-rated supply and claim refund of accumulated Input Tax Credit or person may export on payment of integrated Goods and Services Tax and claim refund thereof as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017.

Thus, the GST law allows the flexibility to the exporter (which will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

Possible special benefits for shareholders of the Company

There are no special tax benefits available to the shareholders under the GST Regime.

Notes:

4. The above statement of Indirect Tax Benefits from GST perspective sets out the special tax benefits available to the company and its shareholders under the current GST Law presently force in India.

5. The special tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.

6. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing equity shares.

7. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

- The Company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/ would be met with; and
- The revenue authorities / courts will concur with the view expressed herein.

8. The above views are basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

CERTAIN U.S. FEDERAL TAX CONSIDERATIONS

The following discussion describes certain U.S. federal income tax consequences to U.S. Holders (as defined below) of an investment in the Equity Shares. This summary applies only to U.S. Holders that acquire Equity Shares for cash in the Offer, hold Equity Shares as capital assets within the meaning of Section 1221 of the Code (as defined below) and have the U.S. dollar as their functional currency.

This discussion is based on the tax laws of the United States as of the date hereof, including the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury regulations in effect or, in some cases, proposed, as of the date hereof, judicial and administrative interpretations thereof, as well as the income tax treaty between the United States and India (the "**Treaty**"). All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the U.S. federal income tax consequences described below. The statements in this Preliminary Placement Document are not binding on the U.S. Internal Revenue Service (the "**IRS**") or any court, and thus we can provide no assurance that the U.S. federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. Furthermore, this summary does not address any estate or gift tax consequences, any state, local or non-U.S. tax consequences or any other tax consequences other than U.S. federal income tax consequences (such as gift or estate taxes).

The following discussion does not describe all the tax consequences that may be relevant to any particular investor, including the effect of the alternative minimum tax or the Medicare contribution tax on net investment income, or to persons in special tax situations such as:

- banks and certain other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- individual retirement accounts and other tax-deferred accounts;
- broker-dealers;
- traders that elect to mark to market;
- tax-exempt entities;
- U.S. expatriates;
- persons holding Equity Shares as part of a straddle, hedging, constructive sale, conversion or integrated transaction;
- persons holding Equity Shares in connection with a trade or business outside the United States;
- persons that actually or constructively own 10% or more of our Company's stock by vote or value;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons holding Equity Shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Equity Shares that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Equity Shares generally will depend on such partner's status, the activities of the partnership and certain determinations made at the partner level. A U.S. Holder that is a partner in such partnership should consult its tax advisor.

Dividends and Other Distributions on Equity Shares

Subject to the passive foreign investment company considerations discussed below, the gross amount of distributions made by our Company with respect to Equity Shares (including the amount of any non-U.S. taxes withheld therefrom, if any) generally will be includible as dividend income in a U.S. Holder's gross income, to the extent such distributions are paid out of our Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Equity Shares and thereafter as capital gain. Because our Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, a U.S. Holder should expect that all cash distributions will be reported as dividends for U.S. federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to U.S. corporations with respect to dividends received from other U.S. corporations. Dividends paid by the Company generally may be taxable to certain non-corporate U.S. Holders at the special reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty, and certain holding period and other requirements are met. Our qualification for Treaty benefits may depend on whether there is substantial and regular trading in our Equity Shares on the Stock Exchanges. A U.S. Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a passive foreign investment company in the taxable year in which the dividends are received or in the preceding taxable year. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to Equity Shares in their particular circumstances.

The amount of any distribution paid in a currency other than the U.S. dollar will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is received, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. In general, foreign currency gain or loss will be treated as U.S.-source ordinary income or loss.

Dividends on the Equity Shares generally will constitute foreign source income for foreign tax credit limitation purposes. Subject to certain complex conditions and limitations, Indian taxes withheld on any distributions on the Equity Shares (at a rate not exceeding any applicable Treaty rate) may be eligible for credit against a U.S. Holder's federal income tax liability, or at such holder's election, may be eligible as a deduction in computing such holder's U.S. federal taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must be applied to all creditable foreign taxes paid or accrued in the U.S. Holder's taxable year. If a refund of the tax withheld is available under the laws of India or under the Treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income). The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by our Company with respect to Equity Shares will generally constitute "passive category income." The rules relating to the determination of the U.S. foreign tax credit are complex, and recently issued final U.S. Treasury regulations ("**Final FTC Regulations**") have imposed additional requirements that must be met for a foreign tax to be creditable (in particular, with respect to U.S. Holders, not entitled to, or not electing to apply, the benefits of the Treaty) and we do not intend to determine whether such requirements will be met. U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming a deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld as well as the disclosure of any Treaty-based tax return position.

Sale or Other Taxable Disposition of Equity Shares

Subject to the passive foreign investment company considerations discussed below, upon a sale or other taxable disposition of Equity Shares, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in such Equity Shares, in each case as determined in U.S. dollars. Any such gain or loss generally will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the Equity Shares exceeds one year. A U.S. Holder's initial tax basis in the Equity Shares generally will equal the cost of such Equity Shares in U.S. dollars. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations. U.S. Holders should consult their own tax advisers about how to account for proceeds received on the sale or other taxable disposition of Shares that are not paid in U.S. dollars.

Gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of Equity Shares generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes. As a result, the use of U.S. foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. Moreover, under the Final FTC Regulations, Indian income taxes on disposition gains of U.S. Holders that are not entitled to, or do not elect to apply, the benefits of the Treaty are generally not creditable for U.S. federal income tax purposes. Indian income taxes on disposition gains that are not creditable may reduce the amount realized on the disposition of Equity Shares or alternatively may be deductible. Indian STT is not creditable for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors regarding the tax consequences if Indian income taxes are imposed on a taxable disposition of Equity Shares, including their ability to credit or deduct any Indian income tax against their U.S. federal income tax liability, the proper application of the Treaty (which in some respects is not entirely clear), the determination of the amount realized and disclosure obligations of any Treaty-based tax return position, as well as the proper U.S. federal income tax treatment of Indian STT (including whether Indian STT is deductible, increases the tax basis in the Equity Shares or reduces the amount realized on disposition).

Passive Foreign Investment Company Considerations

Our Company will be classified as a passive foreign investment company (a "**PFIC**") for any taxable year if either: (a) at least 75% of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of its assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income generally includes interest, dividends and other investment income and gains as well as gains from sales of commodities subject to certain exceptions (e.g., for certain active business gains from the sale of commodities).The PFIC rules also contain a look-through rule whereby our Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Under the PFIC rules, if our Company were considered a PFIC at any time that a U.S. Holder holds the Equity Shares, our Company would continue to be treated as a PFIC with respect to such investment unless (i) our Company ceased to be a PFIC and (ii) the U.S. Holder made a "deemed sale" election under the PFIC rules.

Based on the current and anticipated value of the assets of our Company and its subsidiaries and the current and anticipated composition of the assets and income of our Company and its subsidiaries, the Company does not believe it was a PFIC for its most recent taxable year and does not expect to be a PFIC for the current taxable year. However, whether our Company is treated as a PFIC is a factual determination that is made on an annual basis after the close of each taxable year, and therefore may be subject to change. This determination will depend on, among other things, the composition of the income and assets, as well as the value of the assets, of our Company and its subsidiaries from time to time. The value of our assets for purposes of the PFIC determination may be determined by reference to the market price of our Equity Shares, which could fluctuate significantly. Therefore, there can be no assurance that our Company will not be classified as a PFIC for the current taxable year or for any future taxable year.

If our Company is considered a PFIC at any time that a U.S. Holder holds Equity Shares, any gain recognized by the U.S. Holder on a sale or other disposition of the Equity Shares, as well as the amount of any "excess distribution" (defined below) received by the U.S. Holder, would be allocated ratably over the U.S. Holder's holding period for the Equity Shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before our Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For the purposes of these rules, an excess distribution is the amount by which all distributions received by a U.S. Holder in a taxable year on Equity Shares exceeds 125% of the average of the annual distributions on the Equity Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter. In addition, if our Company is a PFIC and any of its subsidiaries or other companies in which it owns an equity interest is also a PFIC (each, a "lower-tier PFIC"), a U.S. Holder will generally be deemed to own shares in each lower-tier PFIC in that proportion which the value of Equity Shares the U.S. Holder owns bears to the value of all of our Equity Shares. As a result, a U.S. Holder may also be subject to the adverse tax consequences described above with respect to any gain or "excess distribution" realized or deemed realized in respect of such lower-tier PFIC. Certain elections (such as a "mark-to-market" election) may be available that would result in alternative treatments of the Equity Shares if our Company is considered a PFIC. However, we currently have no intention to provide the information necessary for U.S. Holders of our Equity Shares to make a "qualified electing fund" election.

If we are treated as a PFIC with respect to a U.S. Holder, the U.S. Holder will also be subject to annual information reporting requirements. U.S. Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in Equity Shares.

Information Reporting and Backup Withholding

Distributions with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the IRS and U.S. backup withholding. A U.S. Holder may be eligible for an exemption from backup withholding if the U.S. Holder furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and such U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information.

Additional Information Reporting Requirements

Certain U.S. Holders who are individuals (and certain entities) that hold an interest in "specified foreign financial assets" (which may include the Equity Shares) are required to report information relating to such assets, subject to certain exceptions (including an exception for Equity Shares held in accounts maintained by financial institutions, in which case the accounts themselves may be reportable if maintained by a non-U.S. financial institution). Penalties and adverse U.S. federal income tax consequences can apply if U.S. Holders fail to satisfy such reporting requirements. U.S. Holders should consult their tax advisors regarding the applicability of these requirements to their acquisition and ownership of Equity Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN EQUITY SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of, amongst others, tax disputes, criminal proceedings and civil proceedings, which are pending before various adjudicating forums.

As on the date of this Preliminary Placement Document, except as disclosed below, there is no outstanding legal proceeding which has been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations (available at www.rhimagnesitaindia.com/uploads/pdf/286pdctfile_policyfordeterminationofmaterialityofevents.pdf).

*However, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable (i) all outstanding criminal proceedings involving our Company and our Subsidiaries; (ii) all outstanding actions (including notices received) initiated by any regulatory and/or statutory authorities such as SEBI (other than any consumer cases), RBI or Stock Exchanges involving our Company and our Subsidiaries; (iii) all outstanding civil litigations involving (which includes cases filed by and against) our Company and/or our Subsidiaries, where the amount involved exceeds 1% of the profit after tax for Fiscal 2022 (₹2,690.04 million), which is equivalent to ₹26.90 million, or above will be disclosed ("**Materiality Threshold**"); (iv) consolidated disclosure of all outstanding tax proceedings (including show cause notices) involving our Company and our Subsidiaries; (v) any other outstanding legal matter where the aggregate amount involved is not quantifiable, but which, in the view of our Company, could have a material adverse effect on the business or operations of our Company and/or our Subsidiaries; and (vi) litigations involving our Directors which, in case of an adverse outcome, could materially and adversely affect the financial position, business, operations, prospects or reputation of our Company as determined by our Board, along with actions by any statutory / regulatory authorities (within India and outside India and notice, show cause notice, or intimation of which has been received) against any of the Directors shall also be disclosed.*

Further, as on the date of this Preliminary Placement Document, other than as disclosed in this section: (i) there is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Preliminary Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of circulation of this Preliminary Placement Document involving our Company or our Subsidiaries, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or Subsidiaries; (iii) there are no defaults in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon by our Company, as of the date of this Preliminary Placement Document; (iv) there are no material frauds committed against us in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; or (vii) there are no reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Preliminary Placement Document.

It is clarified that for the purposes of the above, pre-litigation notices received by any of our Company, our Subsidiaries, our Directors and/or our Promoters from third parties (excluding statutory / regulatory / governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of our Company, our Subsidiaries, our Directors and/or our Promoters, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

Litigation involving our Company

Criminal proceedings / regulatory matters / material civil litigations involving our Company

Nil

Inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law and prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company

Our Company has filed a voluntary application dated May 20, 2022 under Section 441 of the Companies Act, 2013 for compounding of default under Section 135 of the Companies Act, 2013 before the Registrar of Companies. Our Company was required to transfer its unspent CSR contribution of ₹13.54 million as on March 31, 2021 to any of the prescribed funds before September 30, 2021; however our Company was able to deposit only ₹3.20 million and failed to transfer its unspent CSR contribution of ₹10.34 million to any of the prescribed funds within the prescribed due date due to the deteriorating Covid-19 pandemic. The application is currently pending for adjudication.

Litigation involving our Subsidiaries

Criminal proceedings involving our Subsidiaries

Our Subsidiary, Dalmia OCL Limited has, in the ordinary course of business, filed three proceedings under Section 138 of the Negotiable Instruments Act, 1881 in respect of dishonour of cheques aggregating to an amount of ₹3.86 million. Such proceedings are pending before various adjudicating forums.

Regulatory matters / material civil litigations involving our Subsidiaries

Nil

Tax proceedings

We have set out below claims relating to direct and indirect taxes involving our Company and our Subsidiaries in a consolidated manner, as on the date of this Preliminary Placement Document, giving details of number of cases and total amount involved in such claims:

Nature of case	Number of cases	Amount involved (in ₹ millions)
Company		
Direct Tax	6	465.45
Indirect Tax	15	198.43
Total (A)	**21**	**663.88**
Subsidiaries		
Direct Tax	1	0.91
Indirect Tax	14	63.09
Total (B)	**15**	**64.00**
Total (A + B)	**36**	**727.88**

OUR STATUTORY AUDITORS

Our Company's Statutory Auditors, Price Waterhouse Chartered Accountants LLP, are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

Price Waterhouse Chartered Accountants LLP have audited the Audited Consolidated Financial Statements which are included in this Preliminary Placement Document in "*Financial Statements*" on page 197.

Price Waterhouse Chartered Accountants LLP have performed a review of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at December 31, 2022 and for the nine months ended December 31, 2022 and December 31, 2021 and have issued review report dated March 29, 2023 on the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements, which is included in this Preliminary Placement Document in "*Financial Statements*" on page 197.

GENERAL INFORMATION

- Our Company was originally incorporated as 'Orient Refractories Limited', a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated November 26, 2010 issued by the RoC, New Delhi and received a certificate of commencement of business from the RoC, New Delhi on December 29, 2010. Thereafter, the name of our Company was changed from 'Orient Refractories Limited' to 'RHI Magnesita India Limited' pursuant to the composite scheme of amalgamation amongst our Company, RHI India Private Limited and RHI Clasil Private Limited which was approved by the National Company Law Tribunal, Mumbai vide its order dated May 5, 2021 and a fresh certificate of incorporation dated July 2, 2021 was issued by the RoC. The CIN of our Company is L28113MH2010PLC312871.

- The Registered Office of our Company is situated at Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai – 400 042, Maharashtra, India.

- The Corporate Office of our Company is situated at 301, 316-17, Tower B, EMAAR Digital Greens, Golf Course Road Extension, Sector - 61, Gurugram – 122 011, Haryana, India.

- The Issue was authorized and approved by the Board of Directors on February 13, 2023. Subsequently, our Shareholders approved the Issue through a special resolution passed on March 13, 2023.

- The Equity Shares are listed on BSE and NSE since March 9, 2012 and March 12, 2012 respectively.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations from each of BSE and NSE on March 29, 2023, to list the Equity Shares issued, pursuant to the Issue on the Stock Exchanges. We shall apply for the final listing and trading approvals of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 AM and 5:00 PM on any weekday (except public holidays) during the Issue Period at our Registered and Corporate Office.

- Our Company has obtained all material consents, approvals and authorisations required in connection with the Issue.

- No change in control in our Company will occur consequent to the Issue.

- Except as disclosed in this Preliminary Placement Document, there has been no material change in the financial or trading position of our Company since December 31, 2022, being the date of the Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet prepared in accordance with Ind AS included in this Preliminary Placement Document.

- Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 192.

- There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

- Our Company confirms that it is compliant with the requirement of minimum public shareholding prescribed under the SEBI Listing Regulations and as per Rule 19A of the SCRR.

- The Floor Price is ₹602.82 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution passed on March 13, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Our Company and the BRLM accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

- Sanjay Kumar is the Company Secretary and Compliance Officer of our Company. Their contact details are as follows:

  Sanjay Kumar
  301, 316-17, Tower B, EMAAR Digital Greens,
  Golf Course Road Extension, Sector - 61,
  Gurugram – 122 011, Haryana, India
  Tel: +91 7665433461
  E-mail: sanjay.kumar@rhimagnesita.com

FINANCIAL STATEMENTS

REVIEW REPORT

The Board of Directors
M/s. RHI Magnesita India Limited (formerly known as Orient Refractories Limited)
Unit No. 705, 7th Floor,
Lodha Supremus, Kanjurmarg Village Road,
Kanjurmarg (East) Mumbai,
Maharashtra, 400042

1. This report is issued in accordance with the terms of our agreement dated March 27, 2023.

2. We have reviewed the accompanying Unaudited Interim Special Purpose Condensed Consolidated Financial Statements of RHI Magnesita India Limited (the "Company"), its subsidiary (hereinafter referred to as the "Group") (refer Note 2 to the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements) comprising its Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet as at December 31, 2022, and the Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss, the Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity, the Unaudited Interim Special Purpose Condensed Consolidated Statement of Cash Flows and selected explanatory notes for the nine months ended December 31, 2022 and nine months ended December 31, 2021 (herein after referred to as the "Unaudited Interim Special Purpose Condensed Consolidated Financial Statements") prepared by the Management of the Group for the purpose of proposed Qualified Institutional Placement of the equity shares of the Company. We have signed the attached Unaudited Interim Special Purpose Condensed Consolidated Financial Statements for identification purposes only.

Management's Responsibilities for the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements

3. The preparation of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements in accordance with Indian Accounting Standard 34, "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, is the responsibility of the Management of the Group, including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditors' Responsibilities

4. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity - issued by the Institute of Chartered Accountants of India.

5. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

6. We did not review the financial statements of one subsidiary considered in the preparation of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements and which constitute total assets of Rs. 1,400.55 lacs and net assets of Rs. 1,296.58 lacs as at December 31, 2022, revenue of Rs. 419.67 lacs and Rs. 309.69 lacs, net profit after tax of Rs. 148.44 lacs and Rs. 56.63 lacs, total comprehensive income of Rs. 148.44 lacs and Rs. 56.63 lacs and the cash flows (net) of Rs 308.63 lacs and Rs. 135.82 lacs for the nine months period ended December 31, 2022 and for the nine months period ended December 31, 2021, respectively. These financial statements have been reviewed by other auditors whose report has been furnished to us, and our conclusion on the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

Conclusion

7. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Interim Special Purpose Condensed Consolidated Financial Statements of the Group has not been prepared, in all material respects in accordance with the Indian Accounting Standard 34, "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

Emphasis of Matter Paragraph – Basis of Preparation

8. We draw attention to Note 2.1 (i) to the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements, which describes the basis of its preparation. These Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are not the statutory financial statements of the Group, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the Management and the intended users of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements for the purposes for which those have been prepared.

Restriction on use

9. Our obligations in respect of this review report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this review report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements the Company.

10. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes of including it in the Preliminary Placement Document ('PPD') and Placement Document ('PD'), to be filed by the Company with the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and the Registrar of Companies in Mumbai, as applicable, in connection with the proposed Qualified Institutional Placement of the equity shares of the Company. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: FRN 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779
UDIN: 23077779BGXZLM8520

Place: Gurugram
Date: March 29, 2023

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Unaudited Interim Special Purpose Condensed Consolidated Balance Sheet as at 31 December, 2022

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	As at 31 December, 2022	As at 31 March, 2022
Assets			
Non-current assets			
Property, plant and equipment	3(a)	28,479.61	26,817.71
Right-of-use assets	3(b)	1,400.44	868.53
Capital work-in-progress	3(a)	2,945.66	3,383.55
Intangible assets	4	462.46	563.41
Financial assets			
(i) Investments	5(a)	0.97	0.45
(ii) Other financial assets	5(b)	163.19	165.23
Deferred tax assets (net)	6	879.36	592.96
Other non-current assets	7	1,625.86	1,254.63
Total non-current assets		**35,957.55**	**33,646.47**
Current assets			
Inventories	8	59,018.70	60,804.02
Financial assets			
(i) Trade receivables	5(c)	54,482.25	48,902.07
(ii) Cash and cash equivalents	5(d)	13,222.37	6,221.02
(iii) Bank balances other than (ii) above	5(e)	1,479.54	1,588.19
(iv) Other financial assets	5(f)	113.95	47.50
Contract assets	5(g)	11,357.16	9,972.02
Other current assets	7	8,517.99	6,243.55
Total current assets		**148,191.96**	**133,778.37**
Total assets		**184,149.51**	**167,424.84**
Equity and liabilities			
Equity			
Equity share capital	9(a)	1,609.96	1,609.96
Other equity	9(b)	118,653.37	101,262.06
Equity attributable to the owners of RHI Magnesita India Limited		**120,263.33**	**102,872.02**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10	-	3,341.94
(ii) Lease liabilities	3(b)	958.88	450.67
Other non-current liabilities	11	163.63	147.16
Total non-current liabilities		**1,122.51**	**3,939.77**
Current liabilities			
Financial liabilities			
(i) Borrowings	10	6,185.72	2,562.33
(ii) Lease liabilities	3(b)	163.16	115.68
(iii) Trade payables	12		
(a) Total outstanding dues of micro enterprises and small enterprises		4,601.88	6,167.74
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		46,517.76	46,499.25
(iv) Other financial liabilities	13	2,020.26	1,818.55
Contract liabilities	14	805.98	627.90
Provisions	15	-	291.08
Employee benefit obligations	16	1,558.78	1,267.27
Current tax liabilities	17	-	177.96
Other current liabilities	18	910.13	1,085.29
Total current liabilities		**62,763.67**	**60,613.05**
Total liabilities		**63,886.18**	**64,552.82**
Total equity and liabilities		**184,149.51**	**167,424.84**

The above unaudited interim special purpose condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Abhishek Rara
Partner
Membership Number: 077779

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Place : Gurugram
Date: March 29, 2023

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
(ACS-17021)

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Unaudited Interim Special Purpose Condensed Consolidated Statement of Profit and Loss for the nine months ended 31 December, 2022 and nine months ended 31 December, 2021

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	Nine months ended 31 December, 2022	Nine months ended 31 December, 2021
Income			
Revenue from operations	19	184,725.16	140,518.45
Other income	20	1,259.88	761.58
Total income		**185,985.04**	**141,280.03**
Expenses			
Cost of raw materials and components consumed	21	66,112.75	50,806.39
Purchases of stock-in-trade (traded goods)	22	52,393.89	44,334.46
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)	23	(2,403.69)	(9,223.64)
Employee benefits expense	24	11,827.05	8,899.14
Finance cost	25	579.58	242.99
Depreciation and amortisation expense	26	2,850.86	2,457.85
Other expenses	27	25,930.01	21,090.48
Total expenses		**157,290.45**	**118,607.67**
Profit before tax		**28,694.59**	**22,672.36**
Income tax expense:	28		
- Current tax		7,600.72	6,214.04
- Deferred tax		(316.86)	(458.34)
- Short provision for tax relating to prior periods		85.07	-
Total tax expense		**7,368.93**	**5,755.70**
Profit for the period		**21,325.66**	**16,916.66**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		121.02	18.69
Income tax relating to the above		(30.46)	(4.70)
Other comprehensive income for the period, net of tax		**90.56**	**13.99**
Total comprehensive income for the period		**21,416.22**	**16,930.65**
Basic earnings per equity share (Face value of Re 1 each share)	34	13.25	10.51
Diluted earnings per equity share (Face value of Re 1 each share)	34	13.25	10.51

The above unaudited interim special purpose condensed consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Abhishek Rara
Partner
Membership Number: 077779

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Place : Gurugram
Date: March 29, 2023

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
(ACS-17021)

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Unaudited Interim Special Purpose Condensed Consolidated Statement of Changes in Equity for the nine months ended 31 December, 2022 and nine months ended 31 December, 2021

Equity Share Capital

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	Amount
As at 1 April, 2021	9(a)	**1,201.39**
Add: Shares issued during the period as per the scheme of amalgamation of the Company with its erstwhile fellow subsidiaries		408.57
Balance as at 31 December, 2021		**1,609.96**
As at 1 April, 2022		**1,609.96**
Changes in equity share capital		-
Balance as at 31 December, 2022		**1,609.96**

Other Equity

Particulars	Notes	Attributable to Owners of RHI Magnesita India Limited				Total other equity
		Reserves and Surplus				
		Securities Premium	General Reserve	Capital Reserve	Retained Earnings	
Balance as at 1 April, 2021	9(b)	**6,493.97**	**8,681.48**	**1,465.71**	**62,326.40**	**78,967.56**
Profit for the period		-	-	-	16,916.66	16,916.66
Other comprehensive income		-	-	-	13.99	13.99
Total comprehensive income for the period		-	-	-	**16,930.65**	**16,930.65**
Transaction with owners in their capacity as owners :						
Dividend paid		-	-	-	(4,024.91)	(4,024.91)
		-	-	-	**(4,024.91)**	**(4,024.91)**
Transaction costs (stamp duty) on issue of shares, net of tax		-	-	-	(479.67)	(479.67)
Balance as on December 31, 2021		**6,493.97**	**8,681.48**	**1,465.71**	**74,752.47**	**91,393.63**
Balance as on April 01, 2022		**6,493.97**	**8,681.48**	**1,465.71**	**84,620.90**	**101,262.06**
Profit for the period		-	-	-	21,325.66	21,325.66
Other comprehensive income		-	-	-	90.56	90.56
Total comprehensive income for the period		-	-	-	**21,416.22**	**21,416.22**
Transaction with owners in their capacity as owners :						
Dividend paid		-	-	-	(4,024.91)	(4,024.91)
		-	-	-	**(4,024.91)**	**(4,024.91)**
Balance as on 31 December, 2022		**6,493.97**	**8,681.48**	**1,465.71**	**102,012.21**	**118,653.37**

The above unaudited interim special purpose condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Abhishek Rara
Partner

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Place : Gurugram
Date: March 29, 2023

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
(ACS-17021)

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Unaudited Interim Special Purpose Condensed Consolidated Statement of Cash Flows for the nine months ended 31 December, 2022 and nine months ended 31 December, 2021

(All amount in Rs. Lacs, unless otherwise stated)

	Particulars	Notes	Nine months ended 31 December, 2022	Nine months ended 31 December, 2021
A.	**Cash flow from operating activities**			
	Profit before tax		**28,694.59**	**22,672.36**
	Adjustments for:			
	Depreciation and amortisation expense	26	2,850.86	2,457.85
	Interest income	20	(365.88)	(195.74)
	Allowance for doubtful export incentives receivable (Net)	27	-	44.49
	Allowance for doubtful debts - trade receivables (Net)	27	(69.65)	458.25
	Liabilities/ provisions no longer required written back	20	(108.75)	(0.02)
	Bad debts written off	27	43.57	74.99
	Finance Cost	25	579.58	242.99
	Loss on property, plant and equipment sold / scrapped (Net)	27	46.76	10.50
	Net unrealised foreign loss/(exchange)		472.58	(155.70)
	Impairment (reversal) / loss on capital work-in-progress	27	(81.75)	139.59
	Operating profit before working capital changes		**32,061.91**	**25,749.56**
	Changes in operating assets and liabilities			
	Decrease / (Increase) in inventories		1,785.32	(23,230.45)
	(Increase) in trade receivables		(5,496.27)	(10,452.69)
	(Increase) in other current financial assets		(18.62)	(3.33)
	(Increase) in other current assets		(2,274.44)	(4,632.05)
	(Increase) in contract assets		(1,385.14)	(3,351.39)
	Decrease in other non-current financial assets		2.04	2.80
	(Increase) in other non-current assets		(31.16)	(34.21)
	(Decrease) / Increase in trade payables		(1,969.01)	21,704.74
	Increase / (Decrease) in other financial liabilities		265.12	(334.06)
	Increase in employee benefit obligations		412.53	233.79
	Increase in other non current liabilities		16.47	34.45
	Increase in contract liabilities		178.08	529.90
	Decrease in other current liabilities		(175.16)	(221.57)
	(Decrease) / Increase in provisions		(291.08)	166.90
	Cash generated from operations		**23,080.59**	**6,162.39**
	Income tax paid (Net)		(8,420.08)	(5,389.62)
	Net cash inflow from operating activities (A)		**14,660.51**	**772.77**
B.	**Cash flows from investing activities**			
	Investment in National Saving Certificate		(0.52)	-
	Decrease in other bank balances		60.00	30.00
	Capital expenditure on property, plant and equipment and intangible assets		(3,878.93)	(4,786.00)
	Proceeds from sale of property, plant and equipment and intangible assets		277.36	38.24
	Interest received		318.05	261.45
	Net cash outflow from investing activities (B)		**(3,224.04)**	**(4,456.31)**
C.	**Cash flows from financing activities**			
	Dividend paid on equity shares		(4,024.91)	(4,024.91)
	Repayment of current borrowings		-	599.20
	Principal payment of lease liabilities		(103.39)	(33.67)
	Interest payment of lease liabilities		(47.78)	(15.17)
	Interest paid		(259.04)	(228.70)
	Share issuance costs		-	(600.60)
	Net cash outflow from financing activities (C)		**(4,435.12)**	**(4,303.85)**

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Unaudited Interim Special Purpose Condensed Consolidated Statement of Cash Flows for the nine months ended 31 December, 2022 and nine months ended 31 December, 2021

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	Nine months ended 31 December, 2022	Nine months ended 31 December, 2021
Net (decrease)/increase in cash and cash equivalents (A+B+C)		**7,001.35**	**(7,987.39)**
Cash and cash equivalents at the beginning of the period		6,221.02	15,514.18
Cash and cash equivalents at the end of the period		**13,222.37**	**7,526.79**
Non Cash investing activities			
- Acquisition of right-of-use-assets		722.26	-
- Shares issued as per the scheme of amalgamation of the Company with its erstwhile two fellow subsidiaries		-	408.57
Cash and cash equivalent included in the statement of cash flows comprise of the following:			
Balances with banks			
- in current accounts		3,779.27	3,245.99
Deposits with original maturity of less than three months		9,440.00	4,277.00
Cash on hand		3.10	3.80
		13,222.37	**7,526.79**

The above unaudited interim special purpose condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Abhishek Rara
Partner
Membership Number: 077779

Dr. Vijay Sharma
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Parmod Sagar
Managing Director & CEC
(DIN - 06500871)

Place : Gurugram
Date: March 29, 2023

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
(ACS-17021)

1. Corporate Information

RHI Magnesita India Limited ('the Company' or 'the Holding Company'), domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India.The Company is primarily engaged in the business of manufacturing and trading of refractories, monolithics, bricks and ceramic paper, rendering management services and has manufacturing facilities in Bhiwadi (Rajasthan), Visakhapatnam (Andhra Pradesh) and Cuttack (Orrisa). The Company has a subsidiary i.e. Intermetal Engineers (India) Private Limited ('the subsidiary') which was acquired on 18 May, 2019 and which is primarily engaged in the business of manufacturing and sale of slide gate mechanics and related components.

The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 29 March, 2023.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Unaudited Interim Special Purpose Condensed Consolidated Financial Statements. These policies have been consistently applied to all the period/year presented. The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements consist of the Holding Company and its subsidiary i.e Intermetal Engineers (India Private Limited (Holding Company and its subsidiary together referred to as "the Group").

2.1 Basis of preparation

(i) These Unaudited Interim Special Purpose Condensed Consolidated Financial Statements which comprise the Unaudited Special Purpose Condensed Consolidated Balance Sheet as at 31 December, 2022, the Unaudited Special Purpose Condensed Consolidated Statement of Profit and Loss, the Unaudited Special Purpose Condensed Consolidated Statement of Changes in Equity and the Unaudited Special Purpose Condensed Consolidated Statement of Cash Flows and a summary of the significant accounting policies and other explanatory information for the nine months ended 31 December, 2022 and 31 December, 2021 (together hereinafter referred to as "Unaudited Interim Special Purpose Condensed Consolidated Financial Statements") have been prepared in accordance with the Indian Accounting Standard 34, "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time. These Unaudited Interim Special Purpose Condensed Consolidated Financial Statements have been prepared by the Group to include in the Preliminary Placement Document ('PPD') and Placement Document ('PD') (hereinafter collectively referred to as the "Offer documents"), to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and the Registrar of Companies (the "ROC") in Mumbai, as applicable, in connection with proposed Qualified Institutional Placement of the equity shares of the Company ("Offering").

The accounting policies adopted in the preparation of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the annual financial statements for the year ended March 31, 2022. Further, certain selected explanatory notes are included to explain events and transactions that are significant for the understanding of the changes in the financial position and performance since the last annual financial statements.

The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual Ind AS financial statements.

All amounts included in these Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are reported in lakhs of Indian rupees (Rs. In Lacs) except earnings per share information and unless stated otherwise.

(ii) Historical cost convention

The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Defined benefit plans – plan assets measured at fair value.

(iii) Principles of consolidation

Subsidiary is the entity over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The acquisition method of accounting has been used to account for business combinations by the Group.

The Group has combined the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements for the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Unrealised losses have also been eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 Critical accounting estimates, assumptions and judgements

The preparation of Unaudited Interim Special Purpose Condensed Consolidated Financial Statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the date of the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

In the process of applying the Group's accounting policies, the management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements:

(a) Property, plant and equipment

The management engages internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. The management believes that the assigned useful lives and residual value are reasonable.

(b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. The Management believes that assigned useful lives are reasonable.

(c) Income taxes

The management's judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets / liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

(d) Contingencies

The management's judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

(e) Allowance for doubtful trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible.

(f) Revenue from contracts with customers

For Refractory Management Contracts where the transaction price depends on the customer's production, customer expects total refractory management services from the Group, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the production of steel in the steel plant. Thus, only one performance obligation, performance of refractory management service, exists.

2.3 Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.4 Property Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profitand Loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Group and cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Group had elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, Plant and equipment is provided on straight-line basis over the useful lives of assets as determined on the basis of technical estimates which are similar to the useful lives as prescribed under Schedule II to the Companies Act, 2013 except for Vehicles (which are being used by the employees). These vehicles are depreciated on written down value method, over the period of 5 years and 6 years for four wheelers and two wheelers respectively. Based on past experience and internal technical evaluation, the management believes that these useful lives represent the appropriate period of usage and therefore, considered to be appropriate for charging depreciation.

Assets residual values, depreciation method and useful lives are reviewed at the end of period/financial year considering the physical condition of the assets or whenever there are indicators for review and adjusts residual life prospectively.

2.5 Intangible Assets

On transition to Ind AS, the Group has opted for the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP. Consequently, the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method are reviewed at least at each period/financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Software

Software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license. Intangible Assets are amortised at straight line basis as follows:

Software 1-5 years

2.6 Leases

As a lessee
Leases are recognised as a right-of-use asset at cost with a corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets in accordance with Ind AS 116 'Leases'.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

For short-term and low value leases, the Group recognises the lease payments as an operating expense in the Special Purpose Condensed Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

2.7 Financial assets (Debt Instruments)

A. Classification and initial recognition

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the asset. The Group determines the classification of its financial assets at initial recognition. The Group classifies the financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss, or through other comprehensive income)
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets are initially measured at fair value. Transactions cost that are directly attributable to the acquisition of financial asset (other than financial asset at fair value through profit and loss) are added from the fair value of financial asset.

B. *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

a. *Financial assets at fair value through profit or loss (FVPL):*

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Group on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Group. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income in the Special Purpose Condensed Consolidated Statement of Profit and Loss.

b. *Financial assets measured at amortised cost*

Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income in the Special Purpose Condensed Consolidated Statement of Profit and Loss.

c. *Fair value through other comprehensive income (FVOCI):*

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

C. *Derecognition*

A financial asset is derecognized only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

D. Impairment of financial assets

The Group assesses on forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

E. Income recognition - Interest

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.8 Financial Liabilities

Financial liabilities of the Group are contractual obligation to deliver cash or another financial asset to another entity.

The Group's financial liabilities includes borrowings, lease liability and trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities carried at fair value through profit or loss) are deducted from the fair value measured on initial recognition of financial liability. Financial liabilities are subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.10 Fair Value Measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.11 Derivative financial instruments

The Group acquires forward contracts to mitigate the risk arising from foreign currency exposures resulting from purchase and sale of goods and services. These forward contracts are designated as derivative financial instruments. Derivatives are initially recognised at fair value on the date of the derivative contract is entered into and subsequently re-measured to their fair value at the end of reporting period. The consequent gains/ losses, arising from subsequent re-measurement, are recognised in the Statement of Profit and Loss, unless the derivative is designated as hedging instrument and hedging relationship is established with the item being hedged.

2.12 Impairment of non-financial assets – Property, plant and equipment and Intangible assets

Intangible assets and property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs of disposal to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2.13 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Inventories

Inventories including stores and spares are valued at the lower of cost and the net realisable value. The cost of individual items of inventory are determined using weighted average method except for certain traded goods for which the costs are determined using First in First out (FIFO) basis. Cost includes all charges in bringing the goods, including freight, octroi and other levies. Work-in-progress and finished goods include appropriate proportion of labour and overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

2.15 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.16 Provisions andcontingent liabilities

a) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Group has authorised its Managing Director & CEO to assess the financial performance and position of the Group, and make decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors, together with Managing Director has been identified as being the chief operating decision maker. Refer Note 31 for segment information presented.

2.19 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers either over time or at a point of time at an amount that reflects the consideration the Group expects to be entitled to in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.

At the inception of the contract, the Group identifies the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract.

Revenue from contracts for total refractory management services,is recognized over time on the basis using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from providing services is recognised in the accounting period in which the services as rendered.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due.

2.20 Government grants

Grants from the government are recognised at their fair value where there is reasonable certainty that the grant will be received and the Group will comply with required conditions. Export incentive under Remission of Duties and Taxes on Export products (RODTEP), Merchandise Exports from India Scheme (MEIS) and duty drawback are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

2.21 Employee benefits

Defined benefit plan - Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group's contribution to provident fund, national pension scheme and employees' state insurance scheme are considered as defined contribution plans and are charged as expense in the Special Purpose Condensed Consolidated Statement of Profit and Loss, based on the amount of contribution required to be made and when services are rendered by the employee.

Other Benefits - Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the period/year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the period/year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the period/year end are treated as other long-term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each period/year. Actuarial losses/ gains are recognised in the Special Purpose Condensed Consolidated Statement of Special Purpose Condensed Consolidated Statement of Profit and Loss in the period/year in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.22 Foreign currency translation

(i) Functional and presentation currency

Items included in the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are measured using the currency of the primary economic environment in which the Group operates (`the functional currency'). The Group's operations are primarily in India. The Unaudited Interim Special Purpose Condensed Consolidated Financial Statements are presented in Indian rupee (INR), which is the Parent's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period/year end exchange rates are recognised in the Statement of Profit and Loss.

Foreign exchange differences arising on foreign currency borrowings are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income/expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.24 Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.25 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the period/financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.26 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.27 Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Notes to Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at 31 December, 2022

Note 3(a) :

Property, plant and equipment and capital work-in progress

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Freehold Land	Buildings	Plant and machineries	Furniture and fixtures	Office equipments	Vehicles	Total	Capital work in progress
Balance as at 1 April, 2021	4,080.47	5,560.58	20,627.27	117.84	487.98	724.85	**31,598.99**	4,625.70
Additions	-	679.23	5,556.50	78.61	176.46	186.51	**6,677.31**	5,814.67
Disposals/transfers	-	-	(122.43)	(3.31)	(11.75)	(79.54)	**(217.03)**	(6,975.07)
Balance as a 31 March, 2022	**4,080.47**	**6,239.81**	**26,061.34**	**193.14**	**652.69**	**831.82**	**38,059.27**	**3,465.30**
Additions	6.06	941.12	3,292.06	17.94	218.37	116.85	**4,592.40**	4,064.98
Disposals/transfers	-	(147.00)	(188.28)	-	-	(210.77)	**(546.05)**	(4,584.62)
Balance as at 31 December, 2022	**4,086.53**	**7,033.93**	**29,165.12**	**211.08**	**871.06**	**737.90**	**42,105.62**	**2,945.66**
Accumulated depreciation and impairment								
Balance as at 1 April, 2021	-	729.59	6,916.77	43.47	263.01	259.53	**8,212.37**	-
Charge for the nine months ended 31 December, 2021	-	212.65	1,969.38	26.68	64.34	65.59	**2,338.64**	-
Charge for the three months ended 31 March, 2022	-	77.11	702.92	3.58	20.61	22.23	**826.45**	-
Depreciation on assets disposed off during the year	-	-	(74.21)	(2.94)	(11.16)	(47.59)	**(135.90)**	-
Impairment loss for the nine months ended 31 December, 2021	-	-	-	-	-	-	-	139.59
Reversal of impairment loss for three months ended 31 March, 2022	-	-	-	-	-	-	-	(57.84)
Accumulated depreciation and impairment as at 31 March, 2022	**-**	**1,019.35**	**9,514.86**	**70.79**	**336.80**	**299.76**	**11,241.56**	**81.75**
Charge for the nine months ended 31 December, 2022	-	233.81	2,207.86	12.27	87.89	64.55	**2,606.38**	-
Depreciation on assets disposed off during the period	-	(12.69)	(31.39)	-	-	(177.85)	**(221.93)**	-
Reversal of impairment loss during the period	-	-	-	-	-	-	**-**	(81.75)
Accumulated depreciation and impairment as at 31 December, 2022	-	**1,240.47**	**11,691.33**	**83.06**	**424.69**	**186.46**	**13,626.01**	**-**
Carrying amount								
Balance as at 31 March, 2022	**4,080.47**	**5,220.46**	**16,546.48**	**122.35**	**315.89**	**532.06**	**26,817.71**	**3,383.55**
Balance as at 31 December, 2022	**4,086.53**	**5,793.46**	**17,473.79**	**128.02**	**446.37**	**551.44**	**28,479.61**	**2,945.66**

Note 3(b):
Leases

(All amount in Rs. Lacs, unless otherwise stated)

This note provides information for leases where the Group is a lessee. The Group has taken on lease offices, guest house and warehouses. There is no case where the Group is acting as a lessor.

		Note		As at 31 December, 2022	As at 31 March, 2022
(i)	**Amount recognised in balance sheet**				
	Right-of-use assets			1,400.44	868.53
			Total	**1,400.44**	**868.53**
	Lease Liabilities				
	Current			163.16	115.68
	Non-Current			958.88	450.67
			Total	**1,122.04**	**566.35**

Addition to the right-of-use assets during the period were Rs. 731.87 lacs (31 March, 2022: 416.92 lacs)

(ii) Amounts recognised in the statement of profit and loss

	Note	Nine months ended 31 December, 2022	Nine months ended 31 December, 2021
Interest expense (included in finance costs)	**25**	47.78	15.17
Depreciation charge of right-of-use assets	**26**	143.25	45.34
Expense relating to short-term leases (included in other expenses)	**27**	266.73	199.90

(iii) In applying IndAS 116, the Group has used the following practical expedient:
Accounting for operating leases with a remaining lease term of less than 12 months treated as short-term leases.

(iv) Extension and Termination option:
Extension and termination options are included in a number of leases. Extension and termination options held are exercisable at mutual consent of lessor and lessee.

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Notes to Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at 31 December, 2022

Note 4:
Intangible assets

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**Software**
Balance as at 1 April, 2021	**477.35**
Additions	306.57
Disposal	(88.91)
Balance as at 31 March, 2022	**695.01**
Additions	0.28
Balance as at 31 December, 2022	**695.29**
Accumulated amortisation	
Opening 1 April, 2021	**111.34**
Charge for the nine months ended 31 December, 2021	73.87
Charge for the three months ended 31 March, 2022	33.66
Amortisation on assets disposed off during the year	(87.27)
Balance as at 31 March, 2022	**131.60**
Charge for the nine months ended 31 December, 2022	101.23
Accumulated amortisation as at 31 December, 2022	**232.83**
Net Carrying amount	
Balance as at 31 March, 2022	**563.41**
Balance as at 31 December, 2022	**462.46**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022	As at 31 March, 2022
Note 5(a):		
Non-current investments		
Investments in government securities (unquoted) - At amortised cost		
National Savings Certificates*	0.97	0.45
*The National Saving Certificates have been given to the sales tax department, as security		
Total	**0.97**	**0.45**
Aggregate amount of unquoted investments	**0.97**	**0.45**
Note 5(b):		
Other non-current financial assets- unsecured, considered good		
Security deposits	144.86	138.83
Others	18.33	26.40
Total	**163.19**	**165.23**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**	**As at 31 March, 2022**
Note 5(c):		
Trade receivables		
Unsecured:		
Trade Receivables	52,101.31	44,402.26
Receivables from related parties (Refer note 35)	3,081.51	5,270.03
Less: Allowance for doubtful debts	(700.57)	(770.22)
(Includes retention money due on completion of performance obligation - Rs. 5,731.63 lacs (31 March, 2022 Rs. 3,793.31 lacs)		
Total	**54,482.25**	**48,902.07**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022	As at 31 March, 2022
Note 5(d):		
Cash and cash equivalents		
Balances with banks		
- in current accounts	3,779.27	5,077.01
Deposits with original maturity of less than three months	9,440.00	1,140.00
Cash on hand	3.10	4.01
Total	**13,222.37**	**6,221.02**
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period		
Note 5(e):		
Bank balances other than cash and cash equivalents		
On dividend account	279.54	328.19
Fixed deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months *	1,200.00	1,260.00
Total	**1,479.54**	**1,588.19**
* Rs. 1,200 lacs (31 March, 2022: Rs. 1,200 lacs) held as a lien by bank against sanction limit		
Note 5(f):		
Other current financial assets		
Interest accrued on deposits	77.19	29.36
Loans and advances to employees	36.76	18.14
Total	**113.95**	**47.50**
Note 5(g):		
Contract assets		
Unbilled revenue	11,357.16	9,972.02
Total	**11,357.16**	**9,972.02**

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Notes to Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at 31 December, 2022

Note 6:
Deferred tax assets / (liabilities) (net)

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Depreciation/ Amortisation	Employee benefit obligations/ Payable	Allowances for doubtful debts	Transaction costs (stamp duty) on issue of shares	Others	Total
At 1 April, 2021	**(392.50)**	**364.91**	**37.62**	**-**	**187.10**	**197.13**
(Charged)/ Credited						
- to statement of profit and loss	110.04	87.21	151.13	-	109.96	458.34
- to retained earnings	-	-	-	120.93	-	120.93
- to other comprehensive income	-	(4.70)	-	-	-	(4.70)
At 31 December, 2021	**(282.46)**	**447.42**	**188.75**	**120.93**	**297.06**	**771.70**
(Charged)/ Credited						
- to statement of profit and loss	(134.73)	(77.73)	(30.68)	-	25.61	(217.53)
- to other comprehensive income	-	38.79	-	-	-	38.79
At 1 April, 2022	**(417.19)**	**408.48**	**158.07**	**120.93**	**322.67**	**592.96**
(Charged)/ Credited						
- to statement of profit and loss	42.32	240.68	(17.53)	(22.67)	74.06	316.86
- to other comprehensive income	-	(30.46)	-	-	-	(30.46)
As at 31 December, 2022	**(374.87)**	**618.70**	**140.54**	**98.26**	**396.73**	**879.36**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022	As at 31 March, 2022
Note 7:		
Other Assets		
Unsecured, considered good unless otherwise stated		
Non-current		
Capital Advances	345.65	561.91
Security deposits	465.59	390.16
Advances to income tax {Net of provision of Rs. 44,280.42 lacs (31 March, 2022 Rs. 102.03 lacs)}	581.45	25.12
Balances with Government Authorities {includes amounts paid under protest Rs. 39.59 lacs (31 March, 2022 Rs. 39.59 lacs)}	216.37	241.37
Prepaid expenses	16.80	36.07
Total	**1,625.86**	**1,254.63**
Current		
Prepaid expenses	174.52	332.03
Goods and Services tax input credit recoverable	4,519.27	4,390.76
Advances to creditors	2,924.18	1,183.30
Export incentives receivable (government grant)		
- Considered good	897.66	335.42
- Considered doubtful	9.77	9.77
	907.43	345.19
Less: Allowance for doubtful export incentives receivables	(9.77)	(9.77)
	897.66	335.42
Others	2.36	2.04
Total	**8,517.99**	**6,243.55**
Note 8:		
Inventories		
Raw materials {including goods in transit of Rs. 785.44 lacs (31 March, 2022 Rs. 887.86 lacs)}	15,459.12	20,398.32
Work-in-progress	3,456.32	4,041.84
Finished goods	12,437.28	12,722.26
Traded goods {including goods in transit of Rs. 6,716.38 lacs (31 March, 2022 Rs. 7,674.46 lacs)}	24,516.74	21,242.55
Stores and spares	3,149.24	2,399.05
Total	**59,018.70**	**60,804.02**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022	As at 31 March, 2022
Note 9(a):		
Equity share capital		
Authorised		
308,000,000 equity shares (31 March, 2022 - 308,000,000) of Re. 1 each	3,080.00	3,080.00
Issued, subscribed and fully paid up share capital		
160,996,331 equity shares (31 March, 2022 - 160,996,331) of Re. 1 each	1,609.96	1,609.96

(i) Movement in equity share capital

Authorised

Particulars	Number of shares	Amount
Balance as at 1 April, 2021	120,500,000	1,205.00
Increase during the year*	187,500,000	1,875.00
Balance as at 31 March, 2022	**308,000,000**	**3,080.00**
Change during the period	-	-
Balance as at 31 December, 2022	**308,000,000**	**3,080.00**

Issued, subscribed and fully paid up share capital

Balance as at 1 April, 2021	120,139,200	1,201.39
Add: Shares issued during the year as per the scheme of amalgamation of the Company with its erstwhile fellow subsidiaries*	40,857,131	408.57
Balance as at 31 March, 2022	**160,996,331**	**1,609.96**
Balance as at 1 April, 2022	160,996,331	1,609.96
Change during the period	-	-
Balance as at 31 December, 2022	**160,996,331**	**1,609.96**

Terms and rights attached to equity shares

Equity share has a par value of Rs. 1. They entitle the holder to participate in dividend, and to share in the proceeds of winding up of the Company in proportion to number of and amounts paid on shares held.

Every holder of equity shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled one vote.

*The National Company Law Tribunal, Mumbai ('NCLT') vide its order dated 5 May, 2021 approved and sanctioned the scheme of amalgamation (the 'Scheme') of the Company with its fellow subsidiaries i.e. RHI India Private Limited ('RHI India') and RHI Clasil Private Limited ('RHI Clasil') (hereinafter referred as 'erstwhile fellow subsidiaries') with an appointed date of 31 July, 2018.

During the year ended 31 March, 2022, the Company has issued and allotted 4,08,57,131 equity shares to the shareholders of its erstwhile fellow subsidiaries and pursuant to the Scheme becoming effective, in accordance with clause 3.2 of the Scheme, the authorised share capital of the Company have increased from Rs. 1,205 lacs to Rs. 3,080 lacs.

(ii) Shares of the Company held by the intermediate holding company through its subsidiaries

	Number of equity shares	
	As at 31 December, 2022	As at 31 March, 2022
Veitscher Vertriebsgesellschaft m.b.H., Austria (intermediate holding company)	-	-
Subsidiaries of intermediate holding company		
Dutch US Holding B.V., Netherlands	79,877,771	79,877,771
Dutch Brasil Holding B.V., Netherlands	20,620,887	20,620,887

(iii) Details of shareholders holding more than 5% shares in the company

	Number of equity shares	
	As at 31 December, 2022	As at 31 March, 2022
Dutch US Holding B.V., Netherlands	79,877,771	79,877,771
Dutch Brasil Holding B.V., Netherlands	20,620,887	20,620,887
VRD Americas B.V., Netherlands	12,503,807	12,503,807
	Percentage of shares held	
Dutch US Holding B.V., Netherlands	49.61%	49.61%
Dutch Brasil Holding B.V., Netherlands	12.81%	12.81%
VRD Americas B.V., Netherlands	7.77%	7.77%

Note 9(a) contd:
(iv) Aggregate number of shares issued for consideration other than cash

	As at 31 December, 2022	As at 31 March, 2022
Shares issued as per the scheme of amalgamation of the Company with its erstwhile two fellow subsidiaries	408.57	408.57

(v) Details of shareholding of promoters

As at 31st December, 2022

Name of Promoter	Number of shares at beginning of period	Change during the period	Number of shares at the end of period	Percentage of total number of shares at the end of period	Percentage change during the period
Dutch US Holding B.V., Netherlands	79,877,771	-	79,877,771	49.61%	-
Dutch Brasil Holding B.V., Netherlands	20,620,887	-	20,620,887	12.81%	-
VRD Americas B.V., Netherlands	12,503,807	-	12,503,807	7.77%	-

As at 31st March, 2022

Name of Promoter	Number of shares at beginning of year	Shares issued during the year	Number of shares at the end of year	Percentage of total number of shares at the end of the year	Percentage change during the year
Dutch US Holding B.V., Netherlands	79,877,771	-	79,877,771	49.61%	(16.88%)
Dutch Brasil Holding B.V., Netherlands	-	20,620,887	20,620,887	12.81%	12.81%
VRD Americas B.V., Netherlands	-	12,503,807	12,503,807	7.77%	7.77%

The percentage change disclosed in the above table is absolute change in the shareholding of the respective promoters during the year as compared to their opening balance.

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**	**As at 31 March, 2022**
Note 9(b): Other equity		
Securities premium	6,493.97	6,493.97
General reserve	8,681.48	8,681.48
Capital reserve	1,465.71	1,465.71
Retained earnings	102,012.21	84,620.90
Total	**118,653.37**	**101,262.06**
(i) Securities Premium		
Opening balance	6,493.97	6,493.97
Closing balance	**6,493.97**	**6,493.97**
(ii) General Reserve		
Opening balance	8,681.48	8,681.48
Closing balance	**8,681.48**	**8,681.48**
(iii) Capital Reserve		
Opening balance	1,465.71	1,465.71
Closing balance	**1,465.71**	**1,465.71**
(iv) Retained earnings		
Opening balance	84,620.90	62,326.40
Net profit for the period/year	21,325.66	26,900.44
Remeasurements of post employment benefit obligation, net of tax	90.56	(101.36)
Transaction costs (stamp duty) on issue of shares, net of tax	-	(479.67)
Dividend paid	(4,024.91)	(4,024.91)
Closing balance	**102,012.21**	**84,620.90**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022	As at 31 March, 2022
Note 10:		
Borrowings		
Non Current		
Unsecured - Term Loans		
External Commercial Borrowings	-	3,341.94
Total	**-**	**3,341.94**
Current - unsecured		
Current maturities of External Commercial Borrowings (including accrued interest)	6,185.72	2,562.33
Total	**6,185.72**	**2,562.33**
Total Borrowings	**6,185.72**	**5,904.27**

Term loan 1: External commercial borrowing of EUR 3,000,000 was taken from the VRD Americas B.V. Netherland (fellow subsidiary) during the financial year 2014-15 which carries interest at applicable 6 month Euribor plus 200 basis points. It is repayable in single installment of EUR 3,000,000 on 31 December 2023.

Term loan 2: External commercial borrowing of EUR 3,950,000 was taken from the VRD Americas B.V. Netherland (fellow subsidiary) during the financial year 2016-17 which carries interest at applicable 6 month Euribor plus 150 basis points. It was originally repayable in single installment of EUR 3,950,000 as on 31 December 2022. The repayment date now has been extended to 31 December 2023 on mutual agreement of both the parties.

Particulars	As at 31 December, 2022	As at 31 March, 2022
Note 11:		
Other non-current liabilities		
Deposit from employees	163.63	147.16
Total	**163.63**	**147.16**

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)

Notes to Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at 31 December, 2022

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022	As at 31 March, 2022
Note 12:		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	4,601.88	6,167.74
Total outstanding dues of creditors other than micro enterprises and small enterprises	46,517.76	46,499.25
Total	**51,119.64**	**52,666.99**
Note 13:		
Other current financial liabilities		
Unpaid dividend	279.54	328.19
Employee benefits payable	1,630.05	1,364.93
Payables on purchase of property, plant and equipment	110.67	125.43
Total	**2,020.26**	**1,818.55**
Note 14:		
Contract Liabilities		
Advances from customers	805.98	627.90
Total	**805.98**	**627.90**
Note 15:		
Provisions		
Provision for unspent corporate social responsibility expenditure as at period/year end	-	291.08
Total	**-**	**291.08**
	Period ended 31 December, 2022	**Year ended 31 March, 2022**
Movement in provision is set out below:-		
Balance as at beginning of the period/year	291.08	135.40
Add: Expense recognised in statement of profit and loss during the period/year	112.71	391.52
Less: Amount spent during the period/year	403.79	235.84
Balance as at end of the period/year	**-**	**291.08**
Note 16:		
Employee benefit obligations		
(i) Leave obligations*	1,076.26	929.72
(ii) Gratuity	482.52	337.55
	1,558.78	**1,267.27**

*The leave obligation cover the Group's liability for earned leave and sick leave.
The entire amount of provision of Rs. 1076.26 Lacs (31 March, 2022 - Rs. 929.72 Lacs) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

Particulars	As at 31 December, 2022	As at 31 March, 2022
Note 17:		
Current tax liabilities		
Provision for income tax {Net of Advance to Income Tax as at March 31, 2022- Rs. 36,314.64 lacs)	-	177.96
Total	**-**	**177.96**
Note 18:		
Other current liabilities		
Statutory dues (Contribution to Provident Fund and Employee State Insurance, Goods and Services Tax etc.)	887.54	1,073.35
Deposits from employees	22.59	11.94
Total	**910.13**	**1,085.29**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		Nine months ended 31 December, 2022	Nine months ended 31 December, 2021
Note 19:			
Revenue from operations (Refer note 36)			
Revenue from contracts with customers			
- Sales of products			
(i) Finished goods		74,458.47	50,429.22
(ii) Traded goods		20,394.75	23,663.05
- Total Refractories Management Services		85,112.33	62,708.87
- Sale of services		2,590.14	1,885.85
		182,555.69	**138,686.99**
Other operating revenues		2,169.47	1,831.46
	Total	**184,725.16**	**140,518.45**
Note 20:			
Other income			
Interest income on financial assets on amortised cost:			
- on bank deposits		213.72	118.87
- on others		152.16	76.87
Liabilities / provisions no longer required written back		108.75	0.02
Scrap Sales		452.13	267.68
Miscellaneous income		333.12	298.14
	Total	**1,259.88**	**761.58**
Note 21:			
Cost of raw materials and components consumed			
Opening stock		20,398.32	7,989.11
Add: Purchases		61,173.55	63,548.24
		81,571.87	71,537.35
Less: Closing stock		15,459.12	20,730.96
	Total	**66,112.75**	**50,806.39**
Note 22:			
Purchases of stock-in-trade (traded goods)		52,393.89	44,334.46
	Total	**52,393.89**	**44,334.46**
Note 23:			
Change in inventories of finished goods, work in-progress and traded goods			
Inventories at the end of the period			
Work in progress		3,456.32	3,132.89
Finished goods		12,437.28	11,189.77
Traded goods		24,516.74	20,590.33
		40,410.34	**34,912.99**
Inventories at the beginning of the period			
Work in progress		4,041.84	2,508.20
Finished goods		12,722.26	7,087.22
Traded goods		21,242.55	16,093.93
		38,006.65	**25,689.35**
	Total	**(2,403.69)**	**(9,223.64)**
Note 24:			
Employee benefits expense			
Salaries, wages and bonus		10,498.62	7,942.13
Contribution to provident fund & others		480.77	360.79
Gratuity		279.60	141.15
Leave obligation		179.80	118.14
Staff welfare expenses		388.26	336.93
	Total	**11,827.05**	**8,899.14**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Nine months ended 31 December, 2022	Nine months ended 31 December, 2021
Note 25:		
Finance cost		
Interest expense:		
- on external commercial borrowings	105.15	77.94
- on bank overdraft	-	10.52
- on bills discounting	160.43	125.01
Net exchange differences on foreign currency borrowings	253.93	-
Interest expenses on lease liabilities	47.78	15.17
Others	12.29	14.35
Total	**579.58**	**242.99**
Note 26:		
Depreciation and amortisation expense		
Depreciation on property, plant and equipment	2,606.38	2,338.64
Depreciation charge of right-of-use assets	143.25	45.34
Amortisation of intangible assets	101.23	73.87
Total	**2,850.86**	**2,457.85**
Note 27:		
Other expenses		
Consumption of stores and spare parts	2,551.50	2,010.72
Consumption of packing materials	2,630.10	1,535.46
Power and fuel	5,292.13	3,612.25
Processing charges	5,039.43	3,970.80
Rent {Refer note 3(b)}	266.73	199.90
Repairs and maintenance		
- Plant and machinery	415.44	372.40
- Buildings	31.88	32.89
- Others	136.23	111.25
Insurance	385.97	251.22
Rates and taxes	224.16	850.91
Communication costs	114.54	101.79
Travelling and conveyance	766.00	358.61
Printing and stationery	33.89	22.16
Freight and forwarding	2,953.02	3,979.26
Advertising and other expenses	207.35	23.04
Donation	0.21	0.31
Expenditure on corporate social responsibility	112.71	303.75
Legal and professional fees	433.73	1,244.03
Royalty	2,235.24	414.31
Directors sitting fees	20.25	16.50
Bad debts written off	43.57	74.99
Allowance for doubtful debts - trade receivables (Net)	(69.65)	458.25
Allowance/(writeback) for doubtful export incentives receivable (Net)	-	44.49
Net foreign exchange differences	1,467.25	184.11
Loss on property, plant and equipment sold / scrapped (Net)	46.76	10.50
Bank charges	48.12	87.66
Impairment (gain) / loss on capital work-in-progress	(81.75)	139.59
Information & technology expenses	491.02	625.10
Miscellaneous expenses	134.18	54.23
Total	**25,930.01**	**21,090.48**

Note 28:
Income tax expense

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**Nine months ended 31 December, 2022**	**Nine months ended 31 December, 2021**
(a) Income Tax Expense		
Current tax		
Current tax on profits for the period	7,600.72	6,214.04
Adjustment for current tax of prior periods	85.07	-
Total current tax expense	**7,685.79**	**6,214.04**
Deferred tax		
Deferred tax expense/(benefit)	(316.86)	(458.34)
Total deferred tax expense	**(316.86)**	**(458.34)**
Total Income Tax Expense	**7,368.93**	**5,755.70**
Amount recognised direct in equity	**Period ended 31 December, 2022**	**Period ended 31 December, 2021**
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited / (credited) to equity: Deferred Tax (refer note 6)	-	120.93

(b) Reconciliation of tax expense and accounting profit multiplied by tax rate

Particulars	**Nine months ended 31 December, 2022**	**Nine months ended 31 December, 2021**
Profit before income tax expense	28,694.59	22,672.36
Tax at the rate of 25.168% (Previous year : 25.168%)	7,221.85	5,706.18
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Adjustments for current tax of prior periods	85.07	-
- Corporate social responsibility expenditure	28.37	76.45
- Others	33.64	(26.93)
Income Tax Expense	**7,368.93**	**5,755.70**

Note 29:
Fair value measurement
Financial Instruments by category

(All amount in Rs. Lacs, unless otherwise stated)

	As at 31 December, 2022		As at 31 March, 2022	
	FVPL	**Amortised cost**	**FVPL**	**Amortised cost**
Financial assets				
Non-current				
Investments	-	0.97	-	0.45
Security deposits	-	144.86	-	138.83
Other financial assets	-	18.33	-	26.40
Current				
Trade receivables	-	54,482.25	-	48,902.07
Cash and cash equivalents	-	13,222.37	-	6,221.02
Bank balances other than above	-	1,479.54	-	1,588.19
Other financial assets	-	113.95	-	47.50
Total Financial Assets	**-**	**69,462.27**	**-**	**56,924.46**
Financial liabilities				
Non Current				
Borrowings	-	-	-	3,341.94
Current				
Borrowings	-	6,185.72	-	2,562.33
Trade payables	-	51,119.64	-	52,666.99
Other financial liabilities	-	2,020.26	-	1,818.55
Total Financial Liabilities	**-**	**59,325.62**	**-**	**60,389.81**

The carrying amounts of trade receivables, trade payables, current borrowings, other current financial assets & liabilities, bank balances and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of non-current financial assets and financial liabilities carried at amortized cost is substantially same as their carrying amount.

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Notes to Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at 31 December, 2022

Note 30:
Dividend

Particulars	**Nine months ended December 31, 2022**	**Year ended 31 March, 2022**
(i) Equity shares		
Final Dividend for the year ended 31 March, 2022 of Rs. 2.50 (31 March, 2021 - Rs. 2.50) per fully paid share	4,024.91	4,024.91
(ii) Dividend not recognised at the end of the reporting period		
In addition to the above dividends, the directors have recommended the payment of a final dividend of Rs. Nil (31 December, 2022) and Rs. 2.50 per fully paid equity share, in its meeting held on 27 May, 2022. The proposed dividend is subject to the approval of shareholders in the ensuing general meeting.	-	4,024.91

Note 31:
Segment information

The Group is primarily engaged in the business of manufacturing refractories and monolithics. Based on the information reported to the chief operating decision maker (CODM) for the purpose of resources' allocation and assessment of performance, there is single operating segment in accordance with the requirements of Indian Accounting Standard (Ind AS 108 on 'Operating Segment Reporting' notified under the Companies (Indian Accounting Standard) Rules, 2015.

Note 32:
Contingent Liabilities

Claims against the Group not acknowledged as debts

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**	**As at 31 March, 2022**
Demand from income tax	4,514.29	1,150.26
Demand from excise and service tax authorities	1,422.09	329.56
Demand from customs authorities	560.18	291.88
Demand from central sales tax	2.10	16.53
Total	**6,498.66**	**1,788.23**

Notes :
(i) No provision is considered necessary since the Group expects favourable decisions.
(ii) Paid under protest of Rs. 39.59 Lacs (31 March, 2022, Rs. 39.59 Lacs)

These represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Group or the claimants as the case may be and therefore cannot be predicted accurately. The Group engages professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

Note 33:
Capital and other commitments:
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022	As at 31 March, 2022
Property, plant and equipment	1,479.92	2,211.90

(ii) The Group has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in normal course of business.

(iii) The Group has long term commitments/contracts for which there were no material foreseeable losses. The Group did not have any long-term derivative contracts as at 31 December, 2022 and as at 31 March, 2022.

Note 34:
Earnings per share

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Nine Months ended 31 December, 2022	Nine Months ended 31 December, 2021
(a) Basic earnings per share (Rs.)	13.25	10.51
(b) Diluted earnings per share (Rs.)	13.25	10.51
Profits used for calculating earnings per share		
Profit attributable to the equity holders of the Company used in calculating Basic Earnings per share	21,325.66	16,916.66
Profit attributable to the equity holders of the Company used in calculating Diluted Earnings per share	21,325.66	16,916.66
Weighted average number of shares used as denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	1,609.96	1,609.96
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	1,609.96	1,609.96
Note: There are no dilutive instruments.		

Note 35:
Related Party Transactions

(a) List of Related Parties

(i) Parent entities
The Group is controlled by the following :

Name	Type	Place of Incorporation	Ownership Interest (in %)	
			As at 31 December, 2022	As at 31 March, 2022
RHI Magnesita N.V., Austria	Ultimate holding Company	Austria	-	-
Veitscher Vertriebsgesellschaft m.b.H., Austria	Intermediate Holding Company	Austria	-	-
Dutch US Holding B.V., Netherlands	Subsidiary of intermediate holding Company	Netherlands	49.61%	49.61%
Dutch Brasil Holding B.V., Netherlands	Subsidiary of intermediate holding Company	Netherlands	12.81%	12.81%

(ii) Key managerial personnel (KMP)
Mr. Parmod Sagar, Managing Director & CEO
Ms. Vijaya Gupta, Chief Financial Officer (w.e.f. 27th May, 2022)
Mr. Sanjeev Bhardwaj, Chief Financial Officer (Till 27th May, 2022)
Mr. RVS Rudraraju, Chief Operating Officer (Till 13th February, 2023)

(iii) Fellow subsidiaries with whom the Company had transactions
Dutch US Holding B.V., Netherlands
Dutch Brasil Holding B.V., Netherlands
Refractory Intellectual Property GmbH & Co. KG
RHI Magnesita GmbH
RHI Urmitz AG & Co KG
Magnesita Refractories Private Limited
VRD Americas B.V. Netherlands
Magnesita Refractories Middle East FZE
RHI Magnesita Interstop AG
RHI Magnesita Trading B.V.
RHI Refractories Africa (PTY) Ltd
Agellis Group AB, Lund, Sweden

(iv) Relative of KMP
Mr. Christophar Parvesh

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Notes to Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at 31 December, 2022

Note 35 Contd:
(b) Related Party Transactions

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Relationship	Nine months ended 31 December, 2022	Nine months ended 31 December, 2021
Dividend paid			
Dutch US Holding B.V., Netherlands	Fellow Subsidiary	1,996.94	1,996.94
Dutch Brasil Holding B.V., Netherlands	Fellow Subsidiary	515.52	515.52
VRD Americas B.V. Netherlands	Fellow Subsidiary	312.60	312.60
Sales:			
RHI Magnesita GmbH	Fellow Subsidiary	23,940.27	17,205.27
RHI Urmitz AG & Co KG	Fellow Subsidiary	1,089.42	1,087.54
RHI Refractories Africa (PTY) Ltd	Fellow Subsidiary	12.29	-
Purchases			
RHI Magnesita Interstop AG		-	88.65
Magnesita Refractories Middle East FZE	Fellow Subsidiary	10.27	13.60
RHI Magnesita GmbH	Fellow Subsidiary	28,752.85	28,379.38
RHI Refractories Africa (PTY) Ltd	Fellow Subsidiary	20.37	-
Purchase of spares			
RHI Magnesita GmbH	Fellow Subsidiary	57.02	177.63
RHI Magnesita Interstop AG	Fellow Subsidiary	55.65	419.96
Purchase of assets			
RHI Magnesita GmbH	Fellow Subsidiary	137.05	287.93
RHI Magnesita Interstop AG	Fellow Subsidiary	362.86	376.16
Service income/ Other operating income			
RHI Magnesita Trading B.V.	Fellow Subsidiary	-	1,226.01
RHI Magnesita GmbH	Fellow Subsidiary	1,423.91	51.38
Managerial remuneration*			
Mr. Parmod Sagar	KMP	230.75	203.85
Mr. Sanjeev Bhardwaj	KMP	16.83	78.82
Mr. RVS Rudraraju	KMP	112.67	76.95
Ms. Vijaya Gupta	KMP	74.33	-
*The amount of managerial remuneration does not include the amount attributed towards Equity-settled share options (LTIP) issued by RHI Magnesita N.V. for which no cost is charged from the Group.			
Salary			
Mr. Christophar Parvesh	Relative of KMP	8.29	7.24
Royalty			
Refractory Intellectual Property GmbH & Co. KG	Fellow Subsidiary	2,235.24	414.31
Information Technology Expenses*			
RHI Magnesita GmbH	Fellow Subsidiary	408.84	603.96
*Includes reimbursement of expense			
Expenses reimbursement {Received/(Paid)}			
RHI Magnesita GmbH	Fellow Subsidiary	262.70	162.25
Magnesita Refractories Private Limited	Fellow Subsidiary	-	0.63
Agellis Group AB, Lund, Sweden	Fellow Subsidiary	(13.53)	-
Interest Expenses			
VRD Americas B.V. Netherlands	Fellow Subsidiary	105.15	77.94

Note 35 Contd:
(c) Outstanding balances
The following balances are outstanding at the end of the reporting period in relation to transactions with related party:

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Relationship	As at 31 December, 2022	As at 31 March, 2022
Trade Payables:			
Refractory Intellectual Property GmbH & Co KG	Fellow Subsidiary	1,556.61	688.98
RHI Magnesita Interstop AG	Fellow Subsidiary	268.74	885.77
RHI Magnesita GmbH	Fellow Subsidiary	25,724.62	24,853.41
Magnesita Refractories Middle East FZE	Fellow Subsidiary	27.88	15.48
Agellis Group AB	Fellow Subsidiary	13.79	-
Total Trade Payables to related parties		**27,591.64**	**26,443.64**
Trade Receivables:			
RHI Urmitz AG & Co KG	Fellow Subsidiary	380.82	303.80
RHI Magnesita GmbH	Fellow Subsidiary	2,700.69	4,934.60
RHI Magnesita Trading B.V	Fellow Subsidiary	-	31.46
Magnesita Refractories Private Limited	Fellow Subsidiary	-	0.17
Total Trade receivables from related parties		**3,081.51**	**5,270.03**
External Commercial Borrowings			
VRD Americas B.V, Netherlands	Fellow Subsidiary	6,185.72	5,904.27
		6,185.72	**5,904.27**
Other transactions			
Guarantee given to Bank by RHI Magnesita GmbH	Fellow Subsidiary	4,412.99	4,230.30
		4,412.99	**4,230.30**

RHI Magnesita India Limited
(formerly known as Orient Refractories Limited)
Notes to Unaudited Interim Special Purpose Condensed Consolidated Financial Statements as at 31 December, 2022

Note 36:
Revenue from Contracts with Customers (Refer note 19)

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**Nine months ended 31 December, 2022**	**Nine months ended 31 December, 2021**
The Group has recognised the following amounts relating to revenue in the statement of profit and loss:		
Sale of products		
(i) Finished goods	74,458.47	50,429.22
(ii) Traded goods	20,394.75	23,663.05
Total Refractories Management Services	85,112.33	62,708.87
Sale of services	2,590.14	1,885.85
Revenue from contracts with customers	**182,555.69**	**138,686.99**

Disaggregation of Revenue
In the following tables, revenue is disaggregated by product group and by geography. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Disaggregation of Revenue by Geography

Within India	154,486.25	118,309.09
Outside India	28,069.44	20,377.90
Total Revenue	**182,555.69**	**138,686.99**

Reconciliation of revenue recognised with contract price

Particulars	**Nine months ended 31 December, 2022**	**Nine months ended 31 December, 2021**
Contract price	182,635.80	138,562.08
Adjustments for:		
Claims & Rebates	(505.74)	(216.30)
Performance Bonus	425.63	341.21
Revenue from contracts with customers	**182,555.69**	**138,686.99**

Note 37:
On 18 October, 2022, the Board of Directors of the Company approved the acquisition of the refractory business of Hi-Tech Chemicals Limited by way of a slump sale on a going concern basis and executed the Business Transfer Agreement (BTA). The Company has completed the acquisition of the refractory business on 31 January, 2023. As the acquisition process has been completed post the period end, the unaudited interim special purpose condensed consolidated financial statements have been prepared without considering the impact of the acquisition.

Note 38:
On 19 November, 2022, Dalmia Bharat Refractories Limited ('DBRL') entered into a business transfer agreement (BTA) with Dalmia OCL Limited ('DOCL') to transfer the entire Indian refractory business of DBRL to DOCL. On 19 November, 2022, the Company entered into a Share Swap Agreement with DOCL and DBRL to acquire all outstanding shares of DOCL. On 4 January, 2023, the business transfer between DBRL and DOCL was completed as per the terms and conditions of BTA. As per the share swap agreement, on 5 January, 2023, the Company completed the purchase of 100% shareholding in DOCL. The Company has discharged the consideration by issuance and allotment of 27,000,000 fresh equity shares of the Company to DBRL amounting to Rs. 170,776 lacs. As the acquisition process has been completed post the period end, the unaudited interim special purpose condensed consolidated financial statements have been prepared without considering the impact of the acquisition.

Note 39:
Rounding of amounts
All amounts disclosed in the unaudited interim special purpose condensed consolidated financial statements and notes have been rounded off to the nearest lacs, unless otherwise stated.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date: March 29, 2023

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
(ACS-17021)

Independent Auditor's Report

To the Members of RHI Magnesita India Limited (formerly known as Orient Refractories Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of RHI Magnesita India Limited (hereinafter referred to as the "Holding Company" or the "Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") (refer Note 2 to the attached Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2022, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in Paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 40 to the Consolidated Financial Statements regarding the scheme of amalgamation (the "Scheme") between the Company and its fellow subsidiaries i.e. RHI India Private Limited and RHI Clasil Private Limited (hereinafter referred as 'erstwhile fellow subsidiaries'), as approved by the Hon'ble National Company Law Tribunal ('NCLT') vide its Order dated May 05, 2021. While the appointed date as set out in the NCLT order is July 31, 2018, the previous year Consolidated Financial Statements were prepared in accordance with clause 3.7 of the Scheme which requires the accounting treatment to be carried out as prescribed under applicable accounting standards that is, from the beginning of the preceding year and in accordance with Ind AS 103, Business Combination. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

   Below Key Audit Matters have been reproduced from the report, of the even date, on the audit of Standalone Financial Statements of the Holding Company.

   Revenue Recognition

   (Refer note 19 to the Consolidated Financial Statements)

   The Company recognises its revenue based on Ind-AS 115 "Revenue from Contracts with Customers".

   Management uses judgement in respect of matters such as identification of performance obligations; allocation of consideration to identified performance obligations and recognition of revenue over a period of time or at a point in time based on timing when control is transferred to the customer.

   We considered this area as a key audit matter, as revenue is required to be recognised in accordance with the terms of the customer contracts, which involves significant management judgement as described above and thus there is an inherent risk of material misstatement.

   How our audit addressed the key audit matter

   Our testing of revenue transactions was designed to cover certain customer contracts on a sample basis. Our audit procedures included the following:

- Understanding and evaluating the design and testing the operating effectiveness of controls over revenue recognition.
- Assessing appropriateness of management's judgements in accounting for identified contracts such as:
  - ✓ Identification of performance obligation and allocation of consideration to identified performance obligation;
  - ✓ Evaluating the contract terms for assessment of the timing of transfer of control to the customer to assess whether revenue is recognised appropriately over a period of time or at a point in time (as the case may be) based on timing when control is transferred to customer;
  - ✓ Testing whether the revenue recognition is in line with the terms of customer contracts and the transfer of control; and
  - ✓ Evaluating adequacy of the presentation and disclosures.

Based on the above stated procedures, no significant exceptions were noted in revenue recognition including those relating to presentation and disclosures as required by Ind AS 115.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Consolidated Financial Statements and our auditor's report thereon.

   Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entity included in the Consolidated Financial Statements, which have been audited by other auditor, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of one subsidiary whose financial statements reflect Total Assets of ₹ 1,293.75 lacs and Net Assets of ₹ 1,148.14 lacs as at March 31, 2022, Total Revenue of ₹ 455.98 lacs, Total Comprehensive Income (comprising of profit and other comprehensive income) of ₹ 100.51 lacs and Net Cash Flows amounting to ₹ 182.86 lacs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements of subsidiary have been audited by other auditor whose report have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

    Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

16. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the Standalone Financial Statements of the companies which are included in these Consolidated Financial Statements.

17. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

    b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books of the Holding Company and the report of the other auditor, except that, in respect of the Holding Company the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the Consolidated Financial Statements.

d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 17(b) above that in respect of the Holding Company, the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

g. With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group— Refer Note 33 to the Consolidated Financial Statements.

ii. The Group has long-term contracts as at March 31, 2022 for which there were no material foreseeable losses. The Group did not have any derivative contracts as at March 31, 2022 for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

iv. (a) The respective Managements of the Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiary to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries {Refer Note 43(vii) to the Consolidated Financial Statements}.

(b) The respective Managements of the Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiary from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries {Refer Note 43(vii) to the Consolidated Financial Statements}.

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditor of the subsidiary which are company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. The dividend declared and paid during the year by the Holding Company, is in compliance with Section 123 of the Act. The subsidiary of the Holding Company has not declared or paid any dividend during the year.

18. The Holding Company have paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The Subsidiary has not paid/provided any managerial remuneration to any director during the year.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779
UDIN: 22077779AJSTFN9858

Place: Gurugram
Date: May 27, 2022

Annexure A to Independent Auditor's Report

Referred to in paragraph 17(g) of the Independent Auditor's Report of even date to the members of RHI Magnesita India Limited (formerly known as Orient Refractories Limited) on the Consolidated Financial Statements for the year ended March 31, 2022

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to financial statements of RHI Magnesita India Limited (hereinafter referred to as "the Holding Company" or "the Company") and its subsidiary company, which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not modified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779
UDIN: 22077779AJSTFN9858

Place: Gurugram
Date: May 27, 2022

Consolidated Balance Sheet as at 31 March, 2022

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Notes	As at 31 March, 2022	As at 31 March, 2021
Assets			
Non-current assets			
Property, plant and equipment	3(a)	26,817.71	23,386.62
Right-of-use assets	3(b)	868.53	561.51
Capital work-in-progress	3(a)	3,383.55	4,625.70
Intangible assets	4	563.41	366.01
Financial assets			
(i) Investments	5(a)	0.45	0.45
(ii) Other financial assets	5(b)	165.23	154.56
Deferred tax assets (net)	6	592.96	197.13
Other non-current assets	7	1,229.51	1,030.33
Total non-current assets		**33,621.35**	**30,322.31**
Current assets			
Inventories	8	60,804.02	35,308.73
Financial assets			
(i) Trade receivables	5(c)	48,902.07	32,770.99
(ii) Cash and cash equivalents	5(d)	6,221.02	15,514.18
(iii) Bank balances other than (ii) above	5(e)	1,588.19	509.88
(iv) Other financial assets	5(f)	47.50	107.07
Contract assets	5(g)	9,972.02	6,130.73
Other current assets	7	6,268.67	5,300.63
Total current assets		**133,803.49**	**95,642.21**
Total assets		**167,424.84**	**125,964.52**
Equity and liabilities			
Equity			
Equity share capital	9(a)	1,609.96	1,201.39
Shares pending issuance	40	-	408.57
Other equity	9(b)	101,262.06	78,967.56
Equity attributable to the owners of RHI Magnesita India Limited		**102,872.02**	**80,577.52**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10	3,341.94	5,980.66
(ii) Lease liabilities	3(b)	450.67	187.96
Other non-current liabilities	11	147.16	99.04
Total non-current liabilities		**3,939.77**	**6,267.66**
Current liabilities			
Financial liabilities			
(i) Borrowings	10	2,562.33	24.56
(ii) Lease liabilities	3(b)	115.68	45.41
(iii) Trade payables	12		
(a) Total outstanding dues of micro enterprises and small enterprises		6,167.74	6,200.11
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		46,499.25	28,589.75
(iv) Other financial liabilities	13	1,818.55	2,298.02
Contract liabilities	14	627.90	272.44
Provisions	15	291.08	135.40
Employee benefit obligations	16	1,267.27	1,022.66
Current tax liabilities	17	177.96	-
Other current liabilities	18	1,085.29	530.99
Total current liabilities		**60,613.05**	**39,119.34**
Total liabilities		**64,552.82**	**45,387.00**
Total equity and liabilities		**167,424.84**	**125,964.52**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Abhishek Rara
Partner
Membership Number: 077779

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

Place : Gurugram
Date: May 27, 2022

Consolidated Statement of Profit and Loss for the year ended 31 March, 2022

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2022	Year ended 31 March, 2021
Income			
Revenue from operations	19	199,514.27	137,037.86
Other income	20	966.20	1,232.39
Total income		**200,480.47**	**138,270.25**
Expenses			
Cost of raw materials and components consumed	21	71,675.54	49,521.46
Purchases of stock-in-trade (traded goods)	22	59,983.74	42,410.52
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)	23	(12,338.35)	(6,389.05)
Employee benefits expense	24	12,351.86	10,559.68
Finance cost	25	217.89	648.31
Depreciation and amortisation expense	26	3,382.52	2,979.48
Other expenses	27	29,459.05	20,081.89
Total expenses		**164,732.25**	**119,812.29**
Profit before tax		**35,748.22**	**18,457.96**
Income tax expense:			
- Current tax	28	9,383.13	4,896.21
- Deferred tax		(240.81)	(126.76)
- (Excess)/Short provision for tax relating to prior years		(294.54)	26.18
Total tax expense		**8,847.78**	**4,795.63**
Profit for the year		**26,900.44**	**13,662.33**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit plans		(135.45)	9.71
- Income tax relating to the above		34.09	(2.45)
Other comprehensive (loss)/income for the year, net of tax		**(101.36)**	**7.26**
Total comprehensive income for the year		**26,799.08**	**13,669.59**
Basic earnings per equity share (Face value of Re 1 each share)	35	16.71	8.49
Diluted earnings per equity share (Face value of Re 1 each share)	35	16.71	8.49

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

Place : Gurugram
Date: May 27, 2022

Consolidated Statement of Changes in Equity for the year ended 31 March, 2022

Equity Share Capital

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Notes	Amount
As at 1 April, 2020	9(a)	1,201.39
Changes in equity share capital		-
Balance as at 31 March, 2021		**1,201.39**
Add: Shares issued during the year as per the scheme of amalgamation of the Company with its erstwhile fellow subsidiaries (refer note 40)		408.57
Balance as at 31 March, 2022		**1,609.96**

Other Equity

Particulars	Notes	Attributable to Owners of RHI Magnesita India Limited				Total other equity
		Reserves and Surplus				
		Securities Premium	General Reserve	Capital Reserve (Refer note 40)	Retained Earnings	
Balance as at 1 April, 2020	9(b)	6,493.97	8,681.48	1,465.71	52,077.97	**68,719.13**
Profit for the year		-	-	-	13,662.33	13,662.33
Other comprehensive income		-	-	-	7.26	7.26
Total comprehensive income for the year		**-**	**-**	**-**	**13,669.59**	**13,669.59**
Transaction with owners in their capcaity as owners :						
Dividend paid		-	-	-	(3,421.16)	(3,421.16)
		-	**-**	**-**	**(3,421.16)**	**(3,421.16)**
Balance as at 31 March, 2021		**6,493.97**	**8,681.48**	**1,465.71**	**62,326.40**	**78,967.56**

Consolidated Statement of Changes in Equity for the year ended 31 March, 2022 (Continued)

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Notes	Attributable to Owners of RHI Magnesita India Limited				Total other equity
		Reserves and Surplus				
		Securities Premium	General Reserve	Capital Reserve (Refer note 40)	Retained Earnings	
Balance as at 1 April, 2021	9(b)	**6,493.97**	**8,681.48**	**1,465.71**	**62,326.40**	**78,967.56**
Profit for the year		-	-	-	26,900.44	26,900.44
Other comprehensive income		-	-	-	(101.36)	(101.36)
Total comprehensive income for the year		**-**	**-**	**-**	**26,799.08**	**26,799.08**
Transaction with owners in their capcaity as owners :						
Dividend paid		-	-	-	(4,024.91)	(4,024.91)
		-	**-**	**-**	**(4,024.91)**	**(4,024.91)**
Transaction costs (stamp duty) on issue of shares, net of tax		-	-	-	(479.67)	(479.67)
		-	**-**	**-**	**(479.67)**	**(479.67)**
Balance as on 31 March, 2022		**6,493.97**	**8,681.48**	**1,465.71**	**84,620.90**	**101,262.06**

The above consolidated statement of changes in equity should be read in conjuction with the accompanying notes.

252

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date: May 27, 2022

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

Consolidated Statement of Cash Flows for the year ended 31 March, 2022

(All amount in ₹ Lacs, unless otherwise stated)

Particulars		Notes	Year ended 31 March, 2022	Year ended 31 March, 2021
A.	**Cash flow from operating activities**			
	Profit before tax		**35,748.22**	**18,457.96**
	Adjustments for:			
	Depreciation and amortisation expense	26	3,382.52	2,979.48
	Interest income	20	(270.66)	(596.84)
	Allowance/(writeback) for doubtful export incentives receivable (Net)	27	(53.27)	44.00
	Allowance for doubtful debts - trade receivables (Net)	27	478.58	(276.05)
	Liabilities/ provisions no longer required written back	20	(2.23)	(71.11)
	Bad debts recovered	20	(1.56)	(12.83)
	Bad debts written off	27	143.56	117.90
	Finance Cost	25	217.89	648.31
	Loss on property, plant and equipment sold / scrapped (Net)	27	38.11	0.24
	Net unrealised foreign exchange (loss)		24.08	57.12
	Impairment loss on capital work-in-progress	27	81.75	-
	Items that will not be reclassified to Profit or loss		(135.45)	9.71
	Operating profit before working capital changes		**39,651.54**	**21,357.89**
	Changes in operating assets and liabilities			
	Increase in inventories		(25,495.29)	(7,525.10)
	(Increase) / decrease in trade receivables		(16,654.54)	695.09
	Decrease / (increase) in other current financial assets		11.04	(0.90)
	Increase in other current assets		(1,228.30)	(1,716.68)
	Increase in contract assets		(3,841.29)	(3,002.84)
	(Increase) / decrease in other non-current financial assets		(10.67)	21.51
	(Increase) in other non-current assets		(88.65)	(68.98)
	Increase in trade payables		17,758.16	11,457.23
	(Decrease) / increase in other financial liabilities		(136.97)	353.94
	Increase in employee benefit obligations		244.61	180.48
	Increase in other non current liabilities		48.12	25.61
	Increase / (decrease) in contract liabilities		355.46	(493.58)
	Increase in other current liabilities		554.30	97.34
	Increase in provisions		155.68	135.40
	Cash generated from operations		**11,323.20**	**21,516.41**
	Income tax paid (Net)		(8,597.10)	(4,975.45)
	Net cash inflow from operating activities (A)		**2,726.10**	**16,540.96**
B.	**Cash flows from investing activities**			
	Investment in National Saving Certificate		-	(0.15)
	Increase in other bank balances		(1,110.00)	(30.76)
	Capital expenditure on property, plant and equipment and intangible assets		(6,244.82)	(8,579.81)
	Proceeds from sale of property, plant and equipment and intangible assets		44.66	45.58
	Interest received		319.19	688.97
	Net cash outflow from investing activities (B)		**(6,990.97)**	**(7,876.17)**

Consolidated Statement of Cash Flows for the year ended 31 March, 2022 (Continued)

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2022	Year ended 31 March, 2021
C. Cash flows from financing activities			
Dividend paid on equity shares		(4,024.91)	(3,439.29)
Repayment of non current borrowings (net)		-	(405.98)
Repayment of current borrowings (net)		-	(799.05)
Principal payment of lease liabilities		(83.94)	(75.77)
Interest payment of lease liabilities		(33.38)	(12.27)
Interest paid		(285.46)	(636.04)
Share issuance costs		(600.60)	-
Net cash outflow from financing activities (C)		**(5,028.29)**	**(5,368.40)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)		**(9,293.16)**	**3,296.39**
Cash and cash equivalents at the beginning of the year		15,514.18	12,217.79
Cash and cash equivalents at the end of the year		**6,221.02**	**15,514.18**
Non Cash investing activities			
- Acquisition of right-of-use-assets	3(b)	416.92	214.44
Cash and cash equivalent included in the cash flow statement comprise of the following:			
Balances with banks			
- in current accounts		5,077.01	3,297.88
- in EEFC account		-	121.61
Deposits with original maturity of less than three months		1,140.00	12,091.26
Cash on hand		4.01	3.43
		6,221.02	**15,514.18**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

Place : Gurugram
Date: May 27, 2022

Notes to Consolidated Financial Statements

1. Corporate Information

RHI Magnesita India Limited ('the Company' or 'the Holding Company'), domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India. During the year, the Company has shifted its registered office to Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai-400042. The Company is primarily engaged in the business of manufacturing and trading of refractories, monolithics, bricks and ceramic paper, rendering management services and has manufacturing facilities in Bhiwadi (Rajasthan), Visakhapatnam (Andhra Pradesh) and Cuttack (Orrisa). The Company has a subsidiary i.e. Intermetal Engineers (India) Private Limited ('the subsidiary') which was acquired on 18 May, 2019 and which is primarily engaged in the business of manufacturing and sale of slide gate mechanics and related components.

The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 27 May, 2022.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The Consolidated Financial Statements consist of the Holding Company and its subsidiary (Holding Company and its subsidiary together referred to as "the Group").

2.1 Basis of preparation

(i) Compliance with Ind AS

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Defined benefit plans — plan assets measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions — amendments to Ind AS 116
- Interest rate benchmark reform — amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(v) Principals of consolidation and equity accounting

Subsidiary is the entity over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The acquisition method of accounting has been used to account for business combinations by the Group.

The Group has combined the financial statements for the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Unrealised losses have also been eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 Critical accounting estimates, assumptions and judgements

The preparation of Consolidated Financial Statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

In the process of applying the Group's accounting policies, the management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the Consolidated Financial Statements:

(a) Property, plant and equipment

The management engages internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. The management believes that the assigned useful lives and residual value are reasonable.

(b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. The Management believes that assigned useful lives are reasonable.

Notes to Consolidated Financial Statements

(c) Income taxes

The management's judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets / liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the Consolidated Financial Statements.

(d) Contingencies

The management's judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

(e) Allowance for doubtful trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(f) Revenue from contracts with customers

For Refractory Management Contracts where the transaction price depends on the customer's production, customer expects total refractory management services from the Group, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the product of steel in the steel plant. Thus, only one single performance obligation, performance of refractory management service, exists.

2.3 Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current — non-current classification of assets and liabilities.

2.4 Property Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Group and cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Group had elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, Plant and equipment is provided on straight-line basis over the useful lives of assets as determined on the basis of technical estimates which are similar to the useful lives as prescribed under Schedule II to the Companies Act, 2013 except for Vehicles (which are being used by the employees). These vehicles are depreciated on written down value method, over the period of 5 years and 6 years for four wheelers and two wheelers respectively. Based on past experience and internal technical evaluation, the management believes that these useful lives represent the appropriate period of usage and therefore, considered to be appropriate for charging depreciation.

Assets residual values, depreciation method and useful lives are reviewed at the end of financial year considering the physical condition of the assets or whenever there are indicators for review and adjusts residual life prospectively.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within Other Income/Other Expenses.

2.5 Intangible Assets

On transition to Ind AS, the Group has opted for the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP. Consequently, the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation

Notes to Consolidated Financial Statements

period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Software

Software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license. Intangible Assets are amortised at straight line basis as follows:

Software 1-5 years

2.6 Leases

As a lessee

Leases are recognised as a right-of-use asset at cost with a corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets in accordance with Ind AS 116 'Leases'.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

For short-term and low value leases, the Group recognises the lease payments as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.7 Financial assets (Debt Instruments)

A. Classification and initial recognition

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the asset. The Group determines the classification of its financial assets at initial recognition. The Group classifies the financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss, or through other comprehensive income)
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets are initially measured at fair value. Transactions cost that are directly attributable to the acquisition of financial asset (other than financial asset at fair value through profit and loss) are added from the fair value of financial asset.

B. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial assets at fair value through profit or loss (FVPL):

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Group on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Group. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income in the Statement of Profit and Loss.

b. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income in the Statement of Profit and Loss.

c. Fair value through other comprehensive income (FVOCI):

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue

Notes to Consolidated Financial Statements

and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

C. Derecognition

A financial asset is derecognized only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

D. Impairment of financial assets

The Group assesses on forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

E. Income recognition - Interest

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.8 Financial Liabilities

Financial liabilities of the Group are contractual obligation to deliver cash or another financial asset to another entity.

The Group's financial liabilities includes borrowings, lease liability and trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities carried at fair value through profit or loss) are added or deducted from the fair value measured on initial recognition of financial liability. Financial liabilities are classified as subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.10 Fair Value Measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities.

Notes to Consolidated Financial Statements

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.11 Derivative financial instruments

The Group acquires forward contracts to mitigate the risk arising foreign currency exposures from purchase and sale of goods and services. These forward contracts are designated as derivative financial instruments. Derivatives are initially recognised at fair value on the date of derivate contract is entered into and subsequently re-measured to their fair value at the end of reporting period. The consequent gains/ losses, arising from subsequent re-measurement, are recognised in the statement of profit or loss, unless the derivative is designated as hedging instrument and hedging relationship is established with the item being hedged.

2.12 Impairment of non-financial assets — Property, plant and equipment and Intangible assets

Intangible assets and property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2.13 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Inventories

Inventories including stores and spares are valued at the lower of cost on weighted average except certain traded goods which are valued at First in First out basis (FIFO) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods, including freight, octroi and other levies. Work-in-progress and finished goods include appropriate proportion of labour and overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

2.15 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.16 Provisions, contingent liabilities and contingent assets

a) **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required

Notes to Consolidated Financial Statements

to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Consolidated Financial Statements.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Group has authorised its Managing Director & CEO to assess the financial performance and position of the Group, and makes decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors, together with Managing Director has been identified as being the chief operating decision maker. Refer Note 32 for segment information presented.

2.19 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers either over time or at a point of time at an amount that reflects the consideration the Group expects to be entitled to in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.

At the inception of the contract, the Group identifies the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract.

Revenue from contracts for total refractory management services,is recognized over time on the basis using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from providing services is recognised in the accounting period in which the services as rendered.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due.

2.20 Government grants

Grants from the government are recognised at their fair value where there is reasonable certainty that the grant will be received and the Group will comply with required conditions. Export incentive under Remission of Duties and Taxes on Export products (RODTEP), Merchandise Exports from India Scheme (MEIS) and duty drawback are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

Notes to Consolidated Financial Statements

2.21 Employee benefits

Defined benefit plan - Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group's contribution to provident fund, national pension scheme and employees' state insurance scheme are considered as defined contribution plans and are charged as expense in the Statement of Profit and Loss, based on the amount of contribution required to be made and when services are rendered by the employee.

Other Benefits - Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long-term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.22 Equity-settled share option plan (LTIP)

RHI Magnesita N.V. (the 'Ultimate Holding Company') has implemented a share option plan for the members of senior management of the RHI Magnesita Group.

The LTIP is treated as an equity-settled share option plan as the Group does not have an obligation to make any settlement.

The fair value of the LTIP granted is recognised as employee benefits expense with a corresponding increase in reserves. The total amount to be expensed is determined by reference to the fair value of the options granted:

a) including any market performance conditions

b) excluding the impact of any service and non-market performance vesting conditions, and

c) including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2.23 Foreign currency translation

(i) Functional and presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the Group operates (`the functional currency'). The Group's operations are primarily in India. The Consolidated Financial Statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statement of Profit and Loss.

Foreign exchange differences arising on foreign currency borrowings are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Notes to Consolidated Financial Statements

2.24 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.25 Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.26 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.27 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.28 Business Combinations

Entities under common control

Business combinations involving entities or businesses under common control is accounted for using the pooling of interest method as follows: –

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the Consolidated Financial Statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the Consolidated Financial Statements unless the business combination had occurred after that date, the prior period information shall be restated only from that date.

(iv) The consideration for the business combination may consist of securities, cash or other assets. Securities shall be recorded at nominal value. In determining the value of the consideration, assets other than cash shall be considered at their fair values.

(v) The balance of the retained earnings appearing in the Consolidated Financial Statements of the Group is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and appear in the Consolidated Financial Statements of the Group in the same form in which they appeared in the Consolidated Financial Statements of the transferor.

2.29 Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 3(a) : Property, plant and equipment and capital work-in progress

Particulars	Freehold Land	Buildings	Plant and machineries	Furniture and fixtures	Office equipments	Vehicles	Total	Capital work in progress
Balance as at 1 April, 2020	4,080.47	5,484.66	17,318.36	108.01	363.43	653.82	**28,008.75**	859.37
Additions	-	75.92	3,585.38	10.38	131.56	181.83	**3,985.07**	6,718.31
Disposals	-	-	(276.47)	(0.55)	(7.01)	(110.80)	**(394.83)**	(2,951.98)
Balance as at 31 March, 2021	**4,080.47**	**5,560.58**	**20,627.27**	**117.84**	**487.98**	**724.85**	**31,598.99**	**4,625.70**
Additions	-	679.23	5,556.50	78.61	176.46	186.51	**6,677.31**	5,814.67
Disposals	-	-	(122.43)	(3.31)	(11.75)	(79.54)	**(217.03)**	(6,975.07)
Balance as at 31 March, 2022	**4,080.47**	**6,239.81**	**26,061.34**	**193.14**	**652.69**	**831.82**	**38,059.27**	**3,465.30**
Accumulated depreciation and impairment								
Balance as at 1 April, 2020	-	466.12	4,774.52	29.81	187.47	252.91	**5,710.83**	-
Charge for the year	-	263.47	2,408.17	14.18	78.96	85.77	**2,850.55**	-
Depreciation on assets disposed off during the year	-	-	(265.92)	(0.52)	(3.42)	(79.15)	**(349.01)**	-
Accumulated depreciation and impairment as at 31 March, 2021	**-**	**729.59**	**6,916.77**	**43.47**	**263.01**	**259.53**	**8,212.37**	**-**
Charge for the year	-	289.76	2,672.30	30.26	84.95	87.82	**3,165.09**	-
Depreciation on assets disposed off during the year	-	-	(74.21)	(2.94)	(11.16)	(47.59)	**(135.90)**	-
Impairment loss	-	-	-	-	-	-	-	81.75
Accumulated depreciation and impairment as at 31 March, 2022	**-**	**1,019.35**	**9,514.86**	**70.79**	**336.80**	**299.76**	**11,241.56**	**81.75**
Carrying amount								
Balance as at 31 March, 2021	**4,080.47**	**4,830.99**	**13,710.50**	**74.37**	**224.97**	**465.32**	**23,386.62**	**4,625.70**
Balance as at 31 March, 2022	**4,080.47**	**5,220.46**	**16,546.48**	**122.35**	**315.89**	**532.06**	**26,817.71**	**3,383.55**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 3(a): Capital work-in progress

(A) Aging of capital work-in progress:

As at 31 March, 2022

Particulars	Amounts in capital work-in progress for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	1,952.09	1,409.37	22.09	-	3,383.55
(ii) Projects temporarily suspended	-	-	-	81.75	81.75
Less: Impairment loss	-	-	-	(81.75)	(81.75)
Total	**1,952.09**	**1,409.37**	**22.09**	**-**	**3,383.55**
As at 31 March, 2021					
(i) Projects in progress	1,536.59	2,929.74	-	77.62	4,543.95
(ii) Projects temporarily suspended	-	-	-	81.75	81.75
Total	**1,536.59**	**2,929.74**	**-**	**159.37**	**4,625.70**

(B) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

As at 31 March, 2022

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress					
Project A - Purging Management	22.09	-	-	-	**22.09**
Project B - Blast Oxygen Furnace Mangement	61.99	-	-	-	**61.99**
(ii) Projects temporarily suspended					
Project A - Purging Management	-	-	-	15.13	**15.13**
Project B - Slide Gate Management				66.62	**66.62**
Less: Impairment loss				(81.75)	**(81.75)**
Total	**84.08**	**-**	**-**	**-**	**84.08**
As at 31 March, 2021					
(i) Projects in progress					
Project A - Slide Gate Management	77.12	-	-	-	**77.12**
Project B - Electric ARC Furnace Management	0.50	-	-	-	**0.50**
Project C - Slide Gate Management	176.43	-	-	-	**176.43**
Project D - Purging Management	5.52	22.09	-	-	**27.61**
(ii) Projects temporarily suspended					
Project A - Purging Management	-	-	-	15.13	**15.13**
Project B - Slide Gate Management				66.62	**66.62**
Total	**259.57**	**22.09**	**-**	**81.75**	**363.41**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 3(b): Leases

This note provides information for leases where the Group is a lessee. The Group has taken on lease offices, guest house and warehouses. There is no case where the Group is acting as a lessor.

	Particulars	Note	As at 31 March, 2022	As at 31 March, 2021
(i)	**Amount recognised in balance sheet**			
	Right-of-use assets		868.53	561.51
	Total		**868.53**	**561.51**
	Lease Liabilities			
	Current		115.68	45.41
	Non-Current		450.67	187.96
	Total		**566.35**	**233.37**

Addition to the right-of-use assets during the year were ₹ 416.92 lacs (31 March, 2021: 214.44 lacs)

(ii) Amounts recognised in the statement of profit and loss

Particulars		Year ended 31 March, 2022	Year ended 31 March, 2021
Interest expense (included in finance costs)	25	33.38	12.27
Depreciation charge of right-of-use assets	26	109.90	85.49
Expense relating to short-term leases (included in other expenses)	27	252.22	114.84

(iii) In applying IndAS 116, the Group has used the following practical expedient:

Accounting for operating leases with a remaining lease term of less than 12 months treated as short-term leases.

(iv) Extension and Termination option:

Extension and termination options are included in a number of leases. Extension and termination options held are exercisable at mutual consent of lessor and lessee.

Note 4: Intangible assets

Particulars	Software
Balance as at 1 April, 2020	**87.50**
Additions	389.85
Balance as at 31 March, 2021	**477.35**
Additions	306.57
Disposal	(88.91)
Balance as at 31 March, 2022	**695.01**
Accumulated amortisation	
Opening 1 April, 2020	**67.90**
Charge for the year	43.44
Balance as at 31 March, 2021	**111.34**
Charge for the year	107.53
Amortisation on assets disposed off during the year	(87.27)
Accumulated amortisation as at 31 March, 2022	**131.60**
Net Carrying amount	
Balance as at 31 March, 2021	**366.01**
Balance as at 31 March, 2022	**563.41**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Note 5(a): Non-current investments		
Investments in government securities (unquoted) - At amortised cost		
National Savings Certificates*	0.45	0.45
* The National Saving Certificates have been given to the sales tax department, as security		
Total	**0.45**	**0.45**
Aggregate amount of unquoted investments	**0.45**	**0.45**
Note 5(b): Other non-current financial assets - unsecured, considered good		
Security deposits	138.83	129.75
Bank deposits with more than 12 months maturity	-	1.11
Others	26.40	23.70
Total	**165.23**	**154.56**
Note 5(c): Trade receivables*		
Trade Receivables	44,402.26	30,042.74
Receivables from related parties (refer note 36)	5,270.03	3,019.89
Less: Allowance for doubtful debts	(770.22)	(291.64)
(Includes retention money due on completion of performance obligation - ₹ 3,793.31 lacs (31 March, 2021 ₹ 3,448.28 lacs)		
Total	**48,902.07**	**32,770.99**
Break-up of security details		
Secured- considered good	-	-
Unsecured:		
- Considered good	48,902.07	32,770.99
- Considered doubtful	770.22	291.64
Total Gross receivables	49,672.29	33,062.63
Less: Allowance for doubtful debts	(770.22)	(291.64)
Total	**48,902.07**	**32,770.99**

*Includes foreign currency receivables amounting to ₹ 547.83 lacs as at 31 March, 2022 (31 March, 2021: ₹ Nil) which are overdue for more than nine months. The Group has approached the authorised dealer, under the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015, to condone the delay and seeking permission of extension of time period for settlement of these balances. Pending resolution of this matter, no adjustments are considered necessary in these Consolidated Financial Statements.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Aging of trade receivables

As at 31 March, 2022

Particulars	Not Due	Outstanding for following periods from the due date					Total
		Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables							
- Considered good	34,228.17	14,479.62	102.93	76.63	7.28	7.44	**48,902.07**
- Considered doubtful	-	0.58	500.61	122.15	1.77	55.58	**680.69**
Disputed trade receivables							
- Considered good	-	-	-	-	-	-	**-**
- Considered doubtful	-	-	-	-	17.12	72.41	**89.53**
	34,228.17	**14,480.20**	**603.54**	**198.78**	**26.17**	**135.43**	**49,672.29**
Less: Allowance for doubtful debts	-	(0.58)	(500.61)	(122.15)	(18.89)	(127.99)	**(770.22)**
Total	**34,228.17**	**14,479.62**	**102.93**	**76.63**	**7.28**	**7.44**	**48,902.07**
As at 31 March, 2021							
Undisputed trade receivables							
- Considered good	24,190.34	8,227.74	309.12	19.82	23.46	0.51	**32,770.99**
- Considered doubtful	-	1.02	22.85	43.45	103.00	31.79	**202.11**
Disputed trade receivables							
- Considered good	-	-	-	-	-	-	**-**
- Considered doubtful	-	-	-	17.12	49.75	22.66	**89.53**
	24,190.34	**8,228.76**	**331.97**	**80.39**	**176.21**	**54.96**	**33,062.63**
Less: Allowance for doubtful debts	-	(1.02)	(22.85)	(60.57)	(152.75)	(54.45)	**(291.64)**
Total	**24,190.34**	**8,227.74**	**309.12**	**19.82**	**23.46**	**0.51**	**32,770.99**

Particulars	As at 31 March, 2022	As at 31 March, 2021
Note 5(d): Cash and cash equivalents		
Balances with banks		
- in current accounts	5,077.01	3,297.88
- in EEFC accounts	-	121.61
Deposits with original maturity of less than three months	1,140.00	12,091.26
Cash on hand	4.01	3.43
Total	**6,221.02**	**15,514.18**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Note 5(e): Bank balances other than cash and cash equivalents		
On dividend account	328.19	359.88
Fixed deposits with original maturity of more than 3 months and having remaining maturity of less than 12 months *	1,260.00	150.00
Total	**1,588.19**	**509.88**

* ₹ 1,200 lacs (31 March, 2021: Nil) held as a lien by bank against sanction limit

Particulars	As at 31 March, 2022	As at 31 March, 2021
Note 5(f): Other current financial assets		
Interest accrued on deposits	29.36	77.89
Loans and advances to employees	18.14	29.18
Total	**47.50**	**107.07**
Note 5(g): Contract assets		
Unbilled revenue	9,972.02	6,130.73
Total	**9,972.02**	**6,130.73**

Note 6: Deferred tax assets / (liabilities) (net)

Particulars	Depreciation/ Amortisation	Defined Benefit obligations	Allowances for doubtful debts	Transaction costs (stamp duty) on issue of shares	Others	Total
At 1 April, 2020	**(473.07)**	**212.73**	**85.74**	**-**	**247.42**	**72.82**
(Charged)/ Credited						
– to statement of profit and loss	80.57	45.40	(48.12)	-	48.91	126.76
– to other comprehensive income	-	(2.45)	-	-	-	(2.45)
At 1 April, 2021	**(392.50)**	**255.68**	**37.62**	**-**	**296.33**	**197.13**
(Charged)/ Credited						
– to statement of profit and loss	(24.69)	27.80	120.45	-	117.25	240.81
– to retained earnings Refer note 9(b)	-	-	-	120.93	-	120.93
– to other comprehensive income	-	34.09	-	-	-	34.09
As at 31 March, 2022	**(417.19)**	**317.57**	**158.07**	**120.93**	**413.58**	**592.96**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Note 7: Other Assets		
Unsecured, considered good unless otherwise stated		
Non-current		
Capital Advances	561.91	451.38
Security deposits	390.16	389.89
Balances with Government Authorities {includes amounts paid under protest ₹ 39.59 lacs (31 March, 2021 ₹ 39.59 lacs)	241.37	183.73
Prepaid expenses	36.07	5.33
Total	**1,229.51**	**1,030.33**
Current		
Prepaid expenses	332.03	222.76
Goods and Services tax input credit recoverable	4,390.76	3,656.17
Advances to income tax {Net of provision of ₹ 102.03 lacs (31 March, 2021 32,184.12 lacs)}	25.12	338.65
Advances to creditors	1,183.30	386.05
Export incentives receivable (government grant)		
- Considered good	335.42	691.87
- Considered doubtful	9.77	63.04
	345.19	754.91
Less: Allowance for doubtful export incentives receivable	(9.77)	(63.04)
	335.42	691.87
Others	2.04	5.13
Total	**6,268.67**	**5,300.63**
Note 8: Inventories		
Raw materials {including goods in transit of ₹ 887.86 lacs (31 March, 2021 ₹ 799.42 lacs)}	20,398.32	7,989.11
Work-in-progress	4,041.84	2,508.20
Finished goods	12,722.26	7,087.22
Traded goods {including goods in transit of ₹ 7,674.46 lacs (31 March, 2021 ₹ 7,435.29 lacs)}	21,242.55	16,093.93
Stores and spares	2,399.05	1,630.27
Total	**60,804.02**	**35,308.73**

Particulars	Number of Shares	Amount
Note 9(a): Equity share capital		
Authorised		
308,000,000 equity shares (31 March, 2021 - 120,500,000) of Re. 1 each	3,080.00	1,205.00
Issued, subscribed and fully paid up share capital		
160,996,331 equity shares (31 March, 2021 - 120,139,200) of Re. 1 each	1,609.96	1,201.39

For Shares pending issuance of ₹ Nil (31 March, 2021 – 408.57 lacs) (refer note 40)

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Movement in equity share capital

Authorised

Particulars	Number of shares	Amount
Balance as at 1 April, 2020	120,500,000	1,205.00
Change during the year	-	-
Balance as at 31 March, 2021	**120,500,000**	**1,205.00**
Increase during the year (refer note 40)	187,500,000	1,875.00
Balance as at 31 March, 2022	**308,000,000**	**3,080.00**

Issued, subscribed and fully paid up share capital

Balance as at 1 April, 2020	120,139,200	1,201.39
Changes during the year	-	-
Balance as at 31 March, 2021	120,139,200	1,201.39
Balance as at 1 April, 2021	120,139,200	1,201.39
Add: Shares issued during the year as per the scheme of amalgamation of the Company with its erstwhile fellow subsidiaries (refer note 40)	40,857,131	408.57
Balance as at 31 March, 2022	**160,996,331**	**1,609.96**

Terms and rights attached to equity shares

Equity share has a par value of ₹ 1. They entitle the holder to participate in dividend, and to share in the proceeds of winding up of the Company in proportion to number of and amounts paid on shares held.

Every holder of equity shares is entitled to one vote, and upon a poll each share is entitled one vote.

(ii) Shares of the Company held by the intermediate holding company through its subsidiaries (Also refer note 40)

	Number of equity shares	
	As at 31 March, 2022	**As at 31 March, 2021**
Veitscher Vertriebsgesellschaft m.b.H., Austria (intermediate holding company)	-	-
Subsidiaries of intermediate holding company		
Dutch US Holding B.V., Netherlands	79,877,771	79,877,771
Dutch Brasil Holding B.V., Netherlands	20,620,887	-

(iii) Details of shareholders holding more than 5% shares in the company (Also refer note 40)

Dutch US Holding B.V., Netherlands	79,877,771	79,877,771
Dutch Brasil Holding B.V., Netherlands	20,620,887	-
VRD Americas B.V., Netherlands	12,503,807	-

	Percentage of shares held	
Dutch US Holding B.V., Netherlands	49.61%	66.49%
Dutch Brasil Holding B.V., Netherlands	12.81%	-
VRD Americas B.V., Netherlands	7.77%	-

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

(iv) Aggregate number of shares issued for consideration other than cash

	Year ended 31 March, 2022	Year ended 31 March, 2021
Shares issued as per the scheme of amalgmation of the Company with its erstwhile two fellow subsidiaries (refer note 40)	40,857,131	-

(v) Details of shareholding of promoters

As at 31st March, 2022

Name of Promoter	Number of shares at beginning of year	Shares issued during the year (Refer note 40)	Number of shares at the end of year	Percentage of total number of shares at the end of year	Percentage change during the year
Dutch US Holding B.V., Netherlands	79,877,771	-	79,877,771	49.61%	-16.88%
Dutch Brasil Holding B.V., Netherlands	-	20,620,887	20,620,887	12.81%	12.81%
VRD Americas B.V., Netherlands	-	12,503,807	12,503,807	7.77%	7.77%
As at 31st March, 2021		**Change during the year**			
Dutch US Holding B.V., Netherlands	79,877,771	-	79,877,771	66.49%	-

Particulars	As at 31 March, 2022	As at 31 March, 2021
Note 9(b): Other equity		
Securities premium	6,493.97	6,493.97
General reserve	8,681.48	8,681.48
Capital reserve	1,465.71	1,465.71
Retained earnings	84,620.90	62,326.40
Total	**101,262.06**	**78,967.56**
(i) Securities Premium		
Opening balance	6,493.97	6,493.97
Received/(utilised) during the year	-	-
Closing balance	**6,493.97**	**6,493.97**
(ii) General Reserve		
Opening balance	8,681.48	8,681.48
Received/(utilised) during the year	-	-
Closing balance	**8,681.48**	**8,681.48**
(iii) Capital Reserve		
Opening balance (refer note 40)	1,465.71	1,465.71
Balance transferred from reserve during the year	-	-
Closing balance	**1,465.71**	**1,465.71**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
(iv) Retained earnings		
Opening balance	62,326.40	52,077.97
Net profit for the year	26,900.44	13,662.33
Remeasurements of post employment benefit obligation, net of tax	(101.36)	7.26
Transaction costs (stamp duty) on issue of shares, net of tax (refer note 28)	(479.67)	-
Dividend paid	(4,024.91)	(3,421.16)
Closing balance	**84,620.90**	**62,326.40**

Note 10: Borrowings

Non Current		
Unsecured - Term Loans		
- External Commercial Borrowings	3,341.94	5,980.66
Total	**3,341.94**	**5,980.66**
Current - unsecured		
- Current maturities of External Commercial Borrowings (including accrued interest)	2,562.33	24.56
Total	**2,562.33**	**24.56**

Term loan 1: External commercial borrowing of EURO 3,000,000 was taken from the VRD Americas B.V. Netherland (fellow subsidiary) during the financial year 2014-15 which carries interest at applicable 6 month Euribor plus 200 basis points. It is repayable in single installment of EURO 3,000,000 on 31 December 2022.

Term loan 2: External commercial borrowing of EURO 3,950,000 was taken from the VRD Americas B.V. Netherland (fellow subsidiary) during the financial year 2016-17 which carries interest at applicable 6 month Euribor plus 150 basis points. It is repayable in single installment of EURO 3,950,000 on 31 December 2023.

Net debt reconciliation		
Cash and cash equivalents	6,221.02	15,514.18
Non-current borrowings	(3,341.94)	(5,980.66)
Current borrowings	(2,562.33)	(24.56)
Lease liabilities	(566.35)	(233.37)
Net debt	**(249.60)**	**9,275.59**

Note 11: Other non-current liabilities

Deposit from employees	147.16	99.04
Total	**147.16**	**99.04**

Note 12: Trade payables

Total outstanding dues of micro enterprises and small enterprises (refer note 38)	6,167.74	6,200.11
Total outstanding dues of creditors other than micro enterprises and small enterprises *	46,499.25	28,589.75
Total	**52,666.99**	**34,789.86**

* Includes foreign currency trade payables amounting to ₹ 8,314.54 lacs as at 31 March, 2022 (31 March, 2021: ₹ Nil) which are overdue for more than 180 days. The Group has approached the authorised dealer, under the Foreign Exchange Management (Import of Goods and Services) Regulations, 2015, to condone the delay and seeking permission of extension of time period for settlement of these balances. Pending resolution of this matter, no adjustments are considered necessary in these Consolidated Financial Statements.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Aging of trade payables

As at 31 March, 2022

Particulars	Not Due*	Outstanding for following periods from the due date				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables						
- Micro enterprises and small enterprises	4,635.35	1,519.54	11.78	1.07	-	**6,167.74**
- Others	17,590.43	28,133.38	633.97	111.17	30.30	**46,499.25**
Total	**22,225.78**	**29,652.92**	**645.75**	**112.24**	**30.30**	**52,666.99**
As at 31 March, 2021						
Undisputed trade payables						
- Micro enterprises and small enterprises	4,723.25	1,475.79	0.99	0.08	-	**6,200.11**
- Others	17,049.67	11,292.59	160.80	47.86	38.83	**28,589.75**
Total	**21,772.92**	**12,768.38**	**161.79**	**47.94**	**38.83**	**34,789.86**

* Includes Unbilled

Particulars	As at 31 March, 2022	As at 31 March, 2021
Note 13: Other current financial liabilities		
Unpaid dividend	328.19	359.88
Employee benefits payable	1,364.93	1,501.90
Payables on purchase of property, plant and equipment	125.43	436.24
Total	**1,818.55**	**2,298.02**
Note 14: Contract Liabilities		
Advances from customers	627.90	272.44
Total	**627.90**	**272.44**
Note 15: Provisions		
Provision for unspent corporate social responsibility expenditure as at year end (refer note 27(b))	291.08	135.40
Total	**291.08**	**135.40**

	Year ended 31 March, 2022	Year ended 31 March, 2021
Movement in provision is set out below:-		
Balance as at beginning of the year	135.40	-
Add: Expense recognised in statement of profit and loss during the year	391.52	420.21
Less: Amount spent during the year	235.84	284.81
Balance as at end of the year	291.08	135.40

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 16: Employee benefit obligations

Employee benefit obligations	As at 31 March, 2022	As at 31 March, 2021
	Current	
(i) Leave obligations	929.72	730.14
(ii) Gratuity	337.55	292.52
Total	**1,267.27**	**1,022.66**

(i) Leave obligations

The leave obligation cover the Group's liability for earned leave and sick leave.

The entire amount of provision of ₹ 929.72 Lacs (31 March, 2021 - ₹ 730.14 Lacs) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to avail the full amount of accrued leaves or require payment for such leave within the next 12 months.

Leave obligation not expected to be settled within the next 12 months	**860.27**	**653.38**

Defined Contribution Plan:

The Group has certain defined contribution plans including provident fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards contribution to provident and other fund is:

	Year ended 31 March, 2022	Year ended 31 March, 2021
Contribution to provident and other funds:		
Contribution to Employee state insurance	6.92	9.19
Contribution to Provident fund	443.55	357.30
Contribution to National pension scheme	47.37	38.06
	497.84	**404.55**

(ii) Defined Benefit Plan - Gratuity:

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contribution to recognised funds in India. The Group does not fully fund the liability and maintains the target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. The gratuity fund plan assets of the Group are managed by RHI Magnesita India Employees Group Gratuity Trust and erstwhile RHI India Private Limited Group Gratuity Trust through Kotak Gratuity Group Plan and group gratuity plan with Life Insurance Corporation of India, respectively. The gratuity fund plan assets of the subsidiary are managed by Intermetal Engineers (India) Private Limited Employee Group Gratuity Scheme through LIC Gratuity Group Plan.

	Gratuity - Funded	
	As at 31 March, 2022	As at 31 March, 2021
A. Changes in Defined Benefit Obligation		
Defined benefit obligation as at the beginning of the year	1,731.41	1,521.01
Current service cost	174.41	134.01
Interest cost	87.71	103.35
Benefit paid	(63.33)	(33.02)
Actuarial loss on obligation	113.12	6.06
Defined Benefit Obligation at end of year	**2,043.32**	**1,731.41**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

	Gratuity - Funded	
	As at 31 March, 2022	As at 31 March, 2021
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	1,438.89	1,233.66
Expected return on plan assets	80.04	83.46
Employer contribution	257.42	139.01
Benefit payments from plan assets	(48.25)	(33.02)
Actuarial (loss)/gain on plan assets	(22.33)	15.78
Fair value of plan assets at end of year	**1,705.77**	**1,438.89**
Net defined benefit (asset)/liability		
Present value of obligation at the end of the year	2,043.32	1,731.41
Fair value of plan assets at the end of the year	1,705.77	1,438.89
Unfunded liability/provision in Balance Sheet	**337.55**	**292.52**
Total expense recognised in the statement of profit and loss		
Current service cost	174.41	134.01
Interest cost	87.71	103.35
Interest income	(80.04)	(83.46)
Total Expense recognised under employee benefits expense (refer note 24)	**182.08**	**153.90**
Total expense recognised in OCI		
Actuarial loss on defined benefit obligation arising from change in demographic assumption	-	8.87
Actuarial (Gain) / Loss on defined benefit obligation arising from change in financial assumption	(94.20)	(24.86)
Actuarial loss on defined benefit obligation arising from experience adjustment	207.32	-
Actuarial loss of plan assets	22.33	6.28
Unrecognised actuarial loss/(gain) at the end of year	**135.45**	**(9.71)**

(B) Actuarial Assumptions:

		As at 31 March, 2022	As at 31 March, 2021
i)	Discounting Rate	7.22%	6.7 to 6.9%
ii)	Future Salary Increase	4.5% to 8%	8%
iii)	Retirement Age (Years)	58/60	58/60
iv)	Ages	**Withdrawal Rate %**	
	Up to 30 Years	3 to 5%	3 to 5%
	From 31 to 44 years	2 to 5%	2 to 3%
	Above 44 years	1 to 5%	1 to 5%

Assumptions regarding future mortality rate for gratuity is based on actuarial advice in accordance with published statistics and experience.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

(C) Expected contribution for the next 12 months

		As at 31 March, 2022	As at 31 March, 2021
i)	Service cost	203.51	137.23
ii)	Net Interest cost	24.04	9.12
iii)	**Expected contribution for the next 12 months**	**227.55**	**146.35**

(D) The weighted average duration of the defined benefit obligation is 10.91 to 14.19 years (31 March, 2021 — 10.85 to 13.69 years). The expected maturity analysis of undiscounted gratuity benefit is as follows:

Maturity profile of Defined Benefit Obligation Years :

i)	0 to 1 Year	149.17	92.19
ii)	1 to 2 Year	87.70	89.63
iii)	2 to 3 Year	149.55	100.39
iv)	3 to 4 Year	250.05	133.17
v)	4 to 5 Year	167.34	222.48
vi)	5 to 6 Year	193.99	152.35
vii)	6 Year onwards	2,786.14	2,134.95
	Total	**3,783.94**	**2,925.16**

(E) Sensitivity analysis on defined benefit obligation

Discount rate			
a.	Discount rate – 0.5% – the liability to increase by	91.55	197.99
b.	Discount rate + 0.5% – the liability to decrease by	(85.32)	(219.77)
Salary increase rate			
a.	Rate – 0.5% – the liability to decrease by	(82.05)	(213.01)
b.	Rate + 0.5% – the liability to increase by	86.18	198.73

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the repotting period) has been applied as when calculating the Defined benefit recognised in the balance sheet. The methods and types of assumptions used in preparation, the sensitivity analysis did not change compared to the prior period.

(F) Risk Exposures:

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Salary Increases: Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Investment Risk: If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

(G) Defined benefit liability and employer contribution

The Group monitors the deficit in defined benefit obligation (net off plan assets) and endevours to meet such deficit within reasonable future. The objective is to ensure adequate investments of funds, at appropriate time, to generate sufficient corpus for future payments.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Note 17: Current tax liabilities		
Provision for income tax (Net of Advance to Income Tax of ₹ 36,314.64 lacs)	177.96	-
Total	**177.96**	**-**
Note 18: Other current liabilities		
Statutory dues (Contribution to Provident Fund and Employee State Insurance, Goods and Services Tax etc)	1,073.35	524.26
Deposits from employees	11.94	6.73
Total	**1,085.29**	**530.99**

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Note 19: Revenue from operations (refer note 39)		
Revenue from contracts with customers		
- Sales of products		
(i) Finished goods	74,785.08	50,900.50
(ii) Traded goods	29,157.18	24,632.24
- Total Refractories Management Services	90,605.30	57,485.16
- Sale of services	4,048.94	3,122.48
	198,596.50	**136,140.38**
Other operating revenues (Government grant – export incentives)	917.77	897.48
Total	**199,514.27**	**137,037.86**
Note 20: Other income		
Interest income on financial assets on amortised cost:		
- on bank deposits	166.55	452.86
- on others	104.11	143.98
Net foreign exchange differences	-	325.73
Liabilities / provisions no longer required written back	2.23	71.11
Bad debts recovered	1.56	12.83
Scrap Sales	423.06	75.73
Miscellaneous income	268.69	150.15
Total	**966.20**	**1,232.39**
Note 21: Cost of raw materials and components consumed		
Opening stock	7,989.11	6,391.04
Add: Purchases	84,084.75	51,119.53
	92,073.86	57,510.57
Less: Closing stock	20,398.32	7,989.11
Total	**71,675.54**	**49,521.46**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars		Year ended 31 March, 2022	Year ended 31 March, 2021
Note 22: Purchases of stock-in-trade (traded goods)			
Purchases of stock-in-trade (traded goods)		59,983.74	42,410.52
	Total	**59,983.74**	**42,410.52**
Note 23: Change in inventories of finished goods, work in-progress and traded goods			
Inventories at the end of the year			
Work in progress		4,041.84	2,508.20
Finished goods		12,722.26	7,087.22
Traded goods		21,242.55	16,093.93
		38,006.65	**25,689.35**
Inventories at the beginning of the year			
Work in progress		2,508.20	2,161.78
Finished goods		7,087.22	5,494.99
Traded goods		16,093.93	11,999.32
		25,689.35	**19,656.09**
Less: Own production consumed for construction of Kiln capitalised		(21.05)	(355.79)
	Total	**(12,338.35)**	**(6,389.05)**
Note 24: Employee benefits expense			
Salaries, wages and bonus		10,990.36	9,481.73
Contribution to provident fund & others (refer note 16)		497.84	404.55
Gratuity (refer note 16)		182.08	153.90
Leave obligation		219.88	181.38
Staff welfare expenses		461.70	338.12
	Total	**12,351.86**	**10,559.68**
Note 25: Finance cost			
Interest expense:			
- on external commercial borrowings		102.78	112.24
- on bank overdraft		14.66	0.28
- on bills discounting		166.50	240.91
- Net exchange differenes on foreign currency borrowings		(100.95)	219.30
Interest expenses on lease liabilities		33.38	12.27
Others		1.52	63.31
	Total	**217.89**	**648.31**
Note 26: Depreciation and amortisation expense			
Depreciation on property, plant and equipment		3,165.09	2,850.55
Depreciation charge of right-of-use assets		109.90	85.49
Amortisation of intangible assets		107.53	43.44
	Total	**3,382.52**	**2,979.48**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Note 27: Other expenses		
Consumption of stores and spare parts	2,979.42	2,082.32
Consumption of packing materials	2,785.70	1,684.86
Power and fuel	5,056.51	3,810.43
Processing charges	5,634.82	5,551.76
Rent {Refer Note 3(b) & 34(b)}	252.22	114.84
Repairs and maintenance		
- Plant and machinery	511.34	463.06
- Buildings	33.82	32.57
- Others	155.93	54.07
Insurance	333.41	248.87
Rates and taxes	874.73	32.58
Communication costs	136.69	106.72
Travelling and conveyance	508.36	262.77
Printing and stationery	26.61	36.74
Freight and forwarding	4,924.67	3,895.73
Commission on sales (Other than sole selling agents)	-	100.62
Advertising and other expenses	29.21	6.08
Donation	0.48	0.83
Expenditure on corporate social responsibility {refer Note 27(b)}	391.52	420.21
Legal and professional fees {refer Note 27(a)}	1,694.66	579.58
Royalty	817.83	129.50
Directors sitting fees	21.25	12.75
Bad debts written off	143.56	117.90
Allowance for doubtful debts - trade receivables (Net)	478.58	(276.05)
Allowance/(writeback) for doubtful export incentives receivable (Net)	(53.27)	44.00
Net foreign exchange differences	497.54	-
Loss on property, plant and equipment sold / scrapped (Net)	38.11	0.24
Bank charges	108.32	55.22
Impairment loss on capital work-in-progress	81.75	-
Information & technology expenses	888.15	351.42
Miscellaneous expenses	107.13	162.27
Total	**29,459.05**	**20,081.89**
Note 27 (a): Legal & professional include Payment to Auditors as under : -		
Payment to auditor (excluding GST) comprise		
a) To statutory auditor		
- for audit	112.92	98.03
- for limited review	26.38	16.06
- reimbursement of expenses	6.69	3.93
b) To cost auditor for cost audit	0.75	1.15
	146.74	**119.17**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Note 27 (b): Expenditure on Corporate Social Responsibility (CSR)		
a) Gross amount required to be spent by the Company during the year	391.52	420.21
b) Cumulative provision for unspent expenditure at the beginning of the year (refer note 15)	135.40	-
c) Amount spent during the year on:		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above (includes ₹ 32 lacs relating to previous year)	235.84	284.81
d) Provision for unspent expenditure for the year	187.68	135.40
e) Cumulative provision for unspent expenditure as at year end (refer note 15)	291.08	135.40

Reason for shortfall in the current year

There was delay in spending the required CSR expenditure due to Covid-19 pandemic impact in the initial period of the financial year because of which several officials of the Company were infected and it was difficult for the Company to keep its operations running and the management was focused on ensuring smooth functioning of the business.

Per sub-section (5) of Section 135 of the Act, the Company was required to transfer unspent Corporate Social Responsibility expenditure as at 31 March, 2021 in respect of "other than ongoing projects" to a Fund specified in Schedule VII to the Act within the six months of the expiry of the financial year end. However, transfer of certain amount was made beyond a period of six months of the expiry of the financial year end. The Company has filed a compounding application with respect to above mentioned non compliance with the Ministry of Corporate Affairs on 20 May, 2022 and the management is of the view that the impact of potential compounding is not expected to be material to the Company. Details are as given below.

Per sub-section (5) of Section 135 of the Act, the Company is required to transfer unspent Corporate Social Responsibility expenditure for the year ended 31 March, 2022 in respect of "other than ongoing projects" to a Fund specified in Schedule VII to the Act, the time period of such transfer, i.e., six months of the expiry of the financial year end as permitted under the second proviso to sub-section (5) of Section 135 of the Act has not elapsed until the date of approval of these Consolidated Financial Statements. Details are as given below.

Financial year	Amount to be spent in accordance with section 135(5)	Amount remaining unspent as at the year-end to be transferred to fund under Schedule VII	Amount transferred to Fund under Schedule VII, within 6 months from end of financial year (or till the approval of these Standalone Financial Statements, if that is earlier)	Amount transferred to Fund under Schedule VII, after 6 months from end of financial year (till the approval of these Standalone Financial Statements)	Amount not transferred to Fund under Schedule VII, till the approval of these Standalone Financial Statements but the period of six months from the end of the financial year has not lapsed
(a)	(b)	(c)	(d)	(e)	(f)
2020-21	420.21	135.40	32.00	103.40	-
2021-22	391.52	187.68	-	-	187.68

Note 28: Income tax expense

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Income Tax Expense		
Current tax		
Current tax on profits for the year	9,383.13	4,896.21
Adjustments for current tax of prior periods	(294.54)	26.18
Total current tax expense	**9,088.59**	**4,922.39**
Deferred tax		
Deferred tax expense/(benefit)	(240.81)	(126.76)
Total deferred tax expense	**(240.81)**	**(126.76)**
Total Income Tax Expense	**8,847.78**	**4,795.63**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Reconciliation of tax expense and accounting profit multiplied by tax rate		
Profit before income tax expense	35,748.22	18,457.96
Tax at the rate of 25.168% (Previous year : 25.168%)	8,997.11	4,645.50
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Adjustments for current tax of prior periods	(294.54)	26.18
- Corporate social responsibility expenditure	98.54	105.76
- Others	46.67	18.19
Income Tax Expense	**8,847.78**	**4,795.63**

Amount recognised direct in equity	Year ended 31 March, 2022	Year ended 31 March, 2021
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited / (credited) to equity:	-	-
Deferred Tax ((refer note 9(b))	120.93	-

Note 29: Fair value measurement

Financial Instruments by category

	As at 31 March, 2022		As at 31 March, 2021	
	FVPL	Amortised cost	FVPL	Amortised cost
Financial assets				
Non-current				
Investments	-	0.45	-	0.45
Security deposits		138.83	-	129.75
Other financial assets	-	26.40	-	24.81
Current				
Trade receivables	-	48,902.07	-	32,770.99
Cash and cash equivalents	-	6,221.02	-	15,514.18
Bank balances other than above	-	1,588.19	-	509.88
Other financial assets	-	47.50	-	107.07
Total Financial Assets	**-**	**56,924.46**	**-**	**49,057.13**
Financial liabilities				
Non Current				
Borrowings	-	3,341.94	-	5,980.66
Current				
Borrowings	-	2,562.33	-	24.56
Trade payables	-	52,666.99	-	34,789.86
Other financial liabilities	-	1,818.55	-	2,298.02
Total Financial Liabilities	**-**	**60,389.81**	**-**	**43,093.10**

The carrying amounts of trade receivables, trade payables, current borrowings, other current financial assets & liabilities, bank balances and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of non-current financial assets and financial liabilities carried at amortized cost is substantially same as their carrying amount.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 30: Financial Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk.

The Group's senior management has the overall responsibility for establishing and governing the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policies accordingly. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and bank balances, Trade Receivables, Other Financial Assets	"Ageing analysis Credit ratings"	Diversification of bank deposits and periodic monitoring of realisable value of assets. Business with customers with reliable credit rating in the market.
Liquidity risk	Trade payables and Other Financial liabilities	Cash flow forecasts	Availability of adequate cash and liquid assets.
Market risk — foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting's Sensitivity analysis	"Regular monitoring to keep the net exposure at an acceptable level, with an option of taking forward foreign exchange contracts if deemed necessary. Natural hedging by maintaining balances between receivables and payables within same currency."
Market risk — Interest rate	Borrowings with floating rate of interest	"Cash flow forecasting's Sensitivity analysis"	Regular monitoring to keep the net exposure at an acceptable level.

A. Credit Risk

Credit risk on cash and cash equivalent and bank balances is not significant as it majorly includes deposits with bank and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Other financial assets primary includes security deposits given to lessee's. These deposits are given in the normal course of the business operations.

Credit risk arise from possibility that customer may default on its obligation to make timely payments, resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivable and unbilled revenue.

The credit risk is managed by the Group through credit term approvals, establishing the financial reliability of the customers taking into account the financial condition, analysis of historical bad debts and ageing of account receivables. Outstanding customer receivables are regularly monitored. Individual credit terms are set accordingly by the Group's credit control department.

To address the risk of any potential non recovery from trade receivables, the Group has the practise of reviewing debtors having balances outstanding for more than 180 days as at period end and consider them for provision for bad and doubtful debts. Besides this, wherever there is specific evidence about the deteriorating financial position, downfall in business, intention to not pay or other similar factors of the customer, the management reviews the underlying facts and merits of such cases to evaluate the need to adjust provision, as computed based on ageing analysis. This provision, based on collective analysis, is sufficient to cover the entire lifetime loss of revenues recognised including those that are currently less than 180 days outstanding and not provided for.

Ageing of trade receivables:

Category	As at 31 March, 2022	As at 31 March, 2021
Not due	34,228.17	24,190.34
0-30 days	9,708.22	4,275.28
31-60 days	2,168.14	2,622.79
61-90 days	1,213.84	851.15
91-180 days	1,390.00	479.54
181-240 days	132.74	158.26
More than 240 days	831.18	485.27
Total	**49,672.29**	**33,062.63**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Allowance for doubtful debts-trade receivables

Particulars	Amount (in ₹ Lacs)
Allowance as on 1 April, 2020	**567.69**
Changes in loss allowance (refer note 27)	(276.05)
Allowance as on 31 March, 2021	**291.64**
Changes in loss allowance (refer note 27)	478.58
Allowance as on 31 March, 2022	**770.22**

B. Liquidity Risk:

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time. The Group's primary sources of liquidity are cash generated from operations. The cash flows from operating activities are driven primarily by operating results and changes in the working capital requirements.

The Group believes that its liquidity position is adequate to fund the operating and investing needs and to provide with flexibility to respond to further changes in the business environment.

Contractual Maturities of financial liabilities:

The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
31 March, 2022					
Borrowings	2,562.33	3,341.94	-	-	**5,904.27**
Trade Payables	52,666.99	-	-	-	**52,666.99**
Lease Liabilities	158.92	131.86	109.15	334.15	**734.08**
Unpaid dividend	328.19	-	-	-	**328.19**
Employee Benefits payable	1,364.93	-	-	-	**1,364.93**
Payables on purchase of property, plant and equipment	125.43	-	-	-	**125.43**
Other financial liabilities	-	-	-	-	**-**
31 March, 2021					
Borrowings	24.56	2,581.58	3,399.08	-	**6,005.22**
Trade Payables	34,789.86	-	-	-	**34,789.86**
Lease Liabilities	65.11	65.11	34.44	148.45	**313.11**
Unpaid dividend	359.88	-	-	-	**359.88**
Employee Benefits payable	1,501.90	-	-	-	**1,501.90**
Payables on purchase of property, plant and equipment	436.24	-	-	-	**436.24**

C. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises two types of risk: foreign currency risk and interest rate risk. Financial instruments affected by market risks include borrowings, foreign currency receivables and payables.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Foreign currency risk: The Group operates internationally and is exposed to foreign exchange risk in relation to operating activities (when revenue or expense is denominated in a foreign currency) arising from foreign currency transactions, primarily with respect to the USD and EUR. The Group manages the exposure through natural hedging, by maintaining appropriate balances of receivables and payables within same currency. The Group also has policies to enter into foreign currency financial contracts in order to manage the impact of changes in foreign exchange rates on the results of operations and future foreign currency denominated cash flows. Forward exchange contracts are not intended for trading or speculative purposes but only for hedge purposes.

The Group does not have material foreign currency exposure.

Foreign currency risk exposure

Particulars of unhedged foreign currency exposure in ₹ (In Lacs)

Purpose	As at 31 March 2022				As at 31 March 2021			
	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF
Borrowings	–	5,904.27	–	–	–	6,005.22	–	–
Trade Payables	13,322.32	919.98	2.87	885.76	8,833.75	290.07	30.97	14.31
Payables on purchase of property, plant and equipment	–	38.10	–	–	51.69	37.77	–	–
Net exposure to foreign currency risk (Liabilities)	**13,322.32**	**6,862.35**	**2.87**	**885.76**	**8,885.44**	**6,333.06**	**30.97**	**14.31**
Trade Receivables	5,297.47	820.93	–	–	2,818.30	957.67	–	–
Balance with EEFC Account	–	–	–	–	–	121.61	–	–
Net exposure to foreign currency risk (Assets)	**5,297.47**	**820.93**	**-**	**-**	**2,818.30**	**1,079.28**	**-**	**-**

Sensitivity to risk:

Particulars	Impact on Profit (Net of tax) (Increase)/Decrease	
	Year ended 31 March, 2022	Year ended 31 March, 2021
USD sensitivity		
INR/USD – Increase by 5%	(300.26)	(227.01)
INR/USD – Decrease by 5%	300.26	227.01
Euro sensitivity		
INR/EURO – Increase by 5%	(226.05)	(196.58)
INR/EURO – Decrease by 5%	226.05	196.58
GBP sensitivity		
INR/GBP – Increase by 5%	(0.11)	(1.16)
INR/GBP – Decrease by 5%	0.11	1.16
CHF sensitivity		
INR/CHF – Increase by 5%	(33.14)	(0.54)
INR/CHF – Decrease by 5%	33.14	0.54

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Interest Rate Exposure

Particulars	**Impact on Profit (Net of tax) (Increase)/Decrease**	
	Year ended 31 March, 2022	**Year ended 31 March, 2021**
External Commercial Borrowings		
Interest expense	102.78	112.24
Interest rate at the end of the year	2.00%	2.00%
Interest rate Increase by 1%	38.46	42.00
Interest rate Decreases by 1%	(38.46)	(42.00)
Bank Overdraft		
Interest expenses	14.66	0.28
Interest rate at the end of the year	9.15%	9.15%
Interest rate Increase by 1%	1.20	0.02
Interest rate Decreases by 1%	(1.20)	(0.02)

Note 31 : Capital management

A. Risk Management

The Group's objectives when managing capital is to safeguard their ability to continue as a going concern, so that it can continue to provide adequate returns to the shareholders.

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards business needs, opitimisation of working capital requirements and deployment of surplus funds into fixed deposits.

The management of the Group reviews the capital structure of the Group on regular basis. As part of this review, the Board considers the status of debts, cost of capital and movement in the working capital.

Particulars	**As at 31 March, 2022**	**As at 31 March, 2021**
Debt	5,904.27	6,005.22
Share capital	1,609.96	1,201.39
Shares pending issuance	-	408.57
Equity reserves	101,262.06	78,967.56
Total Equity	**102,872.02**	**80,577.52**
Gearing ratio	**5.74%**	**7.45%**

B. Dividend

Particulars	**Year ended 31 March, 2022**	**Year ended 31 March, 2021**
(i) Equity shares		
Final Dividend for the year 31 March, 2021 of ₹ 2.50 (31 March, 2020 - ₹ 2.50) per fully paid share	4,024.91	3,003.48
Final dividend for the year 31 March, 2021 of ₹ Nil (31 March, 2020 - ₹ 2.27) to the shareholders of erstwhile fellow subsidiary i.e., RHI Clasil Private Limited	NA	417.68
(ii) Dividend not recognised at the end of the reporting period		
In addition to the above dividends, the directors have recommended the payment of a final dividend of ₹ 2.50 per fully paid equity share (31 March, 2021 of ₹ 2.50), in its meeting held on 27 May, 2022 (31 March, 2021: 25 June, 2021). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	4,024.91	4,024.91

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 32: Segment information

The Group is primarily engaged in the business of manufacturing refractories and monolithics. Based on the information reported to the chief operating decision maker (CODM) for the purpose of resources' allocation and assessment of performance, there is single business segment in accordance with the requirements of Indian Accounting Standard (Ind AS 108 on 'Operating Segment Reporting' notified under the Companies (Indian Accounting Standard) Rules, 2015.

Geographical Segments:

The analysis of geographical segment is based on the geographical location of the customers. The Group operates primarily in India and has presence in international markets as well. Its business is accordingly aligned geographically, catering to two markets i.e. India and Outside India. For customers located outside India, the Group has assessed that they carry same risk and rewards. The Group has considered domestic and exports markets as geographical segments and accordingly disclosed these as separate segments. The geographical segments considered for disclosure are as follows:

– Sales within India include sales to customers located within India.

– Sales outside India include sales to customers located outside India"

Secondary Segment Reporting (by Geographical Segments)

The following is the distribution of the Group's total revenue of operations by geographical market, regardless of where the goods were produced:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Within India	167,665.12	112,589.07
Outside India	30,931.38	23,551.31
Total	**198,596.50**	**136,140.38**

The following table shows the carrying amount of trade receivables by geographical segments

Particulars	As at 31 March, 2022	As at 31 March, 2021
Within India	42,833.96	28,995.02
Outside India	6,068.11	3,775.97
Total	**48,902.07**	**32,770.99**

All other assets (other than trade receivables) used in the Group's business are located in India and are used to cater to both the categories of customers (within India and outside India). Accordingly the total cost incurred during the year to acquire property, plant and equipment and intangible assets has not been disclosed.

Note 33: Contingent Liabilities

Claims against the Group not acknowledged as debts

Demand from income tax	1,150.26	993.91
Demand from excise and service tax authorities	329.56	316.12
Demand from customs authorities	291.88	291.88
Demand from central sales tax	16.53	16.53
Total	**1,788.23**	**1,618.44**

Notes :

(i) No provision is considered necessary since the Group expects favourable decisions.

(ii) Paid under protest of ₹ 39.59 Lacs (31 March, 2021, ₹ 39.59 Lacs)

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

These represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Group or the claimants as the case may be and therefore cannot be predicted accurately. The Group engages professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

Note 34 (a): Capital and other commitments:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Property, plant and equipment	2,211.90	1,570.53

(ii) The Group has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in normal course of business.

(iii) The Group has long term commitments/contracts for which there were no material foreseeable losses. The Group did not have any long-term derivative contracts as at 31 March, 2022.

Note 34 (b): Operating Leases

The Group's cancellable operating lease arrangements mainly consists of offices, guest house and warehouse for period of less than 11 months. Terms of lease include terms for renewal, increase in rent in future periods and terms of cancellation (refer note 27).

Note 35: Earnings per share

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
(a) Basic earnings per share (₹)	16.71	8.49
(b) Diluted earnings per share (₹)	16.71	8.49
Profits used for calculating earnings per share		
Profit attributable to the equity holders of the Company used in calculating Basic Earnings per share	26,900.44	13,662.33
Profit attributable to the equity holders of the Company used in calculating Diluted Earnings per share	26,900.44	13,662.33
Weighted average number of shares used as denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share*	1,609.96	1,609.96
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share*	1,609.96	1,609.96

*Includes 408.57 lacs shares for the year ended 31 March, 2021, which were pending for issuance as per the Scheme which was being considered effective from 01 April, 2019 as per Ind AS – 103, Business Combination (refer note 40).

Note: There are no diluted instruments.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 36: Related Party Transactions

(a) List of Related Parties

(i) Parent entities

The Group is controlled by the following :

Name	Type	Place of Incorporation	Ownership Interest (in %)	
			As at 31 March, 2022	As at 31 March, 2021
RHI Magnesita N.V., Austria	Ultimate holding Company	Austria	-	-
Veitscher Vertriebsgesellschaft m.b.H., Austria	Intermediate Holding Company	Austria	-	-
Dutch US Holding B.V., Netherlands	Subsidiary of intermediate holding Company	Netherlands	49.61%	66.49%
Dutch Brasil Holding B.V., Netherlands	Subsidiary of intermediate holding Company	Netherlands	12.81%	-

(ii) Key managerial personnel (KMP)

Mr. Parmod Sagar, Managing Director & CEO

Mr. Sanjeev Bhardwaj, Chief Financial Officer

Mr. RVS Rudraraju, Chief Operating Officer (w.e.f. 25 June, 2021)

(iii) Fellow subsidiaries with whom the Company had transactions

Dutch US Holding B.V., Netherlands

Dutch Brasil Holding B.V., Netherlands

Refractory Intellectual Property GmbH & Co KG

Magnesita Mineracao S.A.

RHI Refractories Asia Pacific Pte Ltd

RHI Magnesita GmbH

RHI Urmitz AG & Co KG

Magnesita Refractories Private Limited

Magnesita Envoy Asia Limited

RHI Trading (Dalian) Co. Ltd

VRD Americas B.V. Netherlands

RHI Refractories UK Ltd.

RHI-Refmex S.A. DE C.V.

RHI Refractories Liaoning Co. Ltd.- China

Magnesita Refractories Middle East FZE

RHI Magnesita Deutschland AG

RHI Magnesita Interstop AG

RHI Magnesita Trading B.V.

(iv) Relative of KMP

Mr. Christophar Parvesh

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

(b) Related Party Transactions

Particulars	Relationship	Year ended 31 March, 2022	Year ended 31 March, 2021
Dividend paid			
Dutch US Holding B.V., Netherlands	Fellow Subsidiary	1,996.94	1,996.94
Dutch Brasil Holding B.V., Netherlands	Fellow Subsidiary	515.52	-
VRD Americas B.V. Netherlands	Fellow Subsidiary	312.60	224.37
Sales:			
RHI Magnesita GmbH	Fellow Subsidiary	26,207.17	19,111.96
RHI Urmitz AG & Co KG	Fellow Subsidiary	1,688.18	421.96
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	-	31.04
RHI Refractories UK Ltd.	Fellow Subsidiary	-	0.43
RHI-Refmex S.A. DE C.V.	Fellow Subsidiary	-	3.44
RHI Magnesita Deutschland AG	Fellow Subsidiary	-	425.97
Purchases			
RHI Magnesita Interstop AG	Fellow Subsidiary	406.25	582.31
Magnesita Mineracao S.A.	Fellow Subsidiary	-	39.80
Magnesita Refractories Middle East FZE	Fellow Subsidiary	15.20	
RHI Magnesita GmbH	Fellow Subsidiary	38,074.51	26,031.11
Magnesita Envoy Asia Limited	Fellow Subsidiary	-	152.03
Purchase of spares			
RHI Magnesita GmbH	Fellow Subsidiary	177.64	162.32
RHI Magnesita Interstop AG	Fellow Subsidiary	452.25	153.58
Purchase of assets			
RHI Magnesita GmbH	Fellow Subsidiary	287.93	1,335.05
RHI Magnesita Interstop AG	Fellow Subsidiary	377.18	66.41
Service income			
RHI Magnesita GmbH	Fellow Subsidiary	484.65	1,020.06
RHI Magnesita Trading B.V.	Fellow Subsidiary	1,463.74	415.96
Managerial remuneration*			
Mr. Parmod Sagar	KMP	338.17	351.85
Mr. Sanjeev Bhardwaj	KMP	117.20	119.00
Mr. RVS Rudraraju	KMP	131.71	-

*The amount of managerial remuneration does not include the amount attributed towards Equity-settled share options (LTIP) issued by RHI Magnesita N.V. for which no cost is charged from the Group. Also refer note 37.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Particulars	Relationship	Year ended 31 March, 2022	Year ended 31 March, 2021
Salary			
Mr. Christophar Parvesh	Relative of KMP	10.33	9.63
Royalty			
Refractory Intellectual Property GmbH & Co KG	Fellow Subsidiary	817.83	129.50
Information Technology Expenses*			
RHI Magnesita GmbH	Fellow Subsidiary	742.53	350.25
*Includes reimbuirsement of expense			
Expenses reimbursement {Received/(Paid)}			
RHI Magnesita GmbH	Fellow Subsidiary	175.57	265.15
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	-	8.96
Magnesita Refractories Private Limited	Fellow Subsidiary	0.84	0.84
Interest Expenses			
VRD Americas B.V. Netherlands	Holding Company	102.78	112.24

(c) Outstanding balances arising from sales/purchase of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related party:

Particulars	Relationship	As at 31 March, 2022	As at 31 March, 2021
Trade Payables:			
Refractory Intellectual Property GmbH & Co KG	Fellow Subsidiary	688.98	65.23
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	-	2.92
RHI Magnesita Interstop AG	Fellow Subsidiary	885.77	41.03
RHI Magnesita GmbH	Fellow Subsidiary	24,853.41	12,590.11
Magnesita Refractories Middle East FZE	Fellow Subsidiary	15.48	-
RHI Refractories Liaoning Co. Ltd.- China	Fellow Subsidiary	-	2.28
RHI Trading (Dalian) Co. Limited	Fellow Subsidiary	-	0.17
Total Trade Payables to related parties		**26,443.64**	**12,701.74**
Trade Receivables:			
RHI Urmitz AG & Co KG	Fellow Subsidiary	303.80	57.22
RHI Magnesita GmbH	Fellow Subsidiary	4,934.60	2,784.16
RHI Magnesita Trading B.V	Fellow Subsidiary	31.46	178.08
Magnesita Refractories Private Limited	Fellow Subsidiary	0.17	0.43
Total Trade receivables from related parties		**5,270.03**	**3,019.89**
External Commercial Borrowings			
VRD Americas B.V, Netherlands	Holding Company	5,904.27	6,005.22
		5,904.27	**6,005.22**
Other transactions			
Guarantee given to Bank by RHI Magnesita GmbH	Fellow Subsidiary	4,230.30	8,879.00
		4,230.30	**8,879.00**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 37: Equity-settled share option plan (LTIP)

RHI Magnesita N.V (Ultimate Holding Company) has implemented a share option plan for the members of senior management including of the Company. Each share option converts into one ordinary share of RHI Magnesita N.V on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry rights to dividends but no voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is calculated in accordance with the performance-based formula approved by the shareholders of the Ultimate Holding Company. The vesting period for each share option plan is three years. If the options remain unexercised after a period of seven years from the vesting date the, options expire. Options are forfeited if the employee leaves the Company before the options vest. The allocation of share option plan has been made by the Ultimate Holding Company pursuant to the following plans:

Plans details	Grant date	Vesting Date (Vesting period)	Exercise price	Number of share options	
				As at 31 March, 2022	As at 31 March, 2021
Equity-settled share option plan 2019	19-Aug-2019	19-Aug-2022 (3 years)	Nil	1,752	1,110
Equity-settled share option plan 2020	8-Apr-2020	8-Apr-2023 (3 years)	Nil	5,611	2,774
Equity-settled share option plan 2021	15-Mar-2021	15-Mar-2024 (3 years)	Nil	1,255	53
Equity-settled share option plan 2022	8-Mar-2022	8-Mar-2025 (3 years)	Nil	131	-
			Total	**8,749**	**3,937**

i) Summary of share options outstanding under the plan:

Particular	Number of share options	
	As at 31 March, 2022	As at 31 March, 2021
Opening balance	3,937	423
Granted during the year	4,812	3,514
Exercised during the year	-	-
Forfeited during the year	-	-
Closing Balance	**8,749**	**3,937**

ii) Fair value of share options granted by the Company under each scheme

Grant Date	Fair Value (Euro)
19-Aug-2019	46.25
8-Apr-2020	22.70
15-Mar-2021	48.28
8-Mar-2022	25.86

(b) Expense arising from employee share option plan

The fair value of the LTIP granted that has not been recognised as expense in the Statement of Profit and Loss as the impact is not considered material, is as follows:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Equity-settled share option plan expenses	109.37	74.23
Total expense	**109.37**	**74.23**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Note 38: Due to micro and small enterprises

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end *	6,167.74	6,200.11
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	73.21	30.77
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	7,702.78	978.76
(iv) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	42.44	6.31
(vii) Interest accrued and remaining unpaid at the end of the accounting year	73.21	30.77
(viii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

* Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are based on information made available to the Group.

Note 39: Revenue from Contracts with Customers

Revenue from contracts with customers (refer Note 19)	Year ended 31 March, 2022	Year ended 31 March, 2021
The Company has recognised the following amounts relating to revenue in the statement of profit and loss:		
Sale of products		
(i) Finished goods	74,785.08	50,900.50
(ii) Traded goods	29,157.18	24,632.24
Total Refractories Management Services	90,605.30	57,485.16
Sale of services	4,048.94	3,122.48
Revenue from contracts with customers	**198,596.50**	**136,140.38**
Other operating revenues (Government grant – export incentives)	917.77	897.48
Total Revenue from Operations	**199,514.27**	**137,037.86**

Disaggregation of Revenue

In the following tables, revenue is disaggregated by product group and by geography. This is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108 (refer note 32). The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Disaggregation of Revenue by Geography

	Year ended 31 March, 2022	Year ended 31 March, 2021
Within India	167,665.12	112,589.07
Outside India	30,931.38	23,551.31
Total Revenue	**198,596.50**	**136,140.38**

Timing of Revenue Recognition

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual terms agreed in the customer contract. Revenue from contracts for total refractory management services, revenue is recognized over time using the output-oriented method (e.g. quantity of steel produced by the customer). Revenue from providing services is recognized in the accounting period in which the services are rendered.

Performance obligations

Revenue from the sale of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual terms agreed in the customer contract. Control is defined as the ability to direct the use and obtain substantially all the economic benefits from an asset. For the terms CIF (Cost, Insurance and Freight), transport service gives rise to a separate performance obligation to which a part of revenue has to be allocated, as this service is performed after the control of the product is transferred to the customer.

For Refractory Management services where the transaction price depends on the customer's production tonnage the management has determined that both supply of goods and services are not distinct as the customer expects total refractory management services from the Group, which includes supply of refractory material and its related services to produce steel. Thus, only one single performance obligation, the performance of refractory management services, exists. With regard to these contracts, revenue is recognised over time using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from services is recognised over time, using an input method to measure progress towards completion of service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Transaction price allocated to the remaining performance obligations

Transaction price is the expected consideration to be received in exchange for transferring goods or services, to the extent that it is highly probable that there will not be a significant reversal of revenue. For Refractory Management Contracts, transaction price depends on the customer's production performance.

The Group has applied practical expedient in Ind AS 115. Accordingly it has not disclosed information about remaining performance obligations wherein the Group has a right to consideration from customer in an amount that directly corresponds with the value to the customer of entity's performance till date using the output method and for the other contracts which have original expected durations of one year or less.

Reconciliation of revenue recognised with contract price

Contract price	198,510.68	134,729.00
Adjustments for:		
Claims & Rebates	(255.56)	(453.78)
Performance Bonus	341.39	1,865.16
Revenue from contracts with customers	**198,596.51**	**136,140.38**

Trade Receivables and Contract Balances

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as Contract Asset.

A receivable is a right to consideration that is unconditional upon passage of time.

Contract assets consist of unbilled revenue which arises when the Group satisfies the performance obligation in the Refractory Management Services contracts but does not have an unconditional right to consideration as it is dependent on the certification of the report on the quantity of steel produced. Contract asset usually gets converts to Trade Receivables within a time period of 30 days.

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Contract liabilities consists of advances from customers. Contract liabilities are presented in note 14.

Trade receivables are presented net off impairment loss in note 5(c).

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Revenue from contract with customers	272.44	766.02
Total	**272.44**	**766.02**
Movement in Contract Assets		
Opening balance at the beginning of the year	6,130.73	3,127.89
Add: Revenue recognized during the year	198,596.51	136,140.38
Less: Invoiced during the year	(194,755.22)	(133,137.54)
Closing balance at the end of the year	**9,972.02**	**6,130.73**
Movement in Contract Liabilities		
Opening balance at the beginning of the year	272.44	766.02
Add: Collection during the year	12,230.71	8,779.17
Less: Gross Sales	(11,875.25)	(9,272.75)
Closing balance at the end of the year	**627.90**	**272.44**

Significant judgements in the application of the Standard

For Refractory Management Contracts where the transaction price depends on the customer's production performance, the management has determined that both supply of goods and services are not distinct as the customer expects total refractory management services from the Component, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the agreed product areas in the steel plant in order to enable steel production. Thus, only one single performance obligation, performance of refractory management service, exists.

Note 40: Merger

On 31 July, 2018 the Board of Directors of the Company and its fellow subsidiaries i.e. RHI India Private Limited ('RHI India') and RHI Clasil Private Limited ('RHI Clasil') (hereinafter referred as 'erstwhile fellow subsidiaries'), had granted its in-principle approval to the scheme of amalgamation of RHI India and RHI Clasil with and into the Company with the proposed appointed date of 01 January, 2019 or such other date as may be fixed by the Tribunal ('the Scheme'). The National Company Law Tribunal, Mumbai ('NCLT') vide its order dated 05 May, 2021 approved and sanctioned the Scheme with an appointed date of 31 July, 2018 in view of the order passed by the National Company Law Appellate Tribunal ('NCLAT').

During the year ended 31 March, 2021, the Company accounted for the Scheme in accordance with clause 3.7 of the Scheme which requires the accounting treatment to be carried out as prescribed under applicable accounting standards that is, from the beginning of the preceding year i.e. 1 April, 2019 onwards and in accordance with Ind AS 103, Business Combination. Total consideration payable being ₹ 408.57 lacs was disclosed as Shares Pending Issuance under Equity. The reserves in the financial statements of the erstwhile fellow subsidiaries were disclosed in the same form in the Standalone Financial Statements of the Company. The difference between the consideration disclosed as Shares Pending Issuance and the Share Capital of the erstwhile fellow subsidiaries on 01 April, 2019 was ₹ 1,465.71 lacs, was disclosed as Capital Reserve in these Consolidated Financial Statements.

The issuance and allotment of the equity shares to the shareholders of its erstwhile fellow subsidiaries pursuant to the Scheme was completed on 25 June, 2021 through a duly convened meeting of the Board of Directors of the Company.

During the year, the Company has issued and allotted 4,08,57,131 equity shares to the shareholders of its erstwhile fellow subsidiaries which have also got listed on the Bombay Stock Exchange and the National Stock Exchange.

During the year, pursuant to the Scheme becoming effective, in accordance with clause 3.2 of the Scheme, the authorised share capital of the Company have increased from ₹ 1,205 lacs to ₹ 3,080 lacs.

Notes to Consolidated Financial Statements

Also, during the year, the Company applied for change of its name from Orient Refractories Limited to RHI Magnesita India Limited which was approved by Registrar of Companies (ROC) on 02 July, 2021."

Note 41: Assessment of impact of COVID-19

In preparation of the Consolidated Financial Statements for the year ended 31 March, 2022, the Group has taken into account the possible impact of COVID-19 and the related internal and external factors known to the management upto the date of approval of these Consolidated Financial Statements to assess the carrying amount of its assets and liabilities. Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Group and the carrying value of its assets and liabilities is not likely to be material as at 31 March, 2022. The management has also assessed that there are no events or conditions that impact the ability of the Group to continue as a going concern.

Note 42: Transfer Pricing

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international and domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by 30 November, 2022, as required by law. The Management confirms that its international and domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Note 43: Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Group has credit limits sanctioned from the banks on the basis of security of current assets (refer note 5(e)). During the year, the Group has not availed any borrowings from banks.

(iii) Wilful defaulter

The Group have not been been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Compliance with approved scheme(s) of arrangements

During the year, the Scheme was approved by NCLT. The Company has complied with the approved Scheme (refer note 40).

(vii) Utilisation of borrowed funds and share premium

(a) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

(b) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

(viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) Valuation of property, plant and equipment and intangible assets

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(xi) Utilisation of borrowings availed from banks and financial institutions

The borrowings obtained by the Group from banks and financial institutions have been applied for the purposes for which such loans were taken.

(xii) Reclassification

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March, 2021 to include certain additional disclosures or to improve relevance of information effective from 01 April, 2021. Accordingly, the Group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1 as under:

Balance Sheet (extract)	Current year classification	Previous year classification	₹ in Lacs
Other current financial liabilities - Others (Interest accrued on long term debt)	Current borrowings	Other current financial liabilities	24.56
Security deposits	Other non-current assets	Non Current Financial Assets - Loans	129.75
Security deposits	Other non-current financial assets	Non Current Financial Assets - Loans	389.89

Note 44: Additional information to the consolidated financial statements as at 31 March, 2022 (Pursuant to Schedule III of the Companies Act, 2013)

Name of the Entity	Net Assets i.e., total assets minus total liabilities as at March 31, 2022		Share in Profit for the year ended March 31, 2022		Share in Other Comprehensive Income (OCI) for the year ended March 31, 2022		Share in Total Comprehensive Income for the year ended March 31, 2022	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated Total Comprehensive Income	Amount
RHI Magnesita India Limited	98.88%	101,723.88	99.62%	26,799.18	100%	(100.61)	99.62%	26,698.57
Intermetal Engineers India Private Limited	1.12%	1,148.14	0.38%	101.26	0%	(0.75)	0.38%	100.51
Total	**100%**	**102,872.02**	**100%**	**26,900.44**	**100%**	**(101.36)**	**100%**	**26,799.08**

Notes to Consolidated Financial Statements

(All amount in ₹ Lacs, unless otherwise stated)

Name of the Entity	Net Assets i.e., total assets minus total liabilities as at March 31, 2021		Share in Profit for the year ended March 31, 2021		Share in Other Comprehensive Income (OCI) for the year ended March 31, 2021		Share in Total Comprehensive Income for the year ended March 31, 2021	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated Total Comprehensive Income	Amount
RHI Magnesita India Limited	98.70%	79,529.90	99.51%	13,595.46	100.00%	7.26	99.51%	13,602.72
Intermetal Engineers India Private Limited	1.30%	1,047.62	0.49%	66.87	0.00%	-	0.49%	66.87
Total	**100.00%**	**80,577.52**	**100.00%**	**13,662.33**	**100.00%**	**7.26**	**100.00%**	**13,669.59**

Note 45: Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, unless otherwise stated.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date: May 27, 2022

For and on behalf of the Board of Directors of
RHI Magnesita India Limited

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ORIENT REFRACTORIES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of Orient Refractories Limited (hereinafter referred to as the 'Holding Company" or the "Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") (refer Note 2 to the attached Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in Paragraph 17 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 34 to the Consolidated Financial Statements regarding the scheme of amalgamation (the "Scheme") between the Holding Company and its fellow subsidiaries i.e. RHI India Private Limited and RHI Clasil Private Limited (hereinafter referred as 'erstwhile fellow subsidiaries'), as approved by the Hon'ble National Company Law Tribunal ('NCLT') vide its Order dated May 05, 2021. While the appointed date as set out in the NCLT order is July 31, 2018, these Consolidated Financial Statements have been prepared in accordance with clause 3.7 of the Scheme which requires the accounting treatment to be carried out as prescribed under applicable accounting standards that is, from the beginning of the preceding year and in accordance with Ind AS 103, Business Combination. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

   Below Key Audit Matters have been reproduced from the report, of the even date, on the audit of standalone financial statements of the Holding Company.

Revenue Recognition

(Refer note 15 to the Consolidated Financial Statements)

The Company recognises its revenue based on Ind-AS 115 "Revenue from Contracts with Customers".

Management uses judgement in respect of matters such as identification of performance obligations; allocation of consideration to identified performance obligations and recognition of revenue over a period of time or at a point in time based on timing when control is transferred to the customer.

We focused on this area as a key audit matter, as revenue is required to be recognised in accordance with the terms of the customer contracts, which involves significant management judgement as described above and thus there is an inherent risk of material misstatement.

How our audit addressed the key audit matter

Our testing of revenue transactions was designed to cover certain customer contracts on a sample basis. Our audit procedures included the following:

- Understanding, evaluating the design and testing the operating effectiveness of controls over revenue recognition.
- Assessing appropriateness of management's judgements in accounting for identified contracts such as:
- ➢ Identification of performance obligation and allocation of consideration to identified preformation obligation;
- ➢ Evaluating the contract terms for assessment of the timing of transfer of control to the customer to assess whether revenue is recognised appropriately over a period of time or at a point in time (as the case may be) based on timing when control is transferred to customer;
- ➢ Testing whether the revenue recognition is in line with the terms of customer contracts and the transfer of control; and
- ➢ Evaluating adequacy of the presentation and disclosures.

Based on the above stated procedures, no significant exceptions were noted in revenue recognition including those relating to presentation and disclosures as required by Ind AS 115.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

7. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. We did not audit the financial statements of one subsidiary, whose financial statements reflect Total Assets of Rs. 1,173.41 lacs and Net Assets of Rs. 1,047.63 lacs as at March 31, 2021, Total Revenue of Rs. 430.04 lacs, Total Comprehensive Income (comprising of profit and other comprehensive income) of Rs. 66.87 lacs and Net Cash Outflows amounting to Rs. 19.04 lacs for the year ended on that date, as considered in the Consolidated Financial Statements. The financial statements of the subsidiary have been audited by other auditor whose report has been furnished to us by the Management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

    Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

18. The corresponding figures of the Company for the year ended March 31, 2020 have been prepared by the Management based on the audited financial statements of the Company and its erstwhile fellow subsidiaries as adjusted for giving effect to Scheme as approved by the NCLT vide Order dated May 05, 2021 (Refer Emphasis of Matter paragraph above). These adjustments have been audited by us.

    Our opinion is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books of the Holding Company and its erstwhile fellow subsidiaries (Refer Emphasis of Matter paragraph above) and the report of the other auditor, except that, in respect of the Holding Company (other than its erstwhile fellow subsidiaries), the back up of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the Consolidated Financial Statements.

    (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 19(b) above that in respect of the Holding Company (other than its erstwhile fellow subsidiaries), the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (g) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group– Refer Note 27 to the Consolidated Financial Statements.

ii. The Group has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Group did not have any long-term derivative contracts as at March 31, 2021.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2021.

20. The Group has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act..

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779
UDIN: 21077779AAAAAZ3352

Place: Gurugram
Date: 25 June, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of Orient Refractories Limited on the consolidated financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of Orient Refractories Limited (hereinafter referred to as "the Holding Company") and its subsidiary Company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a Company incorporated in India, is based on the corresponding report of the auditor of such a Company incorporated in India. Our opinion is not modified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779
UDIN: 21077779AAAAAZ3352

Place: Gurugram
Date: 25 June, 2021

CONSOLIDATED BALANCE SHEET

(Amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
Assets			
Non-current assets			
Property, plant and equipment	3(a)	23,386.62	22,297.92
Right-of-use assets	3(b)	561.51	432.56
Capital work-in-progress	3(a)	4,625.70	859.37
Intangible assets	4	366.01	19.60
Financial assets			
(i) Investments	5(a)	0.45	0.30
(ii) Loans	5(c)	519.64	564.00
(iii) Other financial assets	5(f)	24.81	46.32
Deferred tax assets (net)	6	197.13	72.82
Other non-current assets	7	640.44	255.14
Total non-current assets		**30,322.31**	**24,548.03**
Current assets			
Inventories	8	35,308.73	27,783.63
Financial assets			
(i) Trade receivables	5(b)	32,770.99	33,244.11
(ii) Cash and cash equivalents	5(d)	15,514.18	12,217.79
(iii) Bank balances other than above	5(e)	509.88	479.12
(iv) Other financial assets	5(f)	107.07	198.30
Contract assets	5(g)	6,130.73	3,127.89
Other current assets	7	5,300.63	3,574.89
Total current assets		**95,642.21**	**80,625.73**
Total Assets		**125,964.52**	**105,173.76**
Equity and liabilities			
Equity			
Equity share capital	9(a)	1,201.39	1,201.39
Shares pending issuance	34	408.57	408.57
Other equity	9(b)	78,967.56	68,719.13
Equity attributable to the owners of Orient Refractories Limited		**80,577.52**	**70,329.09**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	11(a)	5,980.66	5,760.86
(ii) Lease Liabilities	3(b)	187.96	-
Other non-current liabilities	11(b)	99.04	73.43
Total non-current liabilities		**6,267.66**	**5,834.29**

(Amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
Current liabilities			
Financial liabilities			
i) Borrowings	11(a)	-	799.05
(ii) Lease Liabilities	3(b)	45.41	94.70
(iii) Trade payables	12(a)		
- Total outstanding dues of micro and small enterprises		6,198.59	953.97
- Total outstanding dues of creditors other than micro enterprises and small enterprises		28,586.71	22,560.94
(iv) Other financial liabilities	12(b)	2,327.14	2,559.87
Contract liabilities	14(b)	272.44	766.02
Provisions	13	135.40	-
Employee benefit obligations	10	1,022.66	842.18
Other current liabilities	14(a)	530.99	433.65
Total current liabilities		**39,119.34**	**29,010.38**
Total Liabilities		**45,387.00**	**34,844.67**
Total Equity and Liabilities		**1,25,964.52**	**1,05,173.76**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 25 June, 2021

For and on behalf of the Board of Directors of
ORIENT REFRACTORIES LIMITED

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
Revenue from operations	15	1,37,037.86	1,38,758.56
Other Income	16	1,232.39	1,035.84
Total revenue		**1,38,270.25**	**1,39,794.40**
Cost of raw material and components consumed	17(a)	49,521.46	46,321.79
Purchases of stock-in-trade (traded goods)	17(b)	42,410.52	38,415.65
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)	18	(6,389.05)	1,699.35
Employee benefits expense	19	10,559.68	9,241.08
Depreciation and amortisation expense	20(a)	2,979.48	2,617.67
Finance Cost	20 (b)	648.31	1,230.13
Other expenses	20 (c)	20,081.89	21,687.96
Total expenses		**1,19,812.29**	**1,21,213.63**
Profit before tax		**18,457.96**	**18,580.77**
Tax expense:			
- Current tax	22	4,896.21	4,563.63
- Deferred tax (charge/credit)	22	(126.76)	471.27
- Short / (Excess) provision for tax relating to prior years	22	26.18	(42.66)
Total tax expense		**4,795.63**	**4,992.24**
Profit for the year		**13,662.33**	**13,588.53**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit plans		9.71	(144.02)
- Income tax relating to the above		(2.45)	36.26
Other comprehensive income for the year, net of tax		**7.26**	**(107.76)**
Total comprehensive income for the year		**13,669.59**	**13,480.77**
Basic earnings per share (Face value of Re 1 each share)	29	8.49	8.44
Diluted earnings per share (Face value of Re 1 each share)	29	8.49	8.44

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 25 June, 2021

For and on behalf of the Board of Directors of
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Chairman
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Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

CONSOLIDATED CASH FLOW STATEMENT

(All amount in Rs. Lacs, unless otherwise stated)

	Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
A.	**Cash flow from operating activities**		
	Profit before tax	**18,457.96**	**18,580.77**
	Adjustments for:		
	Depreciation and amortisation expense	2,979.48	2,617.67
	Interest income	(596.84)	(719.68)
	Allowance for doubtful debts - export incentives receivables	44.00	-
	Allowance for doubtful debts - trade receivables	(276.05)	77.81
	Liabilities/ provisions no longer required written back	(71.11)	(129.12)
	Bad debts recovered	(12.83)	-
	Bad debts written off	117.90	137.25
	Insurance claim receivable written off	-	342.89
	Net gain on disposal of financial assets (open ended mutual fund scheme)	-	(129.07)
	Finance Cost	648.31	1,230.13
	Loss/(Profit) on sale of fixed assets (net)	0.24	(23.50)
	Net unrealised foreign exchange	57.12	785.12
	Items that will not be reclassified to Profit or loss	9.71	(144.02)
	Operating profit before working capital changes	**21,357.89**	**22,626.25**
	(Increase)/Decrease in inventories	(7,525.10)	2,189.65
	Decrease/(Increase) in trade receivables	695.09	(1,507.73)
	(Increase) in other current financial assets	(0.90)	(3.22)
	(Increase)/Decrease in other current assets	(1,716.68)	682.23
	Decrease/(Increase) in loans	44.36	(214.59)
	(Increase) in contract assets	(3,002.84)	(1,250.03)
	Decrease in other non-current financial assets	21.51	12.32
	(Increase) in other non-current assets	(113.35)	(52.16)
	Increase in trade payables	11,452.67	1,007.12
	Increase in other financial liabilities	358.50	63.63
	Increase in employee benefit obligations	180.48	188.68
	Increase in other non current liabilities	25.61	3.35
	Decrease in contract liabilities	(493.58)	(771.93)
	Increase/(Decrease) other current liabilities	97.34	(768.15)
	Increase in Provisions	135.40	21.78
	Cash generated from operations	**21,516.41**	**22,227.20**
	Net income tax paid	(4,975.45)	(4,909.03)
	Net cash flow from operating activities (A)	**16,540.96**	**17,318.17**
B.	**Cash flows from investing activities**		
	Investment in mutual funds	-	(19,120.00)
	Proceeds from redemption of mutual funds	-	30,088.66
	Investment in Subsidiary	-	(991.53)
	Investment in National Saving Certificate	(0.15)	-
	Decrease in other bank balances	(30.76)	200.99
	Capital expenditure on fixed assets, including capital advances	(8,579.81)	(8,356.99)
	Proceeds from sale of fixed assets	45.58	78.14
	Interest received	688.97	700.45
	Net cash flow used in investing activities (B)	**(7,876.17)**	**2,599.72**

(All amount in Rs. Lacs, unless otherwise stated)

	Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
C.	**Cash flows from financing activities**		
	Dividend paid on equity shares	(3,439.29)	(3,027.01)
	Tax on dividend	-	(617.37)
	Lease rent paid	(75.77)	(220.28)
	(Repayment)/Proceeds of non current borrowings (net)	(405.98)	2,000.00
	Proceeds from/(Repayment) of current borrowings (net)	(799.05)	(8,770.08)
	Interest paid	(648.31)	(1,151.84)
	Net cash flow used in financing activities (C)	**(5,368.40)**	**(11,786.58)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	3,296.38	8,131.31
	Cash and cash equivalents at the beginning of the year	12,217.79	4,086.48
	Cash and cash equivalents at the end of the year	**15,514.17**	**12,217.79**
	Non Cash Investing activities		
	- Acquisition of Right-of-use-assets (note 3b)	**214.44**	**-**
	Cash and cash equivalent included in the cash flow statement comprise of the following:		
	Balances with banks		
	- in current accounts	3,297.88	751.62
	- in EEFC account	121.61	220.05
	Deposits with original maturity of less than three months	12,091.26	11,240.50
	Cash on hand	3.43	5.62
		15,514.18	**12,217.79**

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 25 June, 2021

For and on behalf of the Board of Directors of
ORIENT REFRACTORIES LIMITED

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amount in Rs. Lacs, unless otherwise stated)

Equity Share Capital

Particulars	Notes	Amount
As at 1 April, 2019	9 (a)	1,201.39
Change in Equity Share Capital		-
As at 31 March, 2020		1,201.39
Change in Equity Share Capital	9 (a)	-
As at 31 March, 2021		**1,201.39**

Other Equity

Particulars	Notes	Attributable to Owners of Orient Refractories Limited				
		Reserves and Surplus				Total other equity
		Securities Premium	General Reserve	Capital Reserve (Refer Note 34)	Retained Earnings	
Balance as at 1 April 2020	9(b)	6,493.97	8,681.48	1,465.71	52,077.97	**68,719.13**
Profit for the year		-	-	-	13,662.33	**13,662.33**
Other comprehensive income		-	-	-	7.26	**7.26**
Total comprehensive income for the year		**6,493.97**	**8,681.48**	**1,465.71**	**65,747.56**	**82,388.72**
Dividend paid			-	-	(3,421.16)	(3,421.16)
Balance as at 31 March, 2021		**6,493.97**	**8,681.48**	**1,465.71**	**62,326.40**	**78,967.56**
Balance as at 1 April 2019	9(b)	6,493.97	8,681.48	1,465.71	42,218.05	**58,859.21**
Profit for the year		-	-	-	13,588.53	**13,588.53**
Other comprehensive income		-	-	-	(107.76)	**(107.76)**
Total comprehensive income for the year		**6,493.97**	**8,681.48**	**1,465.71**	**55,698.82**	**72,339.98**
Dividend paid		-	-	-	(3,003.48)	(3,003.48)
Dividend distribution tax		-	-	-	(617.37)	(617.37)
Balance as on 31 March, 2020		**6,493.97**	**8,681.48**	**1,465.71**	**52,077.97**	**68,719.13**

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 25 June, 2021

For and on behalf of the Board of Directors of
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Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Orient Refractories Limited ('the Company' or 'the Holding Company'), domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India. The registered office of the Company is situated at C-604, Neelkanth Business Park, Opposite Railway Station, Vidhyavihar (West), Mumbai, Maharshtra-400086, India. The Company is primarily engaged in the business of manufacturing and trading of refractories, monolithics, bricks and ceramic paper, rendering management services and has manufacturing facilities in Bhiwadi (Rajasthan), Visakhapatnam (Andhra Pradesh) and Cuttack (Orrisa). The Company has a subsidiary i.e. Intermetal Engineers (India) Private Limited ('the subsidiary') which was acquired on 18 May, 2019 and which is primarily engaged in the business of manufacturing and sale of slide gate mechanics and related components.

The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 25 June, 2021.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The Consolidated Financial Statements consist of the Holding Company and its subsidiary (Holding Company and its subsidiary together referred to as "the Group").

2.1 Basis of preparation

(i) Compliance with Ind AS

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

Subsequent to the year end, the Company has received an order of Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) dated 05 May, 2021 wherein they have approved the scheme of amalgamation (the 'Scheme') of the Company with its fellow subsidiaries i.e. RHI India Private Limited and RHI Clasil Private Limited (hereinafter referred as 'erstwhile fellow subsidiaries'). While the appointed date as set out in the NCLT order is 31 July, 2018, these Consolidated Financial Statements have been prepared after considering effect in accordance with clause 3.7 of the Scheme which requires the accounting treatment to be carried out as prescribed under the applicable accounting standards that is, from the beginning of the preceding year and in accordance with Ind AS 103, Business Combination. Also refer Note 2.28 below and Note 34.

(ii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Financial assets comprising of investments in open ended mutual fund schemes, which are being measured at fair value;
- Defined benefit plans – plan assets measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Principals of consolidation and equity accounting

Subsidiary is the entity over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The acquisition method of accounting has been used to account for business combinations by the Group.

The Group has combined the financial statements for the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Unrealised losses have also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group. Also refer to note 2 above.

2.2 Critical accounting estimates, assumptions and judgements

The preparation of Consolidated Financial Statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

In the process of applying the Group's accounting policies, the management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the Consolidated Financial Statement:

(a) Property, plant and equipment

The management engages internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. The management believes that the assigned useful lives and residual value are reasonable.

(b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. The Management believes that assigned useful lives are reasonable.

(c) Income taxes

The management's judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets / liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the Consolidated Financial Statements.

(d) Contingencies

The management's judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

(e) Allowance for doubtful trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(f) Revenue from contracts with customers

For Refractory Management Contracts where the transaction price depends on the customer's production, customer expects total refractory management services from the Group, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the product of steel in the steel plant. Thus, only one single performance obligation, performance of refractory management service, exists.

2.3 Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.4 Property Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Group and cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company had elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, Plant and equipment is provided on straight-line basis over the useful lives of assets as determined on the basis of technical estimates which are similar to the useful lives as prescribed under Schedule II to the Companies Act, 2013 except for certain Plant and Machinery and Vehicles (which are being used by the employees). These Plant and Machinery are depreciated on straight-line basis, over the period of 6 years and vehicles are depreciated on written down value method, over the period of 5 years and 6 years for four wheelers and two wheelers respectively. Based on past experience and internal technical evaluation, the management believes that these useful lives represent the appropriate period of usage and therefore, considered to be appropriate for charging depreciation.

Assets residual values, depreciation method and useful lives are reviewed at the end of financial year considering the physical condition of the assets or whenever there are indicators for review and adjusts residual life prospectively.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within Other Income/Other Expenses.

2.5 Intangible Assets

On transition to Ind AS, the Group has opted for the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP. Consequently, the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Software

Software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license. Intangible Assets are amortised at straight line basis as follows:

Software 1-5 years

2.6 Leases

As a lessee

Leases are recognised as a right-of-use asset at cost with a corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets in accordance with Ind AS 116 'Leases'.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

For short-term and low value leases, the Group recognises the lease payments as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.7 Financial assets (Debt Instruments)

A. Classification and initial recognition

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the asset. The Group determines the classification of its financial assets at initial recognition. The Group classifies the financial assets in the following measurement categories

- Those to be measured subsequently at fair value (either through profit or loss, or through other comprehensive income)
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets are initially measured at fair value. Transactions cost that are directly attributable to the acquisition of financial asset (other than financial asset at fair value through profit and loss) are added from the fair value of financial asset.

B. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial assets at fair value through profit or loss (FVPL):

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Group on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Group. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income in the Statement of Profit and Loss.

b. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income in the Statement of Profit and Loss.

c. **Fair value through other comprehensive income (FVOCI):**

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

C. **Derecognition**

A financial asset is derecognized only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

D. **Impairment of financial assets**

The Group assesses on forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

E. **Income recognition - Interest**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.8 Financial Liabilities

Financial liabilities of the Group are contractual obligation to deliver cash or another financial asset to another entity.

The Group's financial liabilities includes borrowings, lease liability and trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities carried at fair value through profit or loss) are added or deducted from the fair value measured on initial recognition of financial liability. Financial liabilities are classified as subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.10 Fair Value Measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.11 Derivative financial instruments

The Group acquires forward contracts to mitigate the risk arising foreign currency exposures from purchase and sale of goods and services. These forward contracts are designated as derivative financial instruments. Derivatives are initially recognised at fair value on the date of derivate contract is entered into and subsequently re-measured to their fair value at the end of reporting period. The consequent gains/ losses, arising from subsequent re-measurement, are recognised in the statement of profit or loss, unless the derivative is designated as hedging instrument and hedging relationship is established with the item being hedged.

2.12 Impairment of non-financial assets – Property, plant and equipment and Intangible assets

Intangible assets and property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2.13 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Inventories

Inventories including stores and spares are valued at the lower of cost on weighted average except certain traded goods which are valued at First in First out basis (FIFO) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods, including freight, octroi and other levies. Work-in-progress and finished goods include appropriate proportion of labour and overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

2.15 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.16 Provisions, contingent liabilities and contingent assets

a) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Consolidated Financial Statements.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Group has authorised its Managing Director & CEO to assess the financial performance and position of the Group, and makes decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors, together with Managing Director has been identified as being the chief operating decision maker. Refer Note 26 for segment information presented.

2.19 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers either over time or at a point of time at an amount that reflects the consideration the Group expects to be entitled to in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.

At the inception of the contract, the Group identifies the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract.

Revenue from contracts for total refractory management services,is recognized over time on the basis using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from providing services is recognised in the accounting period in which the services as rendered.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due.

2.20 Government grants

Grants from the government are recognised at their fair value where there is reasonable certainty that the grant will be received and the Company will comply with required conditions. Export incentive under Merchandise Exports from India Scheme (MEIS) and duty drawback are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist. With effect from 1 January, 2021, new scheme i.e. Remission of Duties and Taxes on Export products (RODTEP) has been introduced replacing the existing export incentive under MEIS. As the incentive rates under RODTEP are yet to be notified, the export incentive cannot be measured reliably. Accordingly, the Company has not recognised export incentive for the period 1 January, 2021 to 31 March, 2021.

2.21 Employee benefits

Defined benefit plan - Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group's contribution to provident fund, national pension scheme and employees' state insurance scheme are considered as defined contribution plans and are charged as expense in the Statement of Profit and Loss, based on the amount of contribution required to be made and when services are rendered by the employee.

Other Benefits - Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long-term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.22 Equity-settled share option plan (LTIP)

RHI Magnesita N.V. (the 'Ultimate Holding Company') has implemented a share option plan for the members of senior management of the RHI Magnesita Group.

The LTIP is treated as an equity-settled share option plan as the Company does not have an obligation to make any settlement.

The fair value of the LTIP granted is recognised as employee benefits expense with a corresponding increase in reserves. The total amount to be expensed is determined by reference to the fair value of the options granted:

a) including any market performance conditions

b) excluding the impact of any service and non-market performance vesting conditions, and

c) including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2.23 Foreign currency translation

(i) Functional and presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the Group operates (`the functional currency'). The Group's operations are primarily in India.

The Consolidated Financial Statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statement of Profit and Loss.

Foreign exchange differences arising on foreign currency borrowings are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.24 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.25 Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.26 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.27 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.28 Business Combinations

Entities under common control

Business combinations involving entities or businesses under common control is accounted for using the pooling of interest method as follows: -

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the Consolidated Financial Statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the Consolidated Financial Statements unless the business combination had occurred after that date, the prior period information shall be restated only from that date.

(iv) The consideration for the business combination may consist of securities, cash or other assets. Securities shall be recorded at nominal value. In determining the value of the consideration, assets other than cash shall be considered at their fair values.

(v) The balance of the retained earnings appearing in the Consolidated Financial Statements of the Company is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and appear in the Consolidated Financial Statements of the Company in the same form in which they appeared in the Consolidated Financial Statements of the transferor.

Note 3(a):

Property, plant and equipment and capital work-in progress

(Amount in Rs. Lacs, unless otherwise stated)

Particulars	Freehold Land*	Buildings*	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total	Capital work-in-progress
Balance as at 1 April, 2019	747.35	3,491.77	13,592.93	77.99	317.55	657.50	**18,885.09**	928.91
Additions	3,145.35	1,743.92	3,755.15	29.92	44.69	56.86	**8,775.89**	8,384.12
Addition on 18 May, 2019 (on account of acquisition of the subsidiary)#	187.77	248.97	0.94	0.10	1.94	0.69	**440.41**	-
Disposals	-	-	(30.66)	-	(0.75)	(61.23)	**(92.64)**	(8,453.66)
Balance as at 31 March, 2020	**4,080.47**	**5,484.66**	**17,318.36**	**108.01**	**363.43**	**653.82**	**28,008.75**	**859.37**
Additions	-	75.92	3,585.38	10.38	131.56	181.83	**3,985.07**	6,718.31
Disposals	-	-	(276.47)	(0.55)	(7.01)	(110.80)	**(394.83)**	(2,951.98)
Balance as at 31 March, 2021	**4,080.47**	**5,560.58**	**20,627.27**	**117.84**	**487.98**	**724.85**	**31,598.99**	**4,625.70**
Accumulated depreciation								
Balance as at 1 April, 2019	-	241.47	2,786.24	16.74	113.43	187.72	**3,345.60**	-
Charge for the year	-	203.80	2,001.61	13.02	73.51	87.16	**2,379.10**	-
Addition on 18 May, 2019 (on account of acquisition of the subsidiary)#	-	20.85	0.16	0.05	0.73	0.65	**22.44**	-
Depreciation on assets disposed off during the year	-	-	(13.49)	-	(0.20)	(22.62)	**(36.31)**	-
Accumulated depreciation as at 31 March, 2020	**-**	**466.12**	**4,774.52**	**29.81**	**187.47**	**252.91**	**5,710.83**	-
Charge for the year	-	263.47	2,408.17	14.18	78.96	85.77	**2,850.55**	-
Depreciation on assets disposed off during the year	-	-	(265.92)	(0.52)	(3.42)	(79.15)	**(349.01)**	-
Accumulated depreciation as at 31 March, 2021	**-**	**729.59**	**6,916.77**	**43.47**	**263.01**	**259.53**	**8,212.37**	-
Carrying amount								
Balance as at 31 March, 2020	**4,080.47**	**5,018.54**	**12,543.84**	**78.20**	**175.96**	**400.91**	**22,297.92**	**859.37**
Balance as at 31 March, 2021	**4,080.47**	**4,830.99**	**13,710.50**	**74.37**	**224.97**	**465.32**	**23,386.62**	**4,625.70**

*Freehold Land and Building include land and building amounting to Rs. 747.35 lacs and Rs. 2,0631 lacs (net), respectively for which the title deeds are in the name of the Company's esrtwhile fellow subsidiary i.e. RHI Clasil Limited and the Company is in the process of getting it transferred in its name. Also refer Note 34.

#Recorded at fair value by the Subsidiary. The fair value of freehold factory land, factory and office premise has been determined by external, independent property valuers. The fair value has been arrived at by the valuer based on comparative market price i.e. selling price method determined based on the market feedback of investigations, local enquiries with architects and real estate consultants, supply and demand in the vicinity etc.

322

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Note	As at 31 March, 2021	As at 31 March, 2020

Note 3(b):
Leases

Disclosure on adoption of Ind AS 116 'Leases': The Group has adopted Ind AS 116 with effect from 1 April, 2019 by following Modified Retrospective method. The Group has taken on lease offices, guest house and warehouses. There is no case where the Group is acting as a lessor.

Particulars	Note	As at 31 March, 2021	As at 31 March, 2020
(i) Amount Recognised in Balance Sheet			
Right-of-use assets		561.51	432.56
		561.51	**432.56**
Lease Liabilities			
Non Current		187.96	-
Current		45.41	94.70
		233.37	**94.70**
Addition (Net of termination/modification) to the right-of-use assets during the year were Rs. 214.44 lacs (31 March 2020: Nil)			
(ii) Amounts recognised in the Statement of Profit and Loss			
Depreciation charge of right-of-use assets		85.49	211.44
		85.49	**211.44**
Interest expense (included in finance costs)	**20 (b)**	12.27	18.99
Expense relating to short-term leases (included in other expenses)	**20 (c)**	114.84	77.12

(iii) In applying IndAS 116 for the first time, the Company has used the following practical expedient:

Accounting for operating leases with a remaining lease term of less than 12 months treated as short-term leases.

(iv) Extension and Termination option:

Extension and Termination options are included in all the contracts of short term lease and both are exercisable at mutual consent of Lessor & Lessee.

Note 4:
Intangible assets

Particulars	Software
Balance as at 1 April, 2019	**64.19**
Additions	23.31
Balance as at 31 March, 2020	**87.50**
Additions	389.85
Balance as at 31 March, 2021	**477.35**
Accumulated amortisation	
Opening 1 April, 2019	**40.77**
Charge for the year	27.13
Balance as at 31 March, 2020	**67.90**
Charge for the year	43.44
Accumulated amortisation as at 31 March, 2021	**111.34**
Net Carrying amount	
Balance as at 31 March, 2020	**19.60**
Balance as at 31 March, 2021	**366.01**

Note 5 :
Financial assets

(All amount in Rs. Lacs, unless otherwise stated)

Particulars			**As at 31 March, 2021**	**As at 31 March, 2020**
5 (a)	**Investments**			
	Investments in government securities (unquoted)			
	National Savings Certificates*		0.45	0.30
	*The National Saving Certificates have been given to the sales tax department, Rajasthan as security			
		Total	**0.45**	**0.30**
5 (b)	**Trade Receivables**			
	Trade receivables		30,042.74	32,591.66
	Receivables from related parties (refer note 30)		3,019.89	1,220.14
	Less: Allowance for doubtful debts		(291.64)	(567.69)
	(Includes retention money due on completion of performance obligation - Rs. 3,448.28 Lacs (31 March, 2020 Rs. 3,989.28 Lacs)			
		Total	**32,770.99**	**33,244.11**
	Break-up of security details			
	Secured- considered good			
	Unsecured:			
	Considered good		32,770.99	33,244.11
	Considered doubtful		291.64	567.69
	Significant increase in credit risk		-	-
	Credit impaired		-	-
	Total Gross receivables		**33,062.63**	**33,811.80**
	Less: Allowance for doubtful debts		(291.64)	(567.69)
		Total	**32,770.99**	**33,244.11**
5 (c)	**Loans**			
	Non-current			
	(Unsecured, considered good)			
	Security Deposits		519.64	564.00
		Total	**519.64**	**564.00**
5 (d)	**Cash and cash equivalents**			
	Balances with banks			
	- in current accounts		3,297.88	751.62
	- in EEFC account		121.61	220.05
	Deposits with original maturity of less than three months		12,091.26	11,240.50
	Cash on hand		3.43	5.62
		Total	**15,514.18**	**12,217.79**
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.			
5 (e)	**Bank balances other than cash and cash equivalents**			
	In dividend account		359.88	479.12
	Deposits with original maturity of more than three months but less than 12 months		150.00	-
		Total	**509.88**	**479.12**
5 (f)	**Other Financial Assets**			
	Non-current			
	Deposit account with Bank (with original maturity of more than 12 months)		1.11	22.61
	Others		23.70	23.71
		Total	**24.81**	**46.32**
	Current			
	Interest accrued on deposits		77.89	170.02
	Loans and advances to employees		29.18	28.28
		Total	**107.07**	**198.30**
5 (g)	**Contract assets**			
	Unbilled revenue		6,130.73	3,127.89
		Total	**6,130.73**	**3,127.89**

(All amount in Rs. Lacs, unless otherwise stated)

Note 6:
Deferred tax assets/(liabilities) (net)

Particulars	Depreciation	Defined Benefits obligation	Allowance for doubtful debts no longer required written back	Others	Total
At 1 April, 2019	**(551.52)**	**213.16**	**532.52**	**324.94**	**519.10**
- Deferred Tax Liability as on May 18, 2019 on acquisition of subsidiary	(86.07)	-	-	(3.56)	**(89.63)**
- to statement of profit and loss	164.52	(36.69)	(446.78)	(62.69)	**(381.64)**
- to other comprehensive income	-	36.26	-	-	**36.26**
- MAT Credit entitlement adjustment	-	-	-	(11.27)	**(11.27)**
At 1 April, 2020	**(473.07)**	**212.73**	**85.74**	**247.42**	**72.82**
- to statement of profit and loss	80.57	45.40	(48.12)	48.91	**126.76**
- to other comprehensive income	-	(2.45)	-	-	**(2.45)**
As at 31 March, 2021	**(392.50)**	**255.68**	**37.62**	**296.33**	**197.13**

Note 7:
Other Assets

Particulars		As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated			
Non Current			
Capital Advances		451.38	179.44
Balances with Government Authorities {includes amounts paid under protest Rs. 37.94 lacs (31 March, 2020 Rs. 39.59 lacs)}		183.73	69.62
Prepaid expenses		5.33	6.08
	Total	**640.44**	**255.14**
Current			
Prepaid expenses		222.76	247.16
Goods and Services tax input credit recoverable		3,656.17	2,092.55
Advances to income tax {(Net of provision Rs. 32,184.12 Lacs (31 March, 2020 Rs. 27,261.73 lacs)}		338.65	285.59
Advances to creditors		386.05	334.35
Export incentives receivable (government grant)			
- Considered good		691.87	613.54
- Considered doubtful		63.04	19.04
		754.91	632.58
Less: Allowance for doubtful export incentives receivable		(63.04)	(19.04)
		691.87	613.54
Others		5.13	1.70
	Total	**5,300.63**	**3,574.89**

Note 8:
Inventories

Raw materials {including goods in transit Rs. 799.42 lacs (31 March, 2020 Rs. 564.11 lacs)}		7,989.11	6,391.03
Work-in-progress		2,508.20	2,161.78
Finished goods		7,087.22	5,494.99
Traded goods {including goods in transit Rs.7,435.29 lacs (31 March, 2020 Rs. 4,632.04 lacs)}		16,093.93	11,999.32
Stores and spares {including goods in transit Rs. Nil (31 March, 2020 Rs. 2.54 lacs)}		1,630.27	1,736.51
	Total	**35,308.73**	**27,783.63**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Note 9(a):		
Equity Share Capital		
Equity share capital	**1,201.39**	**1,201.39**
Authorised		
120,500,000 equity shares (31 March, 2020 - 120,500,000) of Rs 1 each	1,205.00	1,205.00
Issued, subscribed and fully paid up share capital		
120,139,200 equity shares (31 March, 2020 - 120,139,200) of Rs 1 each	1,201.39	1,201.39
For Shares pending issuance of Rs. 408.57 lacs, refer Note 34		

(i) Movement in equity share capital

Particulars	Number of shares	Closing balance
Balance as at 1 April, 2019	12,01,39,200	1,201.39
Changes during the year	-	-
Balance as at 31 March, 2020	12,01,39,200	1,201.39
Balance as at 1 April, 2020	12,01,39,200	1,201.39
Changes during the year	-	-
Balance as at 31 March, 2021	12,01,39,200	1,201.39

Terms and rights attached to equity shares

Equity share has a par value of Rs. 1. They entitle the holder to participate in dividend, and to share in the proceeds of winding up of the Company in proportion to number of and amounts paid on shares held.

Every holder of equity shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled one vote.

(ii) Shares of company held by immediate holding Company (Also refer Note 34)

	Number of equity shares	
Dutch US Holding B.V., Netherlands	7,98,77,771	7,98,77,771

(iii) Details of shares held by each shareholder holding more than 5% shares (Also refer Note 34)

Dutch US Holding B.V., Netherlands	7,98,77,771	7,98,77,771
	Percentage of shares held	
Dutch US Holding B.V., Netherlands	66.49%	66.49%

Particulars	As at 31 March, 2021	As at 31 March, 2020
Note 9(b):		
Other equity		
Securities Premium	6,493.97	6,493.97
General reserves	8,681.48	8,681.48
Capital Reserve	1,465.71	1,465.71
Retained earnings	62,326.40	52,077.97
Total	**78,967.56**	**68,719.13**
(i) Securities Premium		
Opening balance	6,493.97	6,493.97
Received/(utilised) during the year	-	-
Closing balance	**6,493.97**	**6,493.97**
(ii) General reserve		
Opening balance	8,681.48	8,681.48
Received/(utilised) during the year	-	-
Closing balance	**8,681.48**	**8,681.48**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(iii) Capital reserve		
Opening balance (refer Note 34)	1,465.71	1,465.71
Balance transferred from reserve during the year	-	-
Closing balance	**1,465.71**	**1,465.71**
(iv) Retained earnings		
Opening balance	52,077.97	42,218.05
Net profit for the year	13,662.33	13,588.53
Remeasurements of post employment benefit obligation, net of tax	7.26	(107.76)
Dividend paid	(3,421.16)	(3,003.48)
Dividend distribution tax	-	(617.37)
Closing balance	**62,326.40**	**52,077.97**

Note 10:
Employee benefit obligation

	Current	
Leave obligations	730.14	554.84
Gratuity	292.52	287.34
Total	**1,022.66**	**842.18**

(i) Leave obligations

The leave obligation cover the company's liability for earned leave.

The entire amount of provision of Rs. 730.14 Lacs (31 March 2020 - Rs. 554.84 Lacs) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to avail the full amount of accrued leaves or require payment for such leave within the next 12 months.

Leave obligation not expected to be settled within the next 12 months	**653.38**	**509.06**

(ii) Defined Contribution Plan:

The Group has certain defined contribution plans including provident fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards contribution to provident fund is Rs. 357.30 Lacs (31 March 2020 - Rs. 345.51 Lacs). The expense recognised during the year towards contribution to Employee State Insurance and National Pension Scheme is Rs 47.25 Lacs (31 March 2020 - 46.18 Lacs).

Contribution to provident and other funds:

Contribution to Employee state insurance	9.19	9.72
Contribution to Provident fund	357.30	345.51
Contribution to National Pension Scheme	38.06	36.46
	404.55	**391.69**

(iii) Defined Benefit Plan - Gratuity:

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contribution to recognised funds in India. The Group does not fully fund the liability and maintains the target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. The gratuity fund plan assets of the Company are managed by Orient Refractories Employees Group Gratuity Trust and erstwhile RHI India Private Limited group gatuity trust through Kotak Gratuity Group Plan and New group gratuity cash accumulation plan with Life Insurance Corporation of India, respectively. The gratuity fund plan assets of the subsidiary are managed by Intermetal Engineers (India) Private Limited Employee Group Gratuity Scheme through LIC Gratuity Group Plan.

(All amount in Rs. Lacs, unless otherwise stated)

	Particulars	Gratuity	
		As at 31 March, 2021	As at 31 March, 2020
		Funded	
A.	**Changes in Defined Benefit Obligation**		
	Defined benefit obligation as at the beginning of the year	1,521.01	1,296.96
	Current service cost	134.01	110.75
	Interest cost	103.35	100.35
	Benefit paid	(33.02)	(173.53)
	Actuarial Loss	6.06	186.48
	Defined Benefit Obligation at end of year	**1,731.41**	**1,521.01**
	Change in fair value of plan assets		
	Fair value of plan assets at beginning of the year	1,233.66	1,160.42
	Expected return on plan assets	83.46	89.89
	Employer contributions	139.01	114.42
	Benefit payments from plan assets	(33.02)	(173.54)
	Actuarial Gain on plan assets	15.78	42.47
	Fair value of plan assets at end of year	**1,438.89**	**1,233.66**
	Net defined Benefit Asset/(Liability)		
	Present Value of obligation at the end	1,731.41	1,521.01
	Fair Value of plan assets	1,438.89	1,233.66
	Unfunded Liability/Provision in Balance Sheet	**292.52**	**287.35**
	Total expense recognised in the statement of profit and loss		
	Current service cost	134.01	110.75
	Interest cost	103.35	100.35
	Interest income	(83.46)	(89.89)
	Total Expense recognised under employee benefit expense (refer note 19)	**153.90**	**121.21**
	Total expense recognised in OCI		
	Actuarial (Gain) / Loss on defined benefit obligation arising from change in demographic assumption	8.87	(11.37)
	Actuarial (Gain) / Loss on defined benefit obligation arising from change in financial assumption	(24.86)	207.40
	Actuarial (Gain) / Loss of Plan assets	6.28	(52.01)
	Unrecognised actuarial (gain)/loss at the end of year	**(9.71)**	**144.02**
(B)	**Actuarial Assumptions:**		
	i) Discounting Rate	6.7 to 6.9%	6.6 to 6.8%
	ii) Future salary Increase	8%	7 to 8%
	iii) Retirement Age (Years)	60	60
	iv) Ages	Withdrawal Rate %	
	Up to 30 Years	3 to 5%	3 to 5%
	From 31 to 44 years	2 to 3%	2 to 3%
	Above 44 years	1 to 5%	1 to 2%

Assumptions regarding future mortality rate for gratuity is based on actuarial advice in accordance with published statistics and experience.

(C)	**Expected contribution for the next one year**		
	(i) Service cost	137.23	114.28
	(ii) Net Interest cost	9.12	14.37
	(iii) **Expected contribution for the next one year**	**146.35**	**128.65**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		As at 31 March, 2021	As at 31 March, 2020
(D)	**Maturity profile of Defined Benefit Obligation**		
	Year:		
	(i) 0 to 1 Year	91.11	62.52
	(ii) 1 to 2 Year	81.71	64.82
	(iii) 2 to 3 Year	86.63	69.12
	(iv) 3 to 4 Year	111.34	86.65
	(v) 4 to 5 Year	171.85	95.97
	(vi) 5 to 6 Year	114.14	158.19
	(vii) 6 Year onwards	1,287.30	1,123.17
	Total	**1,944.08**	**1,660.44**
(E)	**Sensitivity analysis on defined benefit obligation**		
	Discount rate		
	a. Discount rate - 0.5% - the liability to increase by	197.99	193.43
	b. Discount rate + 0.5% - the liability to decrease by	(219.77)	(167.62)
	Salary increase rate		
	a. Rate - 0.5% - the liability to decrease by	(213.01)	(169.65)
	b. Rate + 0.5% - the liability to increase by	198.73	187.86

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the repotting period) has been applied as when calculating the Defined benefit recognised in the balance sheet. The methods and types of assumptions used in preparation, the sensitivity analysis did not change compared to the prior period.

(F) Risk Exposures:

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Salary Increases: Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Investment Risk: If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability: Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals: Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(G) Defined benefit liability and employer contribution

The Group monitors the deficit in defined benefit obligation (net off plan assets) and endevours to meet such deficit within reasonable future. The objective is to ensure adequate investments of funds, at appropriate time, to generate sufficient corpus for future payments.

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		As at 31 March, 2021	As at 31 March, 2020
Note 11(a): Borrowings			
Non Current			
Amortised Cost			
Unsecured			
External Commercial Borrowings		5,980.66	5,760.86
	Total	**5,980.66**	**5,760.86**
Current			
Secured			
Working capital loan			
- From Bank*		-	527.96
- Bank Overdraft**		-	271.09
	Total	-	799.05

*Cash Credit from Bank is guaranteed by RHI Magnesita, Austria the ultimate holding company. The cash credit is repayable on demand and carries an Interest at 9.15% p.a computed on a daily basis on actual amount utilised.

**Bank overdraft are secured against the corporate guarantee issued by Subsidiary of Ultimate Holding Company, RHI Magnesita GmbH

For current maturities of long term debt refer note 12(b)

Term loan 1: External commercial borrowing of EUR 450,000 was taken from the VRD Americas B.V. Netherland (fellow subsidiary), during the financial year 2013-14 which carries interest at applicable 3 month Euribor plus 200 basis points. It is repayable in single installment of EUR 450,000 on 31 December 2020. This term loan has been paid in full and there is no due as at March 31, 2021.

Term loan 2: External commercial borrowing of EUR 3,000,000 was taken from the VRD Americas B.V. Netherland (fellow subsidiary) during the financial year 2014-15 which carries interest at applicable 6 month Euribor plus 200 basis points. It is repayable in single installment of EUR 3,000,000 on 31 December 2022.

Term loan 3: External commercial borrowing of EUR 3,950,000 was taken from the VRD Americas B.V. Netherland (fellow subsidiary) during the financial year 2016-17 which carries interest at applicable 6 month Euribor plus 150 basis points. It is repayable in single installment of EUR 3,950,000 on 31 December 2023.

Particulars		As at 31 March, 2021	As at 31 March, 2020
Net debt reconciliation			
Cash and cash equivalents		15,514.18	12,217.79
Current borrowings (including overdraft)		-	(1,205.53)
Non-current borrowings		(5,980.66)	(5,760.86)
Lease Liabilities		(233.37)	(94.70)
	Net debt	**9,300.15**	**5,156.70**
Note 11(b):			
Other non current liabilities			
Deposit from employees		99.04	73.43
	Total	**99.04**	**73.43**
Note 12(a): Trade payables			
Current			
Total outstanding dues of micro enterprises and small enterprises (refer Note 32)		6,198.59	953.97
Total outstanding dues of creditors other than micro enterprises and small enterprises *		28,586.71	22,560.94
	Total	**34,785.30**	**23,514.91**

* Foreign currency trade payables amounting to Rs. 43.78 lacs (31 March, 2020: Rs. Nil lacs) have been written back during the year. Subsequent to the year end,(the Company has approached the authorised dealer, under the Foreign Exchange Management (Import of Goods and Services) Regulations, 2015, to condone the delay in relation to obtaining approval for write back for the above mentioned matter.

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		As at 31 March, 2021	As at 31 March, 2020
12(b) Other current financial liabilities			
Unpaid dividend		359.88	378.01
Employee benefits payable		1,501.90	891.63
Payables on purchase of fixed assets		436.24	602.86
Current maturities of long term borrowings		-	406.48
Other Payables*		4.56	232.50
Others		24.56	48.39
	Total	**2,327.14**	**2,559.87**

*Other Payables as at 31 March, 2020 are foreign currency payables which were overdue for more than three years and pertain to the excess amount received by the Company for services provided in earlier years. During the year, the Company has approached the authorised dealer, under the Foreign Exchange Management (Import of Goods and Services) Regulations, 2015, to condone the delay in relation to payment of outward remittance and allow the Company to adjust the amount due against future supply of services. The authorised dealer has approved the Company's request pursuant to which the amount has been adjusted during the year.

Particulars		As at 31 March, 2021	As at 31 March, 2020
Note 13: Provisions			
Provision for unspent corporate social responsibility expenditure as at year end		135.40	-
	Total	**135.40**	**-**
Note 14(a): Other Current Liabilities			
Statutory dues (Contribution to Provident Fund and Employee State Insurance, Goods and Services Tax etc)		524.26	424.80
Deposits from employees		6.73	8.85
	Total	**530.99**	**433.65**
Note 14(b): Contract Liabilities			
Advances from customers		272.44	766.02
	Total	**272.44**	**766.02**

Particulars		Year ended 31 March, 2021	Year ended 31 March, 2020
Note 15: Revenue from operations (refer note 33)			
Revenue from contracts with customers			
-Sales of products			
(i) Finished goods		50,900.50	55,938.23
(ii) Traded goods		24,632.24	27,031.15
- Total Refractories Management Services		57,485.16	51,524.23
- Sale of services		3,122.48	3,133.99
		136,140.38	**137,627.60**
Other operating revenues (Government grant - export incentives)		897.48	1,130.96
	Total	**137,037.86**	**138,758.56**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		Year ended 31 March, 2021	Year ended 31 March, 2020
Note 16:			
Other income			
Interest income on financial assets on amortised cost:			
- on bank deposits		452.86	401.33
- on others		143.98	318.35
Net gain on disposal of financial assets (open ended mutual fund scheme)		-	129.07
Net foreign exchange differences		325.73	-
Liabilities/ provisions no longer required written back		71.11	129.12
Bad debts recovered		12.83	-
Profit on sale of fixed assets (net)		-	23.50
Scrap Sales		75.73	-
Miscellaneous income		150.15	34.47
	Total	**1,232.39**	**1,035.84**
Note 17(a)			
Cost of raw materials and components consumed			
Opening stock		6,391.04	7,095.71
Add: Purchases		51,119.53	45,617.12
		57,510.57	52,712.83
Less: Closing stock		7,989.11	6,391.04
	Total	**49,521.46**	**46,321.79**
Note 17(b)		42,410.52	38,415.65
Purchases of stock-in-trade (traded goods)			
	Total	**42,410.52**	**38,415.65**
Note 18:			
Change in inventories of finished goods, work in-progress and traded goods			
Inventories at the end of the year			
Work in progress		2,508.20	2,161.78
Finished goods		7,087.22	5,494.99
Traded goods		16,093.93	11,999.32
		25,689.35	**19,656.09**
Inventories at the beginning of the year			
Work in progress		2,161.78	2,192.10
Finished goods		5,494.99	5,402.93
Traded goods		11,999.32	13,824.25
		19,656.09	**21,419.28**
Less: Own Production Consumed for construction of Kiln Capitalised		(355.79)	(63.84)
	Total	**(6,389.05)**	**1,699.35**
Note 19:			
Employee benefits expense			
Salaries, wages and bonus		9,481.73	8,405.88
Contribution to provident fund & others (refer Note 10)		404.55	391.69
Gratuity (refer Note 10)		153.90	121.21
Leave obligation		181.38	67.63
Staff welfare expenses		338.12	254.67
	Total	**10,559.68**	**9,241.08**

(All amount in Rs. Lacs, unless otherwise stated)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Note 20(a):		
Depreciation and amortisation expense		
Depreciation on property, plant and equipment	2,850.55	2,379.10
Depreciation charge of right-of-use assets	85.49	211.44
Amortisation of intangible assets	43.44	27.13
Total	**2,979.48**	**2,617.67**
Note 20(b):		
Finance cost		
Interest expense:		
- on working capital loans	-	140.27
- on external commercial borrowings	112.24	104.29
- exchange difference on foreign currency borrowings	219.30	391.29
- on bank overdraft	0.28	134.60
- on current borrowings	-	78.72
- on bills discounting	240.91	361.97
Interest on late payment of taxes	63.31	-
Interest expenses on lease liabilities	12.27	18.99
Total	**648.31**	**1,230.13**
Note 20(c):		
Other expenses		
Consumption of stores and spare parts	2,082.32	2,326.14
Consumption of packing materials	1,684.86	2,041.86
Power and fuel	3,810.43	4,080.39
Processing charges	5,551.76	4,687.41
Rent {refer note 3(b) & 28(b)}	114.84	77.12
Repairs and maintenance		
- Plant and machinery	463.06	511.47
- Buildings	32.57	52.57
- Others	54.07	14.12
Insurance	248.87	163.36
Rates and taxes	32.58	273.48
Communication costs	106.72	182.01
Travelling and conveyance	262.77	593.66
Printing and stationery	36.74	63.81
Freight and forwarding	3,895.73	3,689.27
Commission on sales (Other than sole selling agents)	100.62	226.33
Advertising and other expenses	6.08	96.02
Donation	0.83	2.27
Expenditure on corporate social responsibility (refer Note 21)	420.21	242.51
Legal and professional fees {refer Note 20(d)}	579.58	574.26
Royalty (Net)	129.50	189.77
Directors sitting fees	12.75	13.75
Bad debts written off	117.90	137.25
Allowance for doubtful debts - trade receivables {Net of provision no longer required written back Rs. 333.38 lacs (31 March, 2020 Rs. 206 lacs)}	(276.05)	77.81
Allowance for doubtful export incentives receivable	44.00	-
Net foreign exchange differences	-	502.05
Loss on fixed assets sold/ scrapped (Net)	0.24	-
Insurance claim receivable written off	-	342.89
Amortisation of prepaid lease rent	-	(11.54)
Bank charges	55.22	124.28
Information & technology expenses	351.42	273.89
Miscellaneous expenses	162.27	139.73
Total	**20,081.89**	**21,687.96**

(All amount in Rs. Lacs, unless otherwise stated)

		Year ended 31 March, 2021	Year ended 31 March, 2020
Note 20(d):			
Legal & professional include Payment to Auditors as under:			
Payment to auditor (excluding GST) comprise			
(a) To statutory auditor			
- for audit		98.03	102.81
- for limited review		16.06	13.90
- reimbursement of expenses		3.93	2.89
(b) To cost auditor for cost audit		1.15	0.66
	Total	**119.17**	**120.26**
Note 21:			
Corporate social responsibility expenditure			
Amount required to be spent as per section 135 of the Companies Act 2013			
Details of expenditure towards Corporate Social Responsibility (CSR) activities:			
a) Gross amount required to be spent by the Company during the year		420.21	386.73
b) Amount spent during the year on:		-	-
i) Construction/ acquisition of any asset		-	-
ii) On purposes other than (i) above		284.81	242.51
iii) Provision for unspent expenditure as at year end (refer note 13)		135.40	-
	Total	**420.21**	**242.51**
Note 22:			
Income Tax Expense			
(a) Income Tax Expense			
Current Tax			
Current tax on profits for the year		4,896.21	4,563.63
Adjustments for current tax of prior periods		26.18	(42.66)
Total Current Tax Expense		**4,922.39**	**4,520.97**
Deferred Tax			
Deferred Tax Expense/(Benefit)		(126.76)	471.27
Income Tax Expense		**4,795.63**	**4,992.24**
(b) Reconciliation of tax expense and accounting profit multiplied by tax rate			
Profit before income tax expense		18,457.96	18,580.77
Tax at the Indian tax rate of 25.168% (Previous year : 25.168%)		4,645.50	4,676.41
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Adjustments for current tax of prior periods		26.18	(42.66)
Impact of change in tax rate		-	260.19
Corporate social responsibility expenditure		105.76	42.60
Dividend Income		-	(32.43)
Deferred Tax Liability as on 18 May, 2019 on acquisition of subsidiary			89.63
Other		18.18	(1.50)
Income tax expense		**4,795.62**	**4,992.24**

Note 23: **(All amount in Rs. Lacs, unless otherwise stated)**

Fair Value measurement

Financial instruments by category:

	As at 31 March, 2021		As at 31 March, 2020	
	FVPL	**Amortised cost**	**FVPL**	**Amortised cost**
Financial assets				
Non-current				
Investments	-	0.45	-	0.30
Loans	-	519.64	-	564.00
Other financial assets	-	24.81	-	46.32
Current				
Trade receivables	-	32,770.99	-	33,244.11
Cash and cash equivalents	-	15,514.18	-	12,217.79
Bank balances other than above	-	509.88	-	479.12
Other financial assets	-	107.07	-	198.30
Total Financial Assets	**-**	**49,447.02**	**-**	**46,749.94**
Non Current				
Borrowings	-	5,980.66	-	5,760.86
Current				
Borrowings	-	-	-	799.05
Trade payables	-	34,785.30	-	23,514.91
Other financial liabilities	-	2,327.14	-	2,559.87
Total Financial Liabilities	**-**	**43,093.10**	**-**	**32,634.69**

Note 24:

Financial Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk.

The Group's senior management has the overall responsibility for establishing and governing the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policies accordingly. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and bank balances, Trade Receivables, Other Financial Assets	Ageing analysis Credit ratings	Diversification of bank deposits and periodic monitoring of realisable value of assets. Business with customers with reliable credit rating in the market.
Liquidity risk	Trade payables and Other Financial liabilities	Cash flow forecasts	Availability of adequate cash and liquid assets.
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting's Sensitivity analysis	Regular monitoring to keep the net exposure at an acceptable level, with an option of taking forward foreign exchange contracts if deemed necessary. Natural hedging by maintaining balances between receivables and payables within same currency.
Market risk – Interest rate	Borrowings with floating rate of interest	Cash flow forecasting's Sensitivity analysis	Regular monitoring to keep the net exposure at an acceptable level.

(All amount in Rs. Lacs, unless otherwise stated)

A. Credit Risk

Credit risk on cash and cash equivalent and bank balances is not significant as it majorly includes deposits with bank and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Other financial assets primary includes security deposits given to state electricity board and other public sector organisations, wherein possibility of any loss is remote. These deposits are given in the normal course of the business operations.

Credit risk arise from possibility that customer may default on its obligation to make timely payments, resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivable and unbilled revenue.

The credit risk is managed by the Group through credit term approvals, establishing the financial reliability of the customers taking into account the financial condition, analysis of historical bad debts and ageing of account receivables. Outstanding customer receivables are regularly monitored. Individual credit terms are set accordingly by the Group is credit control department.

To address the risk of any potential non recovery from trade receivables, the Group has the practise of reviewing debtors having balances outstanding for more than 180 days as at period end and consider them for provision for bad and doubtful debts. Besides this, wherever there is specific evidence about the deteriorating financial position, downfall in business, intention to not pay or other similar factors of the customer, the management reviews the underlying facts and merits of such cases to evaluate the need to adjust provision, as computed based on ageing analysis. This provision, based on collective analysis, is sufficient to cover the entire lifetime loss of revenues recognised including those that are currently less than 180 days' outstanding and not provided for.

Ageing of trade receivable

Category		As at 31 March 2021	As at 31 March 2020
Not Due		24,190.33	22,521.63
0 - 30		4,275.28	6,138.93
31-60 days		2,622.79	821.86
61-90 days		851.15	757.77
91-180 days		479.54	1,436.97
181 - 240 days		158.26	681.63
More than 240		485.27	1,453.01
	Total	**33,062.62**	**33,811.80**

Allowance for doubtful debts-trade receivables

Particulars	Amount
Loss allowance as on 1 April, 2019	**1,713.39**
Changes in loss allowance (Net of bad debts written off Rs. 1,223.53 lacs) (refer note 20(c))	(1,145.70)
Loss allowance as on 1 April, 2020	**567.69**
Changes in loss allowance (refer note 20(c))	(276.05)
Loss allowance as on 31 March, 2021	**291.64**

B. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time. The Group's primary sources of liquidity are cash generated from operations. The cash flows from operating activities are driven primarily by operating results and changes in the working capital requirements.

The Group believes that its liquidity position is adequate to fund the operating and investing needs and to provide with flexibility to respond to further changes in the business environment.

(All amount in Rs. Lacs, unless otherwise stated)

Contractual Maturities of financial liabilities

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
31 March,2021					
Borrowings	-	-	-	5,980.66	**5,980.66**
Trade Payables	12,964.68	15,846.04	5,893.29	81.29	**34,785.30**
Lease Liabilities	8.72	17.92	18.77	187.96	**233.37**
Employee Benefits payable	820.92	676.60	4.38	-	**1,501.90**
Unpaid dividend	-	-	359.88	-	**359.88**
Other financial liabilities	65.82	0.68	398.86	-	**465.36**
31 March,2020					
Borrowings	799.05	406.48	-	5,760.86	**6,966.39**
Trade Payables	21,209.39	2,133.09	129.58	42.85	**23,514.91**
Lease Liabilities	31.56	31.57	31.57	-	**94.70**
Employee Benefits payable	483.06	322.59	85.98	-	**891.63**
Unpaid dividend	-	-	378.01	-	**378.01**
Other financial liabilities	289.14	354.56	6.39	233.66	**883.75**

C. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk. Financial instruments affected by market risks include borrowings, foreign currency receivables and payables.

Foreign currency risk: The Group operates internationally and is exposed to foreign exchange risk in relation to operating activities (when revenue or expense is denominated in a foreign currency) arising from foreign currency transactions, primarily with respect to the USD and EUR. The Group manages the exposure through natural hedging, by maintaining appropriate balances of receivables and payables within same currency. The Group also has policies to enter into foreign currency financial contracts in order to manage the impact of changes in foreign exchange rates on the results of operations and future foreign currency denominated cash flows. Forward exchange contracts are not intended for trading or speculative purposes but only for hedge purposes. The Group does not have material foreign currency exposure .

Foreign currency risk exposure

Particulars of unhedged foreign currency exposure in INR (in Lacs)

Purpose	As at 31 March 2021				As at 31 March 2020			
	USD	**EURO**	**GBP**	**CHF**	**USD**	**EURO**	**NU***	**CHF**
Borrowings	-	5,980.66	-	-	-	6,167.34	-	-
Trade Payables	8,833.75	290.07	30.97	14.31	7,247.64	3,203.62	4.37	521.77
Payables on purchase of fixed assets	51.69	37.77	-	-	29.04	25.43	-	-
Net exposure to foreign currency risk (Liabilities)	**8,885.44**	**6,308.50**	**30.97**	**14.31**	**7,276.68**	**9,396.39**	**4.37**	**521.77**
Trade Receivables	2,818.30	957.67	-	-	1,208.46	1,185.03	-	-
Balance with EEFC Account	-	121.61	-	-	-	220.05	-	-
Net exposure to foreign currency risk (Assets)	**2,818.30**	**1,079.28**	**-**	**-**	**1,208.46**	**1,405.08**	**-**	**-**

*NU is the currency of the Kingdom of Bhutan. The Company does not expect any change in the exchange rate of NU and INR, resulting into any significant impact to the financial numbers.

(All amount in Rs. Lacs, unless otherwise stated)

Sensitivity to risk

Particulars	Impact of profit - (Increase)/ decrease Year ended 31 March, 2021	Year ended 31 March, 2020
USD Sensitivity		
INR/USD - Increase by 5%	(303.36)	(303.41)
INR/USD - Decrease by 5%	303.36	303.41
Euro Sensitivity		
INR/EURO - Increase by 5%	(261.46)	(399.57)
INR/EURO - Decrease by 5%	261.46	399.57
GBP Sensitivity		
INR/GBP - Increase by 5%	(1.55)	-
INR/GBP - Decrease by 5%	1.55	-
CHF Sensitivity		
INR/CHF - Increase by 5%	(0.72)	(26.09)
INR/CHF - Decrease by 5%	0.72	26.09

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate exposure

Particulars	As at 31 March, 2021	As at 31 March, 2020
External Commercial Borrowings		
Interest expense	112.24	104.29
Interest rate at the end of the year	2.00%	2.00%
Interest rate Increase by 1%	56.12	52.15
Interest rate Decreases by 1%	(56.12)	(52.15)
Working Capital Loan		
Interest expense	-	140.27
Interest rate at the end of the year	-	9.20%
Interest rate Increase by 1%	-	15.25
Interest rate Decreases by 1%	-	(15.25)
Current Borrowings		
Interest expense	-	78.72
Interest rate at the end of the year	-	9.15%
Interest rate Increase by 1%	-	8.60
Interest rate Decreases by 1%	-	(8.60)
Bank Overdraft		
Interest expenses	0.28	134.60
Interest rate at the end of the year	9.15%	9.15%
Interest rate Increase by 1%	0.03	14.71
Interest rate Decreases by 1%	(0.03)	(14.71)

(All amount in Rs. Lacs, unless otherwise stated)

Note 25:

Capital management

A. Risk Management

The Group's objectives when managing capital is to safeguard their ability to continue as a going concern, so that it can continue to provide adequate returns to the shareholders.

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards business needs, opitimisation of working capital requirements and deployment of surplus funds into fixed deposits.

The management of the Group reviews the capital structure of the Group on regular basis. As part of this review, the Board considers the status of debts, cost of capital and movement in the working capital.

Particulars	As at 31 March, 2021	As at 31 March, 2020
Debt	5,980.66	6,966.39
Share capital	1,201.39	1,201.39
Shares pending issuance	408.57	408.57
Equity reserves	78,967.56	68,719.13
Total Equity	80,577.52	70,329.09
Gearing ratio	**7.42%**	**9.91%**

B. Dividend

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
(i) Equity shares		
Final Dividend for the year 31 March, 2021 of Rs.2.50 (31 March, 2020 - Rs. 2.50) per fully paid share	3,003.48	3,003.48
Final dividend for the year 31 March, 2021 of Rs. 2.27 (31 March, 2020 - Nil) to the share-holders of Erstwhile RHI Clasil Private Limited	417.68	-
(ii) Dividend not recognised at the end of the reporting period		
In addition to the above dividends, the directors have recommended the payment of a final dividend of Rs. 2.50 per fully paid equity share (31 March, 2020 of Rs. 2.50), in its meeting held on 25 June, 2021. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	4,024.90	3,003.48

Note 26:

The Group is primarily engaged in the business of manufacturing refractories and monolithics. Based on the information reported to the chief operating decision maker (CODM) for the purpose of resources' allocation and assessment of performance, there is single business segment in accordance with the requirements of Indian Accounting Standard (Ind AS 108 on 'Operating Segment Reporting' notified under the Companies (Indian Accounting Standard) Rules, 2015.

Geographical Segments

The analysis of geographical segment is based on the geographical location of the customers. The Group operates primarily in India and has presence in international markets as well. Its business is accordingly aligned geographically, catering to two markets i.e. India and Outside India. For customers located outside India, the Group has assessed that they carry same risk and rewards. The Group has considered domestic and exports markets as geographical segments and accordingly disclosed these as separate segments. The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India

Secondary Segment Reporting (by Geographical Segments)

The following is the distribution of the Company's total revenue of operations by geographical market, regardless of where the goods were produced:

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**Year ended 31 March, 2021**	**Year ended 31 March, 2020**
Within India	112,589.07	112,992.27
Outside India	23,551.31	24,635.33
Total	**136,140.38**	**137,627.60**

The following table shows the carrying amount of trade receivables by geographical segments

Particulars	**As at 31 March, 2021**	**As at 31 March, 2020**
Within India	28,995.02	30,850.62
Outside India	3,775.97	2,393.49
Total	**32,770.99**	**33,244.11**

All other assets (other than trade receivables) used in the Group's business are located in India and are used to cater to both the categories of customers (within India and outside India), accordingly the total cost incurred during the year to acquire tangible and intangible assets has not been disclosed.

Note 27:
Contingent Liabilities

Claims against the Company not acknowledged as debts

Particulars	**Year ended 31 March, 2021**	**Year ended 31 March, 2020**
Demand from Income tax	993.91	-
Demand from excise and service tax authorities	316.12	202.54
Demand from customs authorities	291.88	1,045.36
Demand from Central Sales Tax	16.53	-
Total	**1,618.44**	**1,247.90**

Notes:

(i) No provision is considered necessary since the Group expects favourable decisions.

(ii) Paid under protest of Rs. 37.94 Lacs (31 March, 2020, Rs. 39.59 Lacs)

These represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Group or the claimants as the case may be and therefore cannot be predicted accurately. The Group engages professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

Note 28(a):
Capital and other commitments

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):

Particulars	**As at 31 March, 2021**	**As at 31 March, 2020**
Tangible Assets	1,570.53	2,714.27

(ii) The Group has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in normal course of business.

(iii) The Group did not have any long term commitments/contracts for which there were any material foreseeable losses. The Company did not have any long-term derivative contracts as at 31 March, 2021.

(b) Operating lease

The Company's cancellable operating lease arrangement mainly consists of offices, guest house and warehouses for period of less than 11 months. Terms of lease include terms for renewal, increase in rents in future periods and terms of cancellation.

(All amount in Rs. Lacs, unless otherwise stated)

Note 29:
Earning per share

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
(a) Basic earnings per share (Rs.)	8.49	8.44
(b) Diluted earnings per share (Rs.)	8.49	8.44
Profits used for calculating earnings per share		
Profit attributable to the equity holders of the Company used in calculating Basic Earnings per share	13,662.33	13,588.53
Profit attributable to the equity holders of the Company used in calculating Diluted Earnings per share	13,662.33	13,588.53
Weighted average number of shares used as denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share*	1,609.96	1,609.96
Weighted average number of equity shares used as the denominator in calculating dilted earnings per share*	1,609.96	1,609.96

*Includes 408.57 lacs Shares which are pending for issuance as per the Scheme which is being considered effective from 01 April, 2019 as per Ind AS - 103, Business Combination. Refer note 34

Note 30:

Related Party Transactions

(a) Parent entities
The Company is controlled by the following

Name	Type	Place of incorporation	Ownership Interest (in %'age)	
			As at 31 March, 2021	As at 31 March, 2020
RHI Magnesita N.V.	Ultimate holding company	Austria	-	-
Dutch US Holding B.V.	Holding company	Netherlands	66.49%	66.49%

(b) Key managerial personnel (KMP)
Mr. Parmod Sagar, Managing Director & CEO
Mr. Sanjeev Bhardwaj, Chief Financial Officer

(c) List of related parties

i) Fellow subsidiaries with whom the Company had transactions during the year

RHI Feuerfest Gmbh

Refractory Intellectual Property GmbH & Co KG

Magnesita Mineracao S.A.

RHI Refractories Asia Pacific Pte Ltd

RHI Magnesita GmbH

RHI Urmitz AG & Co KG

Magnesita Refractories Private Limited

Didier Werke AG, Germany

Magnesita Envoy Asia Limited

RHI Trading (Dalian) Co. Ltd

VRD Americas B.V. Netherlands

RHI Refractories UK Ltd.

RHI-Refmex S.A. DE C.V.

RHI Magnesita Deutschland AG

RHI Refractories Liaoning Co. Ltd.- China

RHI Magnesita Interstop AG (previously known as Stopinc Aktiengesellshift)

RHI Magnesita Trading B.V.

ii) Relative of KMP
Mr. Christophar Parvesh

(All amount in Rs. Lacs, unless otherwise stated)

(d) Related Party Transactions

Particulars	Relationship	Year ended 31 March, 2021	Year ended 31 March, 2020
Dividend paid			
Dutch US Holding B.V.	Holding Company	1,996.94	2,090.94
VRD Americas B.V. Netherlands	Fellow Subsidiary	224.37	-
Sales:			
RHI Magnesita GmbH	Fellow Subsidiary	19,111.96	20,122.38
RHI Urmitz AG & Co KG	Fellow Subsidiary	421.96	265.44
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	31.04	189.18
Didier Werke AG, Germany	Fellow Subsidiary	-	1.18
RHI Refractories UK Ltd.	Fellow Subsidiary	0.43	-
RHI-Refmex S.A. DE C.V.	Fellow Subsidiary	3.44	-
RHI Magnesita Deutschland AG	Fellow Subsidiary	425.97	-
Purchases			
RHI Magnesita Interstop AG (previously known as Stopinc Aktiengesellshift)	Fellow Subsidiary	-	967.33
RHI Magnesita Interstop AG	Fellow Subsidiary	582.31	-
Magnesita Mineracao S.A.	Fellow Subsidiary	39.80	37.60
RHI Magnesita GmbH	Fellow Subsidiary	26,031.11	23,310.97
Magnesita Envoy Asia Limited	Fellow Subsidiary	152.03	166.89
Purchase of spares			
RHI Magnesita GmbH	Fellow Subsidiary	162.32	119.62
RHI Magnesita Interstop AG (previously known as Stopinc Aktiengesellshift)	Fellow Subsidiary	153.58	134.37
Purchase of assets			
RHI Magnesita GmbH	Fellow Subsidiary	1,335.05	61.29
RHI Magnesita Interstop AG (previously known as Stopinc Aktiengesellshift)	Fellow Subsidiary	66.41	15.18
Service income			
RHI Magnesita GmbH		1,020.06	1,365.33
RHI Magnesita Trading B.V.		415.96	-
Managerial remuneration*			
Mr. Parmod Sagar	KMP	351.85	278.61
Mr. Sanjeev Bhardwaj	KMP	119.00	106.82
The amount of managerial remuneration does not include the amount attributed towards Equity- settled share options (LTIP) issued by RHI Magnesita N.V. for which no cost is charged from the Company. Also refer Note 31.			
Salary			
Mr. Christophar Parvesh	Relative of KMP	9.63	8.95
Royalty			
Refractory Intellectual Property GmbH & Co KG	Fellow Subsidiary	129.50	189.77

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Relationship	Year ended 31 March, 2021	Year ended 31 March, 2020
Information Technology Expenses			
RHI Magnesita GmbH	Fellow Subsidiary	350.25	273.89
Expenses reimbursement {Received/(Paid)}			
RHI Magnesita GmbH	Fellow Subsidiary	265.15	211.91
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	8.96	-
RHI Trading (Dalian) Co. Ltd	Fellow Subsidiary	-	0.16
Magnesita Refractories Private Limited	Fellow Subsidiary	0.84	1.26
Interest Expenses			
VRD Americas B.V. Netherlands	Fellow Subsidiary	112.24	104.29

(e) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related party:

Particulars	Relationship	As at 31 March, 2021	As at 31 March, 2020
Trade Payables:			
Refractory Intellectual Property GmbH & Co KG	Fellow Subsidiary	65.23	87.86
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	2.92	123.32
RHI Magnesita Interstop AG (previously known as Stopinc Aktiengesellshift)	Fellow Subsidiary	41.03	422.17
Magnesita Mineracao S.A.	Fellow Subsidiary	-	12.87
Intermetal Engineers (I) Pvt. Ltd.	Subsidiary	-	0.19
RHI Magnesita GmbH	Fellow Subsidiary	12,590.11	7,644.70
RHI Refractories Liaoning Co. Ltd.- China	Fellow Subsidiary	2.28	2.35
Stopinc Aktiengesellshift	Fellow Subsidiary	-	99.60
RHI Trading (Dalian) Co. Limited	Fellow Subsidiary	0.17	0.18
Total Trade Payables to related parties		**12,701.74**	**8,393.24**
Other payables			
RHI Magnesita GmbH		-	**232.50**
Trade Receivables:			
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	-	85.27
RHI Urmitz AG & Co KG	Fellow Subsidiary	57.22	1.25
RHI Magnesita GmbH	Fellow Subsidiary	2,784.16	1,133.31
RHI Magnesita Trading B.V	Fellow Subsidiary	178.09	-
Magnesita Refractories Private Limited	Fellow Subsidiary	0.42	0.31
Total Trade receivables from related parties		**3,019.89**	**1,220.14**
External Commercial Borrowings			
VRD Americas B.V, Netherlands	Fellow Subsidiary	**5,980.66**	**6,167.34**
Other transactions			
Guarantee given to Bank by RHI Magnesita GmbH	Fellow Subsidiary	**8,879.00**	**7,566.50**
(Outstanding balance of borrowings as on 31 March, 2021 is Nil (March 31, 2020 - Rs. 271.09 lacs)			

(All amount in Rs. Lacs, unless otherwise stated)

Note 31:
Equity-settled share option plan (LTIP)

RHI Magnesita N.V (Ultimate Holding Company) has implemented a share option plan for the members of senior management including of the Company. Each share option converts into one ordinary share of RHI Magnesita N.V on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry rights to dividends but no voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is calculated in accordance with the performance-based formula approved by the shareholders of the Ultimate Holding Company. The vesting period for each share option plan is three years. If the options remain unexercised after a period of seven years from the vesting date the options expire. Options are forfeited if the employee leaves the Company before the options vest. The allocation of share option plan has been made by the Ultimate Holding Company pursuant to the following plans:

Plans details	Grant date	Vesting Date (Vesting period)	Exercise price	As at 31 March, 2021	As at 31 March, 2020
Equity-settled share option plan 2019	19-Aug-19	19-Aug-22 (3 years)	Nil	1,110	423
Equity-settled share option plan 2020	8-Apr-20	8-Apr-23 (3 years)	Nil	2,774	-
Equity-settled shar e option plan 2021	15-Mar-21	15-Mar-24 (3 years)	Nil	53	-
			Total	**3,937**	**423**

i) Summary of share options outstanding under the plan:

Particulars	Number of share options	
Opening balance	423	-
Granted during the year	3,514	423
Exercised during the year	-	-
Forfeited during the year	-	-
Closing Balance	**3,937**	**423**
Vested and Excisable	-	-

ii) Fair value of share options granted by the Company under each scheme

Grant Date	Fair Value (Euro)
19-Aug-19	46.25
8-Apr-20	22.70
15-Mar-21	48.28

Expense arising from employee share option plan

The fair value of the LTIP granted that has not been recognised as expense in the Statement of Profit and Loss as the impact is not considered material, is as follows:

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Equity-settled share option plan expenses	74.23	-
Total expense	**74.23**	**-**

(All amount in Rs. Lacs, unless otherwise stated)

Note 32:
Due to micro, small and medium enterprises

Particulars		As at 31 March, 2021	As at 31 March, 2020
(i)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period end	6,198.59	953.97
(ii)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	23.48	2.42
(iii)	Principal amount paid to supplier registered under the MSMED Act, beyond the appointed day during the year.	2,763.81	751.44
(iv)	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
(v)	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
(vi)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	6.31	2.07
(vii)	Further Interest remaining due and payable for earlier years	2.42	0.35

Note 33:
Revenue from Contracts with Customers
Revenue from contracts with customers (refer Note 15)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
The Group has recognised the following amounts relating to revenue in the statement of profit and loss:		
Sale of products		
(i) Finished goods	50,900.50	55,938.23
(ii) Traded goods	24,632.24	27,031.15
Total Refractories Management Services #	57,485.16	51,524.23
Sale of services	3,122.48	3,133.99
Revenue from contracts with customers	**136,140.38**	**137,627.60**
Other operating revenues(Government grant - export incentives)	897.48	1,130.97
Total Revenue	**137,037.86**	**138,758.57**

Disaggregation of Revenue

In the following tables, revenue is disaggregated by product group and by geography. This is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108 (refer note 26). The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Disaggregation of Revenue by Geography

Within India	112,589.07	112,992.27
Outside India	23,551.31	24,635.33
Total Revenue	**136,140.38**	**137,627.60**

Timing of Revenue Recognition

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual terms agreed in the customer contract.

Revenue from contracts for total refractory management services, revenue is recognized over time on the basis using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from providing services is recognized in the accounting period in which the services ae rendered.

(All amount in Rs. Lacs, unless otherwise stated)

Performance obligations

Revenue from the sale of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual terms agreed in the customer contract. Control is defined as the ability to direct the use and obtain substantially all the economic benefits from an asset. For the terms CIF (Cost, Insurance and Freight), transport service gives rise to a separate performance obligation to which a part of revenue has to be allocated, as this service is performed after the control of the product is transferred to the customer.

For Refractory Management services where the transaction price depends on the customer's production tonnage the management has determined that both supply of goods and services are not distinct as the customer expects total refractory management services from the Company, which includes supply of refractory material and its related services to produce steel. Thus, only one single performance obligation, the performance of refractory management services, exists. With regard to these contracts, revenue is recognised over time using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from services is recognised over time, using an input method to measure progress towards completion of service, because the customer simultaneously receives and consumes the benefits provided by the Company.

Transaction price allocated to the remaining performance obligations

Transaction price is the expected consideration to be received in exchange for transferring goods or services, to the extent that it is highly probable that there will not be a significant reversal of revenue. For Refractory Management Contracts, transaction price depends on the customer's production performance.

The Group has applied practical expedient in Ind AS 115. Accordingly it has not disclosed information about remaining performance obligations wherein the Group has a right to consideration from customer in an amount that directly corresponds with the value to the customer of entity's performance till date using the output method and for the other contracts which have original expected durations of one year or less.

Reconciliation of revenue recognised with contract price

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Contract price	134,729.00	134,972.71
Adjustments for:	-	-
Claims & Rebates	(453.78)	(624.88)
Performance Bonus	1,865.16	3,279.77
Revenue from contracts with customers	**136,140.38**	**137,627.60**

Trade Receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as Contract Asset.

A receivable is a right to consideration that is unconditional upon passage of time.

Contract assets consist of unbilled revenue which arises when the Company satisfies the performance obligation in the Refractory Management Services contracts but does not have an unconditional right to consideration as it is dependent on the certification of the report on the quantity of steel produced. Contract asset usually gets converts to Trade Receivables within a time period of 30 days.

Contract liabilities consists of advances from customers. Contract liabilities are presented in note 14(b)

Trade receivables are presented net off impairment loss in note 5(b).

Revenue recognised that was included in the contract liability balance at the beginning of the year

Revenue from contract with customers	766.02	2,149.98
Total	**766.02**	**2,149.98**
Movement in Contract Assets		
Opening balance as on 1 April, 2020	3,127.89	1,877.86
Add: Revenue recognized during the year	130,650.96	137,627.59
Less: Invoiced during the year	(127,648.12)	(136,377.56)
Closing balance as on 31 March, 2021	**6,130.73**	**3,127.89**
Movement in Contract Liabilities		
Opening balance as on 1 April, 2020	766.02	2,149.98
Add: Collection during the year	8,779.17	6,453.30
Less: Gross Sales	(9,272.75)	(7,837.26)
Closing balance as on 31 March, 2021	**272.44**	**766.02**

The contract assets primarily relate to the company's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the right become unconditional. The contract liabilities primarily relate to the advance consideration received from customers.

Significant judgements in the application of the Standard

For Refractory Management Contracts where the transaction price depends on the customer's production performance, the management has determined that both supply of goods and services are not distinct as the customer expects total refractory management services from the Component, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the agreed product areas in the steep plant in order to enable steel production. Thus, only one single performance obligation, performance of refractory management service, exists.

Note 34:
Merger

On 31 July, 2018 the Board of Directors of the Company and its fellow subsidiaries i.e. RHI India Private Limited (the 'RHI India') and RHI Clasil Private Limited (the 'RHI Clasil') (hereinafter referred as 'erstwhile fellow subsidiaries'), had granted its in-principle approval to the scheme of amalgamation of RHI India and RHI Clasil with and into the Company with the proposed appointed date of 1 January, 2019 or such other date as may be fixed by the Tribunal ('the Scheme').

The Scheme was filed before the National Company Law Tribunal, Mumbai ('NCLT') and was rejected by them vide order dated 02 March, 2021.

An appeal was filed before the Hon'ble National Company Law Appellate Tribunal ('NCLAT') and NCLAT vide its judgement dated 19 January, 2021 allowed the said appeal and directed the NCLT to approve the said Scheme with an appointed date of 31 July, 2018.

The NCLT vide its Order dated 05 May, 2021 has approved the Scheme with an appointed date of 31 July, 2018 in view of the order passed by the NCLAT.

In accordance with the clause 3.5 of the Scheme, as a consideration of the merger of the Company with the erstwhile fellow subsidiaries, the Company will issue and allot to the shareholders of the erstwhile fellow subsidiaries the shares of the Company in the following manner:

(i) To the shareholders of RHI India:

For every 100 equity shares of RHI India of face value of Rs. 10 each held in RHI India, every shareholder of the RHI India, shall without any application, act or deed, be entitled to receive 7,044 equity shares of face value of Re. 1 each of the Company, credited as fully paid up on the same terms and conditions of issue as prevalent in the Company; and

(ii) To the shareholders of RHI Clasil:

For every 1000 equity shares of RHI Clasil of face value of INR 10 each held in RHI Clasil, every shareholder of the RHI Clasil, shall without any application, act or deed, be entitled to receive 908 equity shares of face value of Re. 1 each of the Company, credited as fully paid up on the same terms and conditions of issue as prevalent in the Company.

The Company has prepared these Consolidated Financial Statements after considering effect in accordance with clause 3.7 of the Scheme which requires the accounting treatment to be carried out as prescribed under applicable accounting standards that is, from the beginning of the preceding year and in accordance with Ind AS 103, Business Combination. The corresponding figures in these Consolidated Financial Statements have been prepared by the management based on the audited financial statements of the Company and its erstwhile fellow subsidiaries as adjusted for giving effect to the Scheme as approved by the NCLT. The consideration payable to the shareholders of erstwhile fellow subsidiaries, amounting to Rs. 408.57 lacs has been disclosed as Shares Pending Issuance under Equity. The reserves in the financial statements of the erstwhile fellow subsidiaries have been disclosed in the same form in the financial statements of the Company. The difference between the consideration disclosed as Shares Pending Issuance and the Share Capital of the erstwhile fellow subsidiaries on 01 April, 2019 is Rs. 1,465.71 lacs, which has been disclosed as Capital Reserve in these Consolidated Financial Statements.

Pursuant to the Scheme becoming effective, in accordance with clause 3.2 of the Scheme, the authorised share capital of the Company has been increased from Rs. 1,205 lacs to Rs. 3,080 lacs.

On 11 June, 2021 the Board of Directors of the Company took on record the sanction of the Scheme by the NCLT, change in the authorised share capital and have fixed the record date as 24 June, 2021 for the purpose of determining the shareholders of its erstwhile fellow subsidiaries who shall be entitled to receive the shares of the Company.

Change in authorised share capital has been approved by the Registrar of Companies (ROC) on 24 June, 2021.

After the issuance and allotment of the equity shares to the shareholders of its erstwhile fellow subsidiaries, the Company will complete the necessary steps to have the equity shares listed on Bombay Stock Exchange and the National Stock Exchange. Further, pursuant to the issuance and allotment of shares to the shareholders of its erstwhile fellow subsidiaries, the shareholding of the Company will change for which the necessary filings in accordance with the SEBI regulations will be done.

Pursuant to the approval of the Scheme by the Board of Directors of the Company, the intimation of the Scheme and the Record date has been sent to the Bombay Stock Exchange and the National Stock Exchange. Further, the orders of NCLAT and NCLT along with the Scheme have been filed with the ROC and ROC has approved on 24 June, 2021.

Further, the Company has applied for change of name and the approval of ROC is awaited.

Note 35:
Acquisition of Subsidiary

The Board of Directors on 30 April, 2019 approved the acquisition of the entire paid-up equity share capital of “Intermetal Engineers India Private Limited” (the ‘IEIPL’) a company comprising of 1,597 equity shares of Rs.100/- each to make it a wholly owned subsidiary of the Company. The process of acquisition of IEIPL was completed on 18 May, 2019. The Holding Company has paid consideration of Rs. 1,012.52 Lacs for the acquisition of IEIPL.

Note 36:
Acquisition of group of assets

During the year ended 31 March, 2020, the Holding Company has completed the acquisition of group of assets from Manishri Refractories and Ceramics Private Limited, for a total consideration of Rs. 4,376 lacs. The group of assets include Land, Building and Plant and Machinery. The acquisition of assets has been appropriately recorded as per the requirements of Ind AS 16 and the valuation of Land and Building has been determined based on valuation done by an independent valuer.

Note 37:
Assessment of impact of Covid-19

In preparation of the consolidated financial statements for the year ended 31 March, 2021, the Group has taken into account the possible impact of COVID-19 and the related internal and external factors known to the management upto the date of approval of these consolidated financial statements to assess the carrying amount of its assets and liabilities. Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Group and the carrying value of its assets and liabilities is not likely to be material as at 31 March, 2021. The management has also assessed that there are no events or conditions that impact the ability of the Group to continue as a going concern.

Note 38:
Transfer Pricing

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international and domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by 30 November, 2021, as required by law. The Management confirms that its international and domestic transactions are at arm’s length so that the aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Note 39:
Additional information to the consolidated financial statements as at 31 March, 2021 (Pursuant to Schedule III of the Companies Act, 2013)

(Amount in Rs. Lacs, unless otherwise stated)

Name of the Entity	Net Assets i.e., total assets minus total liabilities as at 31 March, 2021		Share in Profit for the year ended 31 March, 2021		Share in Other Comprehensive Income (OCI) for the year ended 31 March, 2021		Share in Total Comprehensive Income for the year ended 31 March, 2021	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated Total Comprehensive Income	Amount
Orient Refractories Limited	98.70%	79,529.90	99.51%	13,595.46	100%	7.26	99.51%	13,602.72
Intermetal Engineers India Private Limited	1.30%	1,047.62	0.49%	66.87	0%	-	0.49%	66.87
Total	**100%**	**80,577.52**	**100%**	**13,662.33**	**100%**	**7.26**	**100%**	**13,669.59**

Name of the Entity	Net Assets i.e., total assets minus total liabilities as at 31 March, 2020		Share in Profit for the year ended 31 March, 2020		Share in Other Comprehensive Income (OCI) for the year ended 31 March, 2020		Share in Total Comprehensive Income for the year ended 31 March, 2020	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated Total Comprehensive Income	Amount
Orient Refractories Limited	98.61%	69,348.33	99.63%	13,537.82	100%	(107.76)	99.62%	13,430.06
Intermetal Engineers India Private Limited	1.39%	980.76	0.37%	50.71	0%	-	0.38%	50.71
Total	**100%**	**70,329.09**	**100%**	**13,588.53**	**100%**	**(107.76)**	**100%**	**13,480.77**

Note 40:
Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, unless otherwise stated.

Note 41:
Previous year's figures

Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current year's presentation.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 25 June, 2021

For and on behalf of the Board of Directors of
ORIENT REFRACTORIES LIMITED

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ORIENT REFRACTORIES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Orient Refractories Limited (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") (refer Note 2 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph 17 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 37 to the consolidated financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Group. The management believes that no adjustments are required in the consolidated financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

   Below Key Audit Matters have been reproduced from the report, of the even date, on the audit of standalone financial statements of the Holding Company.

Key audit matters

i. Determination of cost of Work-in-Progress and Finished Goods for valuation of inventory

Refer to Note 8 (Inventories) and Note 2.14 (Significant accounting policies on Inventories) to the consolidated financial statements.

The carrying amount of inventory of work in progress is Rs. 1,310.70 lacs and of finished goods is Rs. 3,836.12 lacs as at March 31, 2020.

The Company carries its inventory for work-in-progress and finished goods at the lower of cost and net realizable value. The cost is determined using weighted average cost formula.

The Company's process for arriving at the cost of inventory of work in progress and finished goods involves manual determination of the composition of raw material included in the inventory based on physical count of the inventory and its reconciliation with the raw material issued for the related batch under production/ produced, and allocation of an appropriate proportion of production overheads.

We considered this as a key audit matter because of the significance of the inventory balance to the standalone financial statements and the Company's processes involving manual calculations around determination of composition which carry an inherent risk of errors and accordingly may impact the carrying values of inventory.

How our audit addressed the key audit matter

We carried out the following procedures:

- Obtained understanding on the process and controls over the inventory costing and inventory cycle and evaluated and tested such controls.
- Verified the composition of raw material included in the inventory of work-in-progress and finished goods from the approved Bills of Material (BOM).
- Consequent to the lockdown restrictions at year end, we observed the physical verification of inventory of work in progress and finished goods conducted by the management in the Bhiwadi factory, on a test check basis, and verified the roll back procedures performed by the management to obtain the sufficient appropriate audit evidence about the existence of inventory at the balance sheet date.
- For the inventory of finished goods at Total Refractory Management (TRM) sites, we observed the physical verification conducted by management, on a test check basis, prior to year-end and verified the roll forward procedures performed by the management to obtain the sufficient appropriate audit evidence about the existence of inventory at the balance sheet date.
- Verified the stores records and other underlying documentation for verification of issuance of raw material to the batches of production.
- Verified that the overheads allocated comprise of the costs that are incurred in relation to the production process.
- Verified the arithmetical accuracy of calculation of cost of inventory including allocation of production overheads.

Based on the above audit procedures, we considered the management's determination of cost of work-in-progress and finished goods for valuation of inventory to be reasonable.

ii. Allowance for doubtful trade receivables

Refer to Note 5(b) Trade Receivables and Note 2.7(D) (Significant accounting policies on Impairment of financial assets) to the consolidated financial statements.

Trade Receivables as at March 31, 2020 amount to Rs. 14,624.58 lacs (net of allowance for doubtful debts of Rs. 220.38 lacs).

The Company determines the allowance for doubtful debts based on historical loss experience adjusted to reflect current and estimated future economic conditions, relating to industries the Company deals with and has receivables from.

In calculating the allowance for doubtful trade receivables, the Company has also considered subsequent collections and other information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the Covid-19.

We identified allowance for doubtful debts as a key audit matter because of the significance of Trade Receivables balance to the standalone financial statements and considering that the Management exercises significant judgment in estimating the allowance for doubtful debts.

How our audit addressed the key audit matter

Our audit procedures related to the allowance for doubtful debts for trade receivables included the following:

- Obtained understanding of the process and controls over the determination of adequacy of allowance for doubtful debts.
- Tested the design, implementation and operating effectiveness of relevant internal controls relating to collection of trade receivables and the calculation of the allowance for trade receivables.
- Evaluated reasonableness of the method and assumptions and judgements used by the Management with respect to recoverability of trade receivables.
- Assessed the profile of trade receivables and the economic environment applicable to these debtors.
- For a sample of customers:
- We obtained and tested the details of collections subsequent to the year-end from the debtors outstanding as at March 31, 2020.
- We tested other information used in estimating the probability of default by comparing them to external and internal sources of information.
- We tested the mathematical accuracy and computation of the allowances by the Company.
- Evaluated the appropriateness of the presentation and disclosures made in the financial statements.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the annual report, but does not include the consolidated financial statements and our auditor's report thereon.
7. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the report of the other auditors as furnished to us (refer paragraph 17 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the standalone financial statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

17. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 1,138.84 lacs and net assets of Rs. 980.77 lacs as at March 31, 2020, total revenue of Rs. 359.81 lacs, total comprehensive income (comprising of profit and other comprehensive income) of Rs. 50.71 lacs and net cash flows amounting to Rs. 471.77 lacs for the period May 18, 2019 to March 31, 2020, as considered in the consolidated financial statements. The financial statements of the subsidiary have been audited by other auditor whose reports have been furnished to us

by the Management. The financial information considered in the consolidated financial statements are of the period May 18, 2019 to March 31, 2020, which have been extracted by the Management from the audited financial statements of the subsidiary, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor and information certified by the management. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor and the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

18. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors' of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group– Refer Note 27 to the consolidated financial statements.

ii. The Group has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Group did not have any long-term derivative contracts as at March 31, 2020.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

19. The Group has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779
UDIN: 20077779AAAAAW3917

Place: Gurugram
Date: June 29, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of Orient Refractories Limited on the consolidated financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Orient Refractories Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary Company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a Company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779
UDIN: 20077779AAAAAW3917

Place: Gurugram
Date: June 29, 2020

CONSOLIDATED BALANCE SHEET

(Amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
Assets			
Non-current assets			
Property, plant and equipment	3(a)	13,317.26	5,985.45
Capital work-in-progress	3(a)	369.70	272.28
Intangible assets	4	9.72	14.86
Financial assets			
i) Investments	5(a)	0.30	0.30
ii) Loans	5(c)	256.70	171.16
(iii) Other financial assets	5(f)	46.32	59.22
Other non-current assets	7	149.72	454.81
Total non-current assets		**14,149.72**	**6,958.08**
Current assets:			
Inventories	8	13,098.88	11,744.08
Financial assets			
(i) Trade receivables	5(b)	14,640.98	15,743.05
(ii) Investments	5(a)	-	10,316.19
(iii) Cash and cash equivalents	5(d)	11,462.43	2,175.28
(iv) Bank balances other than above	5(e)	478.01	612.21
(v) Other financial assets	5(f)	93.39	47.23
Contract assets	5(g)	1,628.94	1,134.22
Other current assets	7	2,397.31	2,076.89
Total current assets		**43,799.94**	**43,849.15**
Total Assets		**57,949.66**	**50,807.23**
Equity and liabilities			
Equity			
Equity share capital	9(a)	1,201.39	1,201.39
Other equity	9(b)	41,428.78	36,422.14
Equity attributable to the owners of Orient Refractories Limited		**42,630.17**	**37,623.53**
Liabilities			
Non-current liabilities			
Other non-current liabilities	11	73.41	70.06
Deferred tax liabilities (net)	6	52.93	100.89
Total non-current liabilities		**126.34**	**170.95**

(Amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
Current liabilities			
Financial liabilities			
(i) Trade payables	12(a)		
- Total outstanding dues of micro and small enterprises		433.44	455.08
- Total outstanding dues of creditors other than micro enterprises and small enterprises		12,147.58	10,694.03
(ii) Other financial liabilities	12(b)	1,554.86	1,095.90
Contract liabilities	14(b)	182.23	59.46
Provisions	13	-	34.07
Employee benefit obligations	10	630.07	416.32
Other current liabilities	14(a)	244.97	257.89
Total current liabilities		**15,193.15**	**13,012.75**
Total Liabilities		**15,319.49**	**13,183.70**
Total Equity and Liabilities		**57,949.66**	**50,807.23**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 29 June, 2020

For and on behalf of the Board of Directors of
ORIENT REFRACTORIES LIMITED

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Joint Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from operations	15	69,968.82	74,794.70
Other income	16	660.83	1,817.29
Total Revenue		**70,629.65**	**76,611.99**
Expenses			
Cost of raw material and components consumed	17(a)	28,815.31	31,520.20
Purchases of stock-in-trade (traded goods)	17(b)	13,279.36	15,005.71
Changes in inventories of finished goods, work-in-progress and traded goods	18	(789.93)	(2,064.06)
Employee benefits expenses	19	5,808.09	5,443.06
Depreciation and amortisation expense	3 & 4	1,109.44	863.12
Other expenses	20	10,674.41	12,091.72
Total expenses		**58,896.68**	**62,859.75**
Profit before tax		**11,732.97**	**13,752.24**
Tax expense:			
- Current tax	22	3,071.23	4,490.89
- Deferred tax charge/(credit)	22	(39.06)	258.55
- Short / (Excess) provision for tax relating to prior years	22	14.25	20.14
Total tax expense		**3,046.42**	**4,769.58**
Profit for the year		**8,686.55**	**8,982.66**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit plans		(80.13)	(29.99)
- Income tax relating to the above		20.17	10.48
Other comprehensive income for the year, net of tax		**(59.96)**	**(19.51)**
Total comprehensive income for the year		**8,626.59**	**8,963.15**
Basic earning per share (Face value of Re 1 each share)	29	7.23	7.48
Diluted earning per share (Face value of Re 1 each share)	29	7.23	7.48

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 29 June, 2020

For and on behalf of the Board of Directors of
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Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Joint Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

STANDALONE STATEMENT OF CHANGES IN EQUITY

(All amount in Rs. Lacs, unless otherwise stated)

Equity Share Capital

Particulars	Notes	Amount
As at 1 April, 2018	9 (a)	1,201.39
Change in Equity Share Capital		-
As at 31 March, 2019		1,201.39
Change in Equity Share Capital	9 (a)	-
As at 31 March, 2020		**1,201.39**

Other Equity

Particulars	Notes	Attributable to Owners of Orient Refractories Limited		
		Reserves and Surplus		Total other equity
		General Reserve	Retained Earnings	
Balance as at 1 April 2019	9(b)	8,337.56	28,084.58	**36,422.14**
Addition on May 18, 2019 on account of acquisition of subsidiary		0.90		**0.90**
Profit for the year			8,686.55	**8,686.55**
Other comprehensive income			(59.96)	**(59.96)**
Total comprehensive income for the year		**8,338.46**	**36,711.17**	**45,049.63**
Dividend paid		-	(3,003.48)	(3,003.48)
Dividend distribution tax		-	(617.37)	(617.37)
Balance as on 31 March, 2020		**8,338.46**	**33,090.32**	**41,428.78**
Balance as at 1 April 2018	9(b)	8,337.56	22,742.28	**31,079.84**
Profit for the year			8,982.66	**8,982.66**
Other comprehensive income			(19.51)	**(19.51)**
Total comprehensive income for the year		**8,337.56**	**31,705.43**	**40,042.99**
Dividend paid		-	(3,003.48)	(3,003.48)
Dividend distribution tax		-	(617.37)	(617.37)
Balance as on 31 March, 2020		**8,337.56**	**28,084.58**	**36,422.14**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 29 June, 2020

For and on behalf of the Board of Directors of
ORIENT REFRACTORIES LIMITED

Dr. Vijay Sharma
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Parmod Sagar
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(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Joint Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

CONSOLIDATED CASH FLOW STATEMENT

(Amount in Rs. Lacs)

	Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
A.	**Cash flow from operating activities**		
	Profit before tax	**11,732.97**	**13,752.24**
	Adjustments for:		
	Depreciation and amortisation expense	1,109.44	863.12
	Amortization of Prepaid expense	-	5.89
	Interest income	(445.17)	(304.80)
	Bad debts written off	102.31	-
	Allowance for doubtful debts - trade receivables	79.75	-
	Allowances for doubtful trade receivable no longer required written back	-	(635.10)
	Allowances for doubtful export incentive receivable no longer required written back	(1.94)	(6.41)
	Liabilities/ provisions no longer required written back	(23.73)	(53.12)
	Net gain on financial assets (open ended mutual fund scheme) measured at fair value through profit or loss	-	(176.19)
	Net gain on disposal of financial assets (open ended mutual fund scheme)	(129.17)	(439.15)
	(Profit)/Loss on fixed assets sold/ scrapped	(1.59)	1.88
	Net unrealised foreign exchange gain/(loss)	(34.87)	3.21
	Items that will not be reclassified to Profit or loss	(80.13)	(29.99)
	Dividend Received	(1.74)	-
	Operating profit before working capital changes	**12,306.13**	**12,981.58**
	Changes in operating assets and liabilities		
	(Increase) in inventories	(1,332.01)	(2,638.09)
	Decrease in trade receivables	1,058.78	774.83
	(Increase)/ Decrease in other current financial assets	(3.60)	3.00
	Decrease/ (Increase) in other current assets	72.55	(924.16)
	(Increase) in loans	(85.76)	(79.03)
	(Increase) in contract assets	(494.72)	(763.75)
	Decrease/ (Increase) in other non-current financial assets	12.90	(29.65)
	(Increase)/ Decrease in other non-current assets	(2.34)	0.86
	Increase in trade payables	1,307.12	1,300.10
	Increase in other financial liabilities	31.79	124.06
	Increase in employee benefit obligations	213.75	28.45
	Increase in non current liabilities	3.35	7.20
	Increase/(Decrease) contract liabilities	104.78	(711.36)
	(Decrease)/ Increase other current liabilities	(14.41)	110.60
	Cash generated from operations	**13,178.31**	**10,184.64**
	Net income tax paid	(3,477.62)	(4,750.33)
	Net cash flow from operating activities (A)	**9,700.69**	**5,434.31**
B.	**Cash flows from investing activities**		
	Investment in mutual funds	(19,120.00)	(45,195.00)
	Proceeds from redemption of mutual funds	30,088.66	46,261.37
	Investment in Subsidiary net of cash acquired from subsidiary	(991.53)	-
	Decrease/ (Increase) in other bank balances	200.99	(81.37)
	Capital expenditure on fixed assets, including capital advances	(7,402.11)	(1,795.32)
	Proceeds from sale of fixed assets	45.49	26.13
	Interest received	407.60	311.66
	Dividend Received	1.74	-
	Net cash flow used in investing activities (B)	**3,230.84**	**(472.53)**

(Amount in Rs. Lacs)

	Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
C.	**Cash flows from financing activities**		
	Dividend paid on equity shares	(3,027.01)	(2,909.85)
	Tax on dividend	(617.37)	(617.37)
	Net cash flow from used in financing activities (C)	**(3,644.38)**	**(3,527.22)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**9,287.15**	**1,434.56**
	Cash and cash equivalents at the beginning of the year	2,175.28	740.72
	Cash and cash equivalents at the end of the year	**11,462.43**	**2,175.28**
	Cash and cash equivalent included in the cash flow statement comprise of the following:		
	Balances with Bank		
	- in current accounts	218.72	522.29
	- deposits with original maturity of less than three months	11,240.50	1,650.00
	Cash on hand	3.21	2.99
		11,462.43	**2,175.28**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 29 June, 2020

For and on behalf of the Board of Directors of
ORIENT REFRACTORIES LIMITED

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Joint Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Orient Refractories Limited ('the Company' or 'the Holding Company'), domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India. The registered office of the Company is situated at C-604, Neelkanth Business Park, Opposite Railway Station, Vidhyavihar (West), Mumbai, Maharshtra-400086, India. The Company is primarily engaged in the business of manufacturing and trading of refractories, monolithics, bricks and ceramic paper and has a manufacturing facility in Bhiwadi (Rajasthan) and Cuttack (Orrisa). The Company has a subsidiary i.e. Intermetal Engineers (India) Private Limited ('the subsidiary') which is primarily engaged in the business of manufacturing and sale of slide gate mechanics and related components.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on June 29, 2020.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements consist of the Holding Company and its subsidiary (Holding Company and its subsidiary together referred to as "the Group").

The consolidated financial statements have been prepared for the first time during the year ended March 31, 2020 on acquisition of the subsidiary referred to above on May 18, 2019. The previous year's figures are of the Holding Company and accordingly are not comparable.

2.1 Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The Consolidated financial statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Financial assets comprising of investments in open ended mutual fund schemes, which are being measured at fair value;
- Defined benefit plans – plan assets measured at fair value;

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- Ind AS 116, Leases
- Uncertainty over Income tax treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing costs
- Amendments to Ind AS 109

The Group has changed its accounting policies as a result of adopting Ind AS 116. Refer note 2.6 for the details of change in accounting policy. The impact of adoption of Ind AS 116 has been disclosed in note 3(b) The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Principals of consolidation and equity accounting

Subsidiary is the entity over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The acquisition method of accounting has been used to account for business combinations by the Group.

The Group has combined the financial statements for the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Unrealised losses have also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group. Also refer to note 2 above.

2.2 Critical accounting estimates, assumptions and judgements

The preparation of Consolidated Financial Statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

In the process of applying the Group's accounting policies, the management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the consolidated financial statement:

(a) Property, plant and equipment

The management engages internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. The management believes that the assigned useful lives and residual value are reasonable.

(b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. The Management believes that assigned useful lives are reasonable.

(c) Income taxes

The management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets / liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements.

(d) Contingencies

The management's judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

(e) Allowance for doubtful trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(f) Revenue from contracts with customers

For Refractory Management Contracts where the transaction price depends on the customer's production, customer expects total refractory management services from the Group, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the product of steel in the steel plant. Thus, only one single performance obligation, performance of refractory management service, exists.

2.3 Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.4 Property Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Group and cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company had elected to continue with the carrying value of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, Plant and equipment is provided on straight-line basis over the useful lives of assets as determined on the basis of technical estimates which are similar to the useful lives as prescribed under Schedule II to the Companies Act, 2013 except for Vehicles, which are being used by the employees. These vehicles are depreciated on written down value method, over the period of 5 years and 6 years for four wheelers and two wheelers respectively. Based on past experience and internal technical evaluation, the management believes that these useful lives represent the appropriate period of usage and therefore, considered to be appropriate for charging depreciation.

Assets residual values, depreciation method and useful lives are reviewed at the end of financial year considering the physical condition of the assets or whenever there are indicators for review and adjusts residual life prospectively.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

2.5 Intangible Assets

On transition to Ind AS, the Group has opted for the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP. Consequently the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Software

Software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license. Intangible Assets are amortised at straight line basis as follows:

Software 1-5 years

2.6 Leases

Till 31 March 2019:

As a Lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Leasehold land is amortised over the period of the lease term.

With effective from 1 April 2019:

As a lessee

From April 1, 2019, leases are recognised as a Right-of-Use (RoU) asset at cost with a corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets in accordance with Ind AS 116 'Leases'.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

For short-term and low value leases, the Group recognizes the lease payments as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.7 Financial assets (Debt Instruments)

A. Classification and initial recognition

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the asset. The Group determines the classification of its financial assets at initial recognition. The Group classifies the financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss, or through other comprehensive income)
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets are initially measured at fair value. Transactions cost that are directly attributable to the acquisition of financial asset (other than financial asset at fair value through profit and loss) are added from the fair value of financial asset.

B. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial assets at fair value through profit or loss (FVPL):

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Group on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Group. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income in the Statement of Profit and Loss.

b. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income in the Statement of Profit and Loss.

c. Fair value through other comprehensive income (FVOCI):

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

C. Derecognition

A financial asset is derecognized only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

D. Impairment of financial assets

The Group assesses on forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

E. Income recognition - Interest

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.8 Financial Liabilities

Financial liabilities of the Group are contractual obligation to deliver cash or another financial asset to another entity.

The Group's financial liabilities includes trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities carried at fair value through profit or loss) are added or deducted from the fair value measured on initial recognition of financial liability. Financial liabilities are classified as subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.10 Fair Value Measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.11 Derivative financial instruments

The Group acquires forward contracts to mitigate the risk arising foreign currency exposures from purchase and sale of goods and services. These forward contracts are designated as derivative financial instruments. Derivatives are initially recognised at fair value on the date of derivate contract is entered into and subsequently re-measured to their fair value at the end of reporting period. The consequent gains/ losses, arising from subsequent re-measurement, are recognised in the statement of profit or loss, unless the derivative is designated as hedging instrument and hedging relationship is established with the item being hedged.

2.12 Impairment of non-financial assets – Property, plant and equipment and Intangible assets

Intangible assets and property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.13 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Inventories

Inventories are valued at the lower of cost (on first in first out basis in respect of trading goods and on weighted average basis in respect of raw materials, work-in-progress and finished goods) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods, including freight, octroi and other levies. Work-in-progress and finished goods include appropriate proportion of labour and overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Stores and spares inventory is valued at cost.

2.15 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.16 Provisions, contingent liabilities and contingent assets

a) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Consolidated Financial Statements.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Group has authorised its Managing Director & CEO to assess the financial performance and position of the Group, and makes decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors, together with Managing Director has been identified as being the chief operating decision maker. Refer Note 26 for segment information presented.

2.19 Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers either over time or at a point of time at an amount that reflects the consideration the Group expects to be entitled to in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.

At the inception of the contract, the Group identifies the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract.

Revenue from contracts for total refractory management services, revenue is recognized over time on the basis using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from providing services is recognized in the accounting period in which the services as rendered.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due.

2.20 Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with required conditions. Export incentive under Merchandise Exports from India Scheme (MEIS) and duty drawback are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

2.21 Employee benefits

Defined benefit plan - Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group's contribution to provident fund, national pension scheme and employees' state insurance scheme are considered as defined contribution plans and are charged as expense in the Statement of Profit and Loss, based on the amount of contribution required to be made and when services are rendered by the employee.

Other Benefits - Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.22 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (`the functional currency'). The Group's operations are primarily in India.

The Consolidated financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.24 Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.25 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.26 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Note 3(a):

Property, plant and equipment and capital work-in progress (Amount in Rs. Lacs, unless otherwise stated)

Particulars	Right-of-use Assets (Leasehold Land)	Freehold Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total	Capital work-in-progress
Balance as at 1 April, 2018	-	-	830.15	3,835.00	30.27	126.89	422.65	**5,244.96**	1,400.91
Additions	-	-	473.24	2,160.68	7.97	59.37	172.63	**2,873.89**	1,745.97
Disposals	-	-	-	(0.35)	-	(3.08)	(28.63)	**(32.06)**	(2,874.60)
Balance as at 31 March, 2019	**-**	**-**	**1,303.39**	**5,995.33**	**38.24**	**183.18**	**566.65**	**8,086.79**	**272.28**
Reclassification as per Ind AS 116 (Refer Note 3(b))	347.42	-	-	-	-	-	-	**347.42**	-
Addition on May, 18, 2019 (on account of acquisition of the subsidiary)*	-	187.77	248.97	0.94	0.10	1.94	0.69	**440.41**	-
Additions	-	3,145.35	1,586.03	2,851.26	27.66	30.71	56.86	**7,697.87**	7,813.75
Disposals	-	-	-	(6.69)	-	(0.75)	(47.35)	**(54.79)**	(7,716.33)
Balance as at 31 March, 2020	**347.42**	**3,333.12**	**3,138.39**	**8,840.84**	**66.00**	**215.08**	**576.85**	**16,517.70**	**369.70**
Accumulated depreciation									
Balance as at 1 April, 2018	-	-	92.18	995.50	6.56	43.68	115.36	**1,253.28**	-
Charge for the year	-	-	64.70	684.02	4.15	30.72	68.52	**852.11**	-
Depreciation on assets disposed off during the year	-	-	-	-	-	(0.07)	(3.98)	**(4.05)**	-
Accumulated depreciation as at 31 March, 2019	**-**	**-**	**156.88**	**1,679.52**	**10.71**	**74.33**	**179.90**	**2,101.34**	**-**
Addition on May, 18, 2019 (on account of acquisition of the subsidiary)*	-	-	20.85	0.16	0.05	0.73	0.65	**22.44**	-
Charge for the year	5.92	-	105.85	852.14	6.22	37.84	77.86	**1,085.83**	-
Depreciation on assets disposed off during the year	-	-	-	(0.26)	-	(0.19)	(8.72)	**(9.17)**	-
Accumulated depreciation as at 31 March, 2020	**5.92**		**283.58**	**2,531.56**	**16.98**	**112.71**	**249.69**	**3,200.44**	**-**
Carrying amount									
Balance as at 31 March, 2019	**-**	**-**	**1,146.51**	**4,315.81**	**27.53**	**108.85**	**386.75**	**5,985.45**	**272.28**
Balance as at 31 March, 2020	**341.50**	**3,333.12**	**2,854.81**	**6,309.28**	**49.02**	**102.37**	**327.16**	**13,317.26**	**369.70**

*Recorded at fair value by the Subsidiary. The fair value of freehold factory land, factory and office premise has been determined by external, independent property valuers. The fair value has been arrived at by the valuer based on comparative market price i.e. selling price method determined based on the market feedback of investigations, local enquiries with architects and real estate consultants, supply and demand in the vicinity etc.

(All amount in Rs. Lacs, unless otherwise stated)

Note 3(b):
Leases

Disclosure on adoption of Ind AS 116 'Leases': The Group has adopted Ind AS 116 with effect from April 1, 2019 by following Modified Retrospective method. The Group has taken on lease offices, guest house and warehouses. Rental Contracts are typically made for fixed periods of less than 11 months. The Group has also entered into a contract with Rajasthan government for lease of factory premises at Bhiwadi for 99 years. The Group has paid lease rent of 99 years in advance, which was disclosed as Prepaid Lease Payment, under other Assets as at March 31, 2019 and during the year it has been reclassified to Right-of-Use Assets in accordance with Ind AS 116. There is no case where the Group is acting as a lessor.

(i) Amount Recognised in Balance Sheet

	Note	As at 31 March, 2020	As at 31 March, 2019
Right-of-use assets	3(a)	**347.42**	-
		347.42	-

(ii) Amounts recognised in the Statement of Profit and Loss

	Note	As at 31 March, 2020	As at 31 March, 2019
Depreciation charge of right-of-use assets	3(a)	**5.92**	-
		5.92	-
Expense relating to short-term leases (included in other expenses)	20	**51.92**	-

(iii) In applying Ind AS 116 for the first time, the Company has used the following practical expedient:

Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April, 2019 as short-term leases.

(iv) Extension and Termination option:

Extension and Termination options are included in all the contracts of short term lease and both are exercisable at mutual consent of the Lessor and the Lessee.

Note 4:
Other intangible assets

Particulars	Software
Balance as at 1 April, 2018	**53.45**
Additions	0.19
Balance as at 31 March, 2019	**53.64**
Additions	18.47
Balance as at 31 March, 2020	**72.11**
Accumulated amortisation	
Opening 1 April, 2018	**27.77**
Charge for the year	11.01
Balance as at 31 March, 2019	**38.78**
Charge for the year	23.61
Accumulated amortisation as at 31 March, 2020	**62.39**
Net Carrying amount	
Balance as at 31 March, 2019	**14.86**
Balance as at 31 March, 2020	**9.72**

Note 5 :
Financial assets

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		As at 31 March, 2020	As at 31 March, 2019
5 (a)	**Investments**		
	Non-current investments		
	(i) Investments in government securities (unquoted)		
	National Savings Certificates*		
	*The National Saving Certificates have been given to the sales tax department, Rajasthan as security	0.30	0.30
	Total	**0.30**	**0.30**
	Current investments		
	Investment in mutual funds (unquoted)		
	Nil Units - : (31 March 2019: 185,336 units) in Reliance Ultra Short Duration Fund -Direct Growth Plan formerly known as Reliance Liquid Fund - Cash Plan-Direct Growth Plan	-	5,664.23
	NIL Units - :(31 March 2019: 4,640,759 units) in Aditya Birla Sun Life Liquid Fund -Daily Dividend Reinvestment -Direct-Plan formerly known as Aditya Birla Sun Life Cash plan-plan	-	4,651.96
	Total	**-**	**10,316.19**
5 (b)	**Trade Receivables**		
	Trade receivables	12,983.11	13,328.88
	Receivables from related parties (refer note 30)	1,884.91	2,558.21
	Less: Allowance for doubtful debts (refer note 24)	(227.04)	(144.04)
	Total	**14,640.98**	**15,743.05**
	Break-up of security details		
	Secured- considered good		
	Unsecured:	14,640.98	15,743.05
	Considered good	227.04	144.04
	Total Gross receivables	**14,868.02**	**15,887.09**
	Less: Allowance for doubtful debts (refer note 24)	(227.04)	(144.04)
	Total	**14,640.98**	**15,743.05**
5 (c)	**Loans**		
	(Unsecured, considered good)		
	Security Deposits	256.70	171.16
	Total	**256.70**	**171.16**
5 (d)	**Cash and cash equivalents**		
	Balances with banks		
	- in current accounts	218.72	522.29
	- deposits with original maturity of less than three months	11,240.49	1,650.00
	Cash on hand	3.22	2.99
	Total	**11,462.43**	**2,175.28**
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.		
5 (e)	**Bank balances other than cash and cash equivalents**		
	On dividend account	378.01	401.54
	Deposit account with Banks with maturity more the 3 months but less than 12 months	100.00	210.67
	Total	**478.01**	**612.21**
5 (f)	**Other Financial Assets**		
	Non-current		
	Deposit account with Bank (With original maturity of more than 12 months)	22.61	38.96
	Others	23.71	20.26
	Total	**46.32**	**59.22**
	Current		
	Interest accrued on deposits	72.74	31.59
	Loans and advances to employees	19.61	15.64
	Security Deposits	1.04	-
	Total	**93.39**	**47.23**
5 (g)	**Contract assets**		
	Unbilled revenue	1,628.94	1,134.22
	Total	**1,628.94**	**1,134.22**

(All amount in Rs. Lacs, unless otherwise stated)

Note 6:
Deferred tax assets/(liablities) (net)

Particulars	Depreciation	Defined Benefits Obligation	Others	Total
At 1 April, 2018	**(274.04)**	**134.23**	**286.99**	**147.18**
(Charged)/ Credited	-	-	-	-
- to profit and loss Account	(117.50)	0.77	(141.82)	(258.55)
- to other comprehensive income	-	10.48	-	10.48
At 1 April, 2019	**(391.54)**	**145.48**	**145.17**	**(100.89)**
- Deferred Tax Liability as on May 18, 2019 on acquisition of subsidiary	(86.07)	-	(3.56)	(89.63)
- to profit and loss Account	131.05	(7.06)	4.70	128.69
- to other comprehensive income	-	20.17	-	20.17
- MAT Credit entitlement adjustment	-	-	(11.27)	(11.27)
As at 31 March, 2020	**(346.56)**	**158.59**	**135.04**	**(52.93)**

Note 7:
Other Assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
Unsecured , considered good unless otherwise stated		
Non Current		
Capital Advances	143.64	109.55
Prepaid expenses	6.08	3.74
Prepaid lease payment (Leasehold Land) (refer note 3(b))	-	341.52
Total	**149.72**	**454.81**
Current		
Prepaid lease payment (Leasehold Land) (refer note 3(b))	-	5.90
Prepaid lease payment (Leasehold Land) (refer note 3(b))	49.24	28.42
Prepaid expenses	49.87	825.52
Balance with government authorities	1,322.36	-
GST Input/ GST Inter Branch Transit	375.90	-
Advances to income tax {(Net of provision Rs. 18,706.36 Lacs, (31 March, 2019 Rs. Nil)}	192.53	652.25
Advances to creditors		
Export incentives receivable (government grant)*		
- Considered good	405.70	563.27
- Considered doubtful	19.04	20.98
	424.74	584.25
Less: Allowances for doubtful export incentives receivable	(19.04)	(20.98)
	405.70	563.27
Others	1.70	1.53
Total	**2,397.31**	**2,076.89**

Note 8:
Inventories

Raw materials {including goods in transit Rs. 453.16 lacs (31 March, 2019 Rs. 412.48 lacs)}	4,611.68	4,355.57
Work-in-progress	1,310.70	1,245.28
Finished goods	3,839.38	3,496.31
Traded goods {including goods in transit Rs.961.07 lacs (31 March, 2019 Rs. 232.17 lacs)}	2,259.46	1,878.02
Stores and spares {including goods in transit Rs. 2.54 lacs (31 March, 2019 Rs. 49.56lacs)}	1,077.66	768.90
Total	**13,098.88**	**11,744.08**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Note 9(a):		
Equity Share Capital		
Equity share capital	**1,201.39**	**1,201.39**
Authorised		
120,500,000 equity shares (31 March, 2019 - 120,500,000) of Rs 1 each	1,205.00	1,205.00
Issued, subscribed and fully paid up share capital		
120,139,200 equity shares (31 March , 2019 - 120,139,200) of Rs 1 each (Fully paid up)	1,201.39	1,201.39

(i) Movement in equity share capital

Particulars	Number of shares	Closing balance
Balance as at 1 April, 2018	120,139,200	1,201.39
Changes during the year	-	-
Balance as at 31 March, 2019	120,139,200	1,201.39
Balance as at 1 April, 2019	120,139,200	1,201.39
Changes during the year	-	-
Balance as at 31 March, 2020	120,139,200	1,201.39

Terms and rights attached to equity shares

Equity share has a par value of Rs. 1. They entitle the holder to participate in dividend, and to share in the proceeds of winding up of the Company in proportion to number of and amounts paid on shares held.

Every holder of equity shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled one vote.

(ii) Shares of company held by immediate holding Company

	Number of equity shares	
Dutch US Holding B.V., Netherlands	79,877,771	79,877,771

(iii) Details of shares held by each shareholder holding more than 5% shares

Dutch US Holding B.V., Netherlands	79,877,771	79,877,771
	Percentage of shares held	
Dutch US Holding B.V., Netherlands	66.49%	66.49%

Note 9(b):
Other equity

General reserves	8,338.46	8,337.56
Retained earnings	33,090.32	28,084.58
Total	**41,428.78**	**36,422.14**

(i) General reserve		
Opening balance	8,337.56	8,337.56
Addition on May 18, 2019 on account of acquisition of subsidiary	0.90	-
Balance transferred from reserve during the year	-	-
Closing balance	**8,338.46**	**8,337.56**
(ii) Retained earnings		
Opening balance	28,084.58	22,742.28
Net profit for the year	8,686.55	8,982.66
Remeasurements of post employment benefit obligation, net of tax	(59.96)	(19.51)
Dividend paid	(3,003.48)	(3,003.48)
Dividend distribution tax	(617.37)	(617.37)
Closing balance	**33,090.32**	**28,084.58**

(All amount in Rs. Lacs, unless otherwise stated)

Note 10:
Employee benefit obligation

Employee benefit obligation		As at 31 March, 2020	As at 31 March, 2019
		Current	
Leave obligations		459.92	409.31
Gratuity		170.15	7.01
	Total	630.07	416.32

(i) Leave obligations

The leave obligation cover the company's liability for earned leave.

The entire amount of provision of Rs. 459.92 Lacs (31 March 2019 - Rs.409.31 Lacs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to avail the full amount of accrued leaves or require payment for such leave within the next 12 months.

Leave obligation not expected to be settled within the next 12 months	**437.03**	**359.50**

(ii) Defined Contribution Plan:

The Group has certain defined contribution plans including provident fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards contribution to provident fund is Rs. 234.10 Lacs (31 March 2019 - Rs. 207.74 Lacs). The expense recognised during the year towards contribution to Employee State Insurance and National Pension Scheme is Rs 42.60 Lacs (31 March 2019 - 51.86 Lacs).

Contribution to provident and other funds:

Contribution to Employee state insurance	6.22	18.43
Contribution to Provident fund	234.10	207.74
Contribution to National Pension Scheme	36.38	33.43
	276.70	**259.60**

(iii) Defined Benefit Plan - Gratuity:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contribution to recognised funds in India. The Company does not fully fund the liability and maintains the target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. The gratuity fund plan assets of the company are managed by Orient Refractories Employees Group Gratuity Trust through Kotak Gratuity Group Plan. As per the information provided by the Kotak Mahindra Old Mutual Life Insurance Limited, 100% of the plan assets has been invested in the Kotak Group Bond fund managed by the Insurer.

	Particulars	Gratuity	
		As at 31 March, 2020	As at 31 March, 2019
		Funded	
A.	**Changes in Defined Benefit Obligation**		
	Defined benefit obligation as at the beginning of the year	1,021.47	868.42
	Current service cost	84.59	68.67
	Interest cost	78.24	67.13
	Benefit paid	(135.96)	(16.48)
	Actuarial (Gain) / Loss	125.47	33.73
	Defined Benefit Obligation at end of year	**1,173.81**	**1,021.47**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Gratuity As at 31 March, 2020	Gratuity As at 31 March, 2019
	Funded	
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	1,014.46	837.47
Expected return on plan assets	77.71	64.73
Employer contributions	2.11	125.00
Benefit payments from plan assets	(135.96)	(16.48)
Actuarial Gain/(loss) on plan assets	45.34	3.74
Fair value of plan assets at end of year	**1,003.66**	**1,014.46**
Net defined Benefit Asset/(Liability)		
Present Value of obligation at the end	1,173.81	1,021.47
Fair Value of plan assets	1,003.66	1,014.46
Unfunded Liability/Provision in Balance Sheet	**170.15**	**7.01**
Total expense recognised in the statement of profit and loss		
Current service cost	84.59	68.67
Interest cost	78.24	67.13
Interest income	(77.71)	(64.73)
Total Expense recognised under employee benefit expense (refer note 19)	**85.12**	**71.07**
Total expense recognised in OCI		
Actuarial (Gain) / Loss on defined benefit obligation arising from change in demographic assumption	5.40	4.72
Actuarial (Gain) / Loss on defined benefit obligation arising from change in financial assumption	120.07	29.01
Actuarial (Gain) / Loss of Plan assets	(45.34)	(3.74)
Unrecognised actuarial (gain)/loss at the end of year	**80.13**	**29.99**

(B) Actuarial Assumptions:

i) Discounting Rate	6.76%	7.66%
ii) Future salary Increase	8.00%	8.00%
iii) Retirement Age (Years)	60	58
iv) Ages	**Withdrawal Rate %**	
Up to 30 Years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

Assumptions regarding future mortality rate for gratuity is based on actuarial advice in accordance with published statistics and experience.

(C) Expected contribution for the next one year

(i) Service cost	96.63	73.21
(ii) Net Interest cost	11.50	0.54
(iii) Expected contribution for the next one year	**108.13**	**73.75**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		As at 31 March, 2020	As at 31 March, 2019
(D) Maturity profile of Defined Benefit Obligation			
(i) 0 to 1 Year		54.26	160.14
(ii) 1 to 2 Year		44.92	13.91
(iii) 2 to 3 Year		48.01	14.44
(iv) 3 to 4 Year		57.46	14.47
(v) 4 to 5 Year		73.60	34.66
(vi) 5 to 6 Year		138.94	13.86
(vii) 6 Year onwards		756.62	769.99
	Total	**1,173.81**	**1,021.47**
(E) Sensitivity analysis on defined benefit obligation			
Discount rate			
a. Discount rate - 0.5% - the liability to increase by		51.47	35.10
b. Discount rate + 0.5% - the liability to decrease by		(48.14)	(33.32)
Salary increase rate			
a. Rate - 0.5% - the liability to decrease by		(47.82)	(33.37)
b. Rate + 0.5% - the liability to increase by		50.62	34.83

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the Defined benefit recognised in the balance sheet. The methods and types of assumptions used in preparation, the sensitivity analysis did not change compared to the prior period.

(F) Risk Exposures:

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Salary Increases: Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Investment Risk: If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability: Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals: Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(G) Defined benefit liability and employer contribution

The Company monitors the deficit in defined benefit obligation (net off plan assets) and endevours to meet such deficit within reasonable future. The objective is to ensure adequate investments of funds, at appropriate time, to generate sufficient corpus for future payments.

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		As at 31 March, 2020	As at 31 March, 2019
Note 11:			
Other non current liabilities			
Deposit from employees		73.41	70.06
	Total	**73.41**	**70.06**
Note 12:			
12(a) Trade payable			
Current			
Total outstanding dues of micro enterprises and small enterprises (refer note 31)		433.44	455.08
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,147.58	10,694.03
	Total	**12,581.02**	**11,149.11**
12(b) Other current financial liabilities			
Unpaid dividend		378.01	401.54
Employee benefits payable		647.54	612.53
Payables on purchase of fixed assets		525.88	81.83
Accrued Expenses		3.43	-
	Total	**1,554.86**	**1,095.90**
Note 13:			
Provisions			
Provision for income tax {(Net of advance tax 31 March 2020 Rs. Nil (31 March 2019 Rs. 15,601.06 Lacs)}		-	34.07
	Total	**-**	**34.07**
Note 14(a):			
Other Current Liabilities			
Statutory dues (Contribution to Provident Fund and Employee State Insurance, Goods and Services Tax etc)		236.12	237.88
Deposits from employees		8.85	20.01
	Total	**244.97**	**257.89**
Note 14(b):			
Contract Liabilities			
Advances from customers		182.23	59.46
	Total	**182.23**	**59.46**

Particulars		Year ended 31 March, 2020	Year ended 31 March, 2019
Note 15:			
Revenue from operations (refer note 32)			
Revenue from contracts with customers			
-Sales of products			
(i) Finished goods		43,794.15	46,612.91
(ii) Traded goods		4,643.22	5,402.79
- Total Refractories Management Services #		20,600.40	21,585.83
- Sale of services		382.27	503.61
		69,420.04	**74,105.14**
Other operating revenues(Government grant - export incentives)		548.78	689.56
	Total	**69,968.82**	**74,794.70**

Including Sales of Finished Goods Rs. 7,212.17 lacs & Sales of Traded Goods Rs. 10,368.25 lacs (31 March, 2019 Sales of Finished Goods Rs. 9,239.99 lacs & Sales of Traded Goods Rs. 11,498.13 lacs).

382

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Note 16:		
Other income		
Interest income on financial assets on amortised cost:		
- on bank deposits	400.27	242.28
- on others	44.90	62.52
Net gain on financial assets (open ended mutual fund scheme) measured at fair value through profit or loss	-	176.19
Net gain on disposal of financial assets (open ended mutual fund scheme)	129.17	439.15
Net foreign exchange differences	32.34	169.22
Liabilities/ provisions no longer required written back	23.73	53.12
Allowances for doubtful trade receivable no longer required written back	-	635.10
Allowances for doubtful export incentive receivable no longer required written back	1.94	6.41
Dividend Income	1.74	-
Profit on sale of fixed assets	1.59	-
Miscellaneous income	25.15	33.30
Total	**660.83**	**1,817.29**
Note 17(a)		
Cost of raw materials and components consumed		
Opening stock	4,355.57	3,757.66
Add: Purchases	29,071.42	32,118.11
	33,426.99	35,875.77
Less: Closing stock	4,611.68	4,355.57
Total	**28,815.31**	**31,520.20**
Note 17(b)		
Purchases of stock-in-trade (traded goods)		
Spray/Ramming mass	5,171.09	6,162.27
Other items	8,108.27	8,843.44
Total	**13,279.36**	**15,005.71**
Note 18:		
Change in inventories of finished goods, work in-progress and traded goods		
Inventories at the end of the year		
Work in progress	1,310.70	1,245.28
Finished goods	3,839.38	3,496.31
Traded goods	2,259.46	1,878.02
	7,409.54	**6,619.61**
Inventories at the beginning of the year		
Work in progress	1,245.28	1,059.19
Finished goods	3,496.31	2,542.43
Traded goods	1,878.02	953.93
	6,619.61	**4,555.55**
Total	**(789.93)**	**(2,064.06)**
Note 19:		
Employee benefits expenses		
Salaries, wages and bonus	5,171.24	4,892.08
Contribution to provident fund & others (refer note 10)	276.70	259.60
Gratuity (refer note 10)	85.12	71.07
Leave obligation	80.28	58.07
Staff welfare expenses	194.75	162.24
Total	**5,808.09**	**5,443.06**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Note 20:		
Other expenses		
Consumption of stores and spare parts	1,485.86	1,733.52
Consumption of packing materials	1,190.20	1,313.73
Power and fuel	2,678.01	2,873.40
Processing charges	1,281.77	1,300.40
Rent {refer note 3(b) & 28(b)}	51.92	37.98
Repairs and maintenance		
- Plant and machinery	297.99	318.02
- Buildings	40.33	79.17
- Others	6.72	1.85
Insurance	58.17	45.57
Rates and taxes	32.17	24.88
Communication costs	37.80	40.13
Travelling and conveyance	199.50	222.40
Printing and stationery	44.58	33.14
Freight and forwarding	1,978.44	2,376.61
Commission on sales (Other than sole selling agents)	221.41	770.01
Advertising and other expenses	52.97	81.77
Donation	2.27	3.72
Expenditure on corporate social responsibility (refer note 21)	169.25	158.55
Legal and professional fees {refer note 20(a)}	315.31	407.10
Royalty	43.13	72.24
Directors sitting fees	13.75	8.00
Bad debts written off	102.31	-
Allowance for doubtful debts - trade receivables	79.75	-
Loss on fixed assets sold/ scrapped	-	1.88
Amortization of Prepaid Lease Rent	-	5.90
Bank Charges	82.98	115.68
Miscellaneous expenses	207.82	66.07
Total	**10,674.41**	**12,091.72**

Note 20(a):
Legal & professional include Payment to Auditors as under: -

Payment to auditor (excluding GST) comprise		
(a) To statutory auditor		
- for audit	63.60	51.54
- for limited review	13.30	12.70
- for certification	-	5.50
- reimbursement of expenses	2.89	1.27
(b) To cost auditor for cost audit	0.50	0.50
Total	**80.29**	**71.51**

Note 21:
Corporate social responsibility expenditure

Amount required to be spent as per section 135 of the Companies Act 2013		
Details of expenditure towards Corporate Social Responsibility (CSR) activities:		
a) Gross amount required to be spent by the Company during the year	251.97	217.07
b) Amount spent during the year on:		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	169.25	158.55
Total	**169.25**	**158.55**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Note 22:		
Income Tax Expense		
(a) Income Tax Expense		
Current Tax	3,071.23	4,490.89
Current tax on profits for the year	14.25	20.14
Adjustments for current tax of prior periods	3,085.48	4,511.03
Total Current Tax Expense		
Deferred Tax		
Deferred Tax Expense/(Benefit)	(39.06)	258.55
Income Tax Expense	**3,046.42**	**4,769.58**
(b) Reconciliation of tax expense and accounting profit multiplied by tax rate		
Profit before income tax expense	11,732.97	13,752.24
Tax at the Indian tax rate of 25.17% (Previous year : 34.944 %)	2,953.19	4,805.58
Adjustments for Prior Year	14.25	20.14
Corporate social responsibility expenditure	42.60	24.65
Dividend Income	(32.91)	(73.98)
Deferred Tax Liability as on May 18, 2019 on acquisition of subsidiary	89.63	-
Other	(20.34)	(6.81)
Income tax expense	**3,046.42**	**4,769.58**

Note 23:
Fair Value measurement

Financial instruments by category:

	As at 31 March, 2020		As at 31 March, 2019	
	FVPL	Amortised cost	FVPL	Amortised cost
Financial assets				
Non-current				
Investments		0.30		0.30
Loans		256.70		171.16
Other financial assets		46.32		59.22
Current				
Trade receivables		14,640.98		15,743.05
Investment in mutual funds	-		10,316.19	
Cash and bank balances				
- in current accounts		218.72		522.29
- deposits with original maturity of less than three months		11,240.49		1,650.00
Cash on hand		3.22		2.99
Bank balances other than above		478.01		612.21
Other financial assets		93.39		47.23
Total Financial Assets	**-**	**26,978.13**	**10,316.19**	**18,808.45**
Trade payables	-	12,581.02	-	11,149.11
Other financial liabilities	-	1,554.86	-	1,095.90
Total Financial Liabilities	**-**	**14,135.88**	**-**	**12,245.01**

The fair value of deposits with open ended mutual fund schemes have been classified as level 1 in the fair value hierarchy. The value is measured using net asset value (NAV) as disclosed by the mutual fund house. The carrying value of the financial assets, other than deposits with open ended mutual fund schemes, closely approximates the fair value.

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(All amount in Rs. Lacs, unless otherwise stated)

Note 24:
Financial Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Group's senior management has the overall responsibility for establishing and governing the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policies accordingly. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and bank balances, Trade Receivables, Other Financial Assets	Ageing analysis Credit ratings	Diversification of bank deposits and periodic monitoring of realisable value of assets. Business with customers with reliable credit rating in the market.
Liquidity risk	Trade payables and Other Financial liabilities	Cash flow forecasts	Availability of adequate cash and liquid assets.
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting's Sensitivity analysis	Regular monitoring to keep the net exposure at an acceptable level, with an option of taking forward foreign exchange contracts if deemed necessary. Natural hedging by maintaining balances between receivables and payables within same currency.

A. Credit Risk

Credit risk on cash and cash equivalent and bank balances is not significant as it majorly includes deposits with bank and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Credit risk arise from possibility that customer may default on its obligation to make timely payments, resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivable and unbilled revenue.

The credit risk is managed by the Group through credit term approvals, establishing the financial reliability of the customers taking into account the financial condition, analysis of historical bad debts and ageing of account receivables. Outstanding customer receivables are regularly monitored. Individual credit terms are set accordingly by the Group is credit control department.

To address the risk of any potential non recovery from trade receivables, the Group has the practise of reviewing debtors having balances outstanding for more than 180 days as at period end and consider them for provision for bad and doubtful debts. Besides this, wherever there is specific evidence about the deteriorating financial position, downfall in business, intention to not pay or other similar factors of the customer, the management reviews the underlying facts and merits of such cases to evaluate the need to adjust provision, as computed based on ageing analysis. This provision, based on collective analysis, is sufficient to cover the entire lifetime loss of revenues recognised including those that are currently less than 180 days' outstanding and not provided for.

Ageing of trade receivable

Category	As at 31 March 2020	As at 31 March 2019
Not Due	10,377.33	11,993.72
0 - 30	2,668.85	1,809.02
31-60 days	767.89	715.41
61-90 days	215.99	583.03
91-180 days	429.23	602.19
181-240 days	118.45	92.95
More than 240	290.28	90.77
Total	**14,868.02**	**15,887.09**

(All amount in Rs. Lacs, unless otherwise stated)

Loss allowance provision- trade receivable

Particulars	Amount
Loss allowance as on 1 April, 2018	**779.14**
Changes in loss allowance (refer note 16)	(635.10)
Loss allowance as on 1 April, 2019	**144.04**
Addition May, 18, 2019 (on account of acquisition of the subsidiary)	3.25
Changes in loss allowance (refer note 20)	79.75
Loss allowance as on 31 March, 2020	**227.04**

B. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time. The Group's primary sources of liquidity are cash generated from operations. The cash flows from operating activities are driven primarily by operating results and changes in the working capital requirements.

The Group believes that its liquidity position is adequate to fund the operating and investing needs and to provide with flexibility to respond to further changes in the business environment.

Contractual Maturities of financial liabilities

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
31 March, 2020					
Trade Payables	10,319.16	2,133.09	128.77	-	**12,581.02**
Employee Benefits payable	324.95	322.59	-	-	**647.54**
Unpaid dividend	-	-	378.01	-	**378.01**
Other financial liabilities	205.18	324.13	-	-	**529.31**
31 March,2019					
Trade Payables	10,855.26	90.66	203.19	-	**11,149.11**
Employee Benefits payable	313.57	298.96	-	-	**612.53**
Unpaid dividend	-	-	401.54	-	**401.54**
Other financial liabilities	81.83	-	-	-	**81.83**

C. Market Risk

Foreign currency risk: The Group operates internationally and is exposed to foreign exchange risk in relation to operating activities (when revenue or expense is denominated in a foreign currency) arising from foreign currency transactions, primarily with respect to the USD and EUR. The Group manages the exposure through natural hedging, by maintaining appropriate balances of receivables and payables within same currency. The Group also has policies to enter into foreign currency financial contracts in order to manage the impact of changes in foreign exchange rates on the results of operations and future foreign currency denominated cash flows. Forward exchange contracts are not intended for trading or speculative purposes but only for hedge purposes.

The Group does not have material foreign currency exposure.

Foreign currency risk exposure

Particulars of unhedged foreign currency exposure in INR (in Lacs)

Purpose	As at 31 March 2020				As at 31 March 2019			
	USD	EURO	NU*	CHF	USD	EURO	GBP	NU*
Trade Payables	3,085.25	31.13	4.37	422.17	2,400.24	30.30	4.80	6.95
Net exposure to foreign currency risk (liabilities)	**3,085.25**	**31.13**	**4.37**	**422.17**	**2,400.24**	**30.30**	**4.80**	**6.95**
Trade Receivables	1,208.46	839.50	-	-	1,867.69	788.12	-	-
Net exposure to foreign currency risk (Assets)	**1,208.46**	**839.50**	**-**	**-**	**1,867.69**	**788.12**	**-**	**-**

*NU is the currency of the Kingdom of Bhutan. The Group does not expect any change in the exchange rate of NU and INR, resulting into any significant impact to the financial numbers.

(All amount in Rs. Lacs, unless otherwise stated)

Sensitivity to risk

Particulars	Impact of profit - (Increase)/ decrease	
	As at 31 March 2020	As at 31 March 2019
USD Sensitivity		
INR/USD - Increase by 5% (31 March, 2019 - 5%)	(93.84)	(26.63)
INR/USD - Decrease by 5% (31 March, 2019 - 5%)	93.84	26.63
Euro Sensitivity		
INR/EURO - Increase by 5% (31 March, 2019 - 5%)	40.42	37.89
INR/EURO - Decrease by 5% (31 March, 2019 - 5%)	(40.42)	(37.89)
CHF Sensitivity		
INR/CHF - Increase by 5% (31 March, 2019 - 5%)	(21.11)	-
INR/CHF - Decrease by 5% (31 March, 2019 - 5%)	21.11	-

Note 25:
Capital management

A. Risk Management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that it can continue to provide adequate returns to the shareholders.

The Company does not have any borrowings and the entire capital comprises of equity.

B. Dividend

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
(i) Equity shares		
Final Dividend for the year 31-Mar-2019 of Rs. 2.50 (31 Mar-2018 - Rs. 2.50) per fully paid share	3,003.48	3,003.48
Dividend distribution tax on final dividend	617.37	617.37
(ii) Dividend not recognised at the end of the reporting period		
- In addition to the above dividends, the directors have recommended the payment of a final dividend of Rs. 2.50 per fully paid equity share (March 31, 2019 of Rs.2.50), in its meeting held on June 29, 2020. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	3,003.48	3,003.48
Dividend distribution tax on above	-	617.37

Note 26:
Segment Information

The Group is primarily engaged in the business of manufacturing refractories and monolithics. Based on the information reported to the chief operating decision maker (CODM) for the purpose of resources' allocation and assessment of performance, there is single business segment in accordance with the requirements of Indian Accounting Standard (Ind AS 108 on 'Operating Segment Reporting' notified under the Companies (Indian Accounting Standard) Rules, 2015.

Geographical Segments

The analysis of geographical segment is based on the geographical location of the customers. The Group operates primarily in India and has presence in international markets as well. Its business is accordingly aligned geographically, catering to two markets i.e. India and Outside India. For customers located outside India, the Group has assessed that they carry same risk and rewards. The Group has considered domestic and exports markets as geographical segments and accordingly disclosed these as separate segments. The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India

(All amount in Rs. Lacs, unless otherwise stated)

Secondary Segment Reporting (by Geographical Segments)

The following is the distribution of the Company's total revenue of operations by geographical market, regardless of where the goods were produced:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Within India	57,587.41	59,352.45
Outside India	12,381.41	15,442.25
Total	**69,968.82**	**74,794.70**

The following table shows the carrying amount of trade receivables by geographical segments

Particulars	As at 31 March, 2020	As at 31 March, 2019
Within India	12,593.02	12,726.21
Outside India	2,047.96	3,016.84
Total	**14,640.98**	**15,743.05**

All other assets (other than trade receivables) used in the Group's business are located in India and are used to cater to both the categories of customers (within India and outside India), accordingly the total cost incurred during the year to acquire tangible and intangible assets has not been disclosed.

Note 27:
Contingent Liabilities
Claims against the Company not acknowledged as debts

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Demand from excise and service tax authorities	202.54	114.55
Total	**202.54**	**114.55**

Notes:

(i) No provision is considered necessary since the Group expects favourable decisions.

(ii) Paid under protest of Rs.5.85 Lacs (31 March, 2019, Rs. 3.09 Lacs)

These represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Group or the claimants as the case may be and therefore cannot be predicted accurately. The Group engages professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

Note 28(a):
Capital and other commitments

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):

Particulars	As at 31 March, 2020	As at 31 March, 2019
Tangible Assets	461.26	532.73

(ii) The Company has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in normal course of business.

(iii) The Company did not have any long term commitments/contracts for which there were any material foreseeable losses. The Company did not have any long-term derivative contracts as at 31 March, 2020.

(All amount in Rs. Lacs, unless otherwise stated)

Note 28 (b):
Operating lease

The Company's cancellable operating lease arrangement mainly consists of offices, guest house and warehouses for period of less than 11 months. Terms of lease include terms for renewal, increase in rents in future periods and terms of cancellation.

The Company does not have any non-cancellable lease. Expense incurred during the year ended 31 March, 2019 was Rs. 37.98 lacs. The Company has adopted Ind As 116 during the year. Refer note 3(b) for the detailed disclosures.

Note 29:
Earning per share

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
(a) Basic earnings per share (Rs.)	7.23	7.48
(b) Diluted earning per share (Rs.)	7.23	7.48
(c) Reconciliations of earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to the equity holders of the Company.	8,686.55	8,982.66
Weighted average number of equity shares used as the denominator.	120,139,200	120,139,200

Note: There are no dilutive instruments.

Note 30:
Related Party Transactions

(a) Parent entities

The Company is controlled by the following

Name	Type	Place of incorporation	Ownership Interest (in %'age)	
			As at 31 March, 2020	As at 31 March, 2019
RHI Magnesita N.V.	Ultimate holding company	Austria	-	-
Dutch US Holding B.V.	Holding company	Netherlands	66.49%	66.49%

(b) Key managerial personnel (KMP)

Mr. Parmod Sagar, Managing Director & CEO
Mr. Sanjeev Bhardwaj, Chief Financial Officer

(c) List of related parties

i) Fellow subsidiaries with whom the Company had transactions during the year

RHI Feuerfest Gmbh
RHI India Private Limited
RHI Clasil Private Limited
Refractory Intellectual Property GmbH & Co KG
Magnesita Mineracao S.A.
RHI Refractories Asia Pacific Pte Ltd
Stopinc Aktiengesellschaft
RHI Magnesita GmbH
RHI Urmitz AG & Co KG

ii) Subsidiary
Intermetal Engineers (India) Private Limited (with effect from May 18, 2019)

iii) Relative of KMP
Mr. Christophar Parvesh

(All amount in Rs. Lacs, unless otherwise stated)

(d) Related Party Transactions

Particulars	Relationship	Year ended 31 March, 2020	Year ended 31 March, 2019
Dutch US Holding B.V.	Holding Company		
Dividend paid		2,090.94	2,090.94
Sales:			
RHI India Private Limited	Fellow Subsidiary	4,575.28	1,441.00
RHI Clasil Private Limited	Fellow Subsidiary	68.52	432.46
RHI Feuerfest Gmbh	Fellow Subsidiary	-	5,556.41
RHI Magnesita GmbH	Fellow Subsidiary	9,283.15	3,710.73
RHI Urmitz AG & Co KG	Fellow Subsidiary	184.64	-
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	189.18	540.49
Purchase			
Stopinc Aktiengesellschaft	Fellow Subsidiary	962.51	189.36
RHI Clasil Private Limited	Fellow Subsidiary	594.09	234.49
RHI India Private Limited	Fellow Subsidiary	374.71	206.13
RHI Feuerfest Gmbh	Fellow Subsidiary	-	3,290.53
Magnesita Mineracao S.A.	Fellow Subsidiary	37.60	-
RHI Magnesita GmbH	Fellow Subsidiary	3,205.65	1,721.18
Managerial remuneration			
Mr. Parmod Sagar	KMP	278.61	276.20
Mr. Sanjeev Bhardwaj	KMP	106.82	97.92
Salary			
Mr. Christophar Parvesh	Relative of KMP	8.95	7.85
Royalty			
Refractory Intellectual Property GmbH & Co KG	Fellow Subsidiary	-	48.32
Expenses reimbursement {Received/(Paid)}			
RHI Clasil Private Limited	Fellow Subsidiary	1.56	6.49
RHI India Private Limited	Fellow Subsidiary	26.61	141.07
RHI Feuerfest Gmbh	Fellow Subsidiary	-	42.43
RHI Magnesita GmbH	Fellow Subsidiary	41.30	62.82
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	-	29.14

(All amount in Rs. Lacs, unless otherwise stated)

(e) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related party:

Particulars		As at 31 March, 2020	As at 31 March, 2019
Trade Payables:			
RHI India Private Limited	Fellow Subsidiary	26.33	14.19
Refractory Intellectual Property GmbH & Co KG	Fellow Subsidiary	46.97	85.88
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	123.32	199.01
RHI Clasil Private Limited	Fellow Subsidiary	245.44	-
Stopinc Aktiengesellschaft	Fellow Subsidiary	422.17	-
Magnesita Mineracao S.A.	Fellow Subsidiary	12.87	-
RHI Magnesita GmbH	Fellow Subsidiary	1,828.41	1,321.00
Total Trade Payable to related parties		**2,705.51**	**1,620.08**
Trade Receivable:			
RHI India Private Limited	Fellow Subsidiary	1,003.29	434.30
RHI Clasil Private Limited	Fellow Subsidiary	10.65	52.42
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	85.27	237.49
RHI Urmitz AG & Co KG	Fellow Subsidiary	1.25	-
RHI Magnesita GmbH	Fellow Subsidiary	784.45	1,834.00
Total Trade receivables from related parties		**1,884.91**	**2,558.21**

Note 31:
Dues to micro, small and medium enterprises

(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period end	433.44	455.08
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	2.07	0.13
(iii) Principal amount paid to supplier registered under the MSMED Act, beyond the appointed day during the year.	751.44	30.00
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	2.07	0.13
(vii) Further Interest remaining due and payable for earlier years	0.35	0.22

(All amount in Rs. Lacs, unless otherwise stated)

Note 32:
Revenue from Contracts with Customers
Revenue from contracts with customers (refer note 15)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
The Group has recognised the following amounts relating to revenue in the statement of profit and loss:		
Sale of products		
(i) Finished goods	43,794.15	46,612.91
(ii) Traded goods	4,643.22	5,402.79
Total Refractories Management Services #	20,600.40	21,585.83
Sale of services	382.28	503.61
Revenue from contracts with customers	**69,420.04**	**74,105.14**
Other operating revenues (Government grant - export incentives)	548.78	689.56
Total Revenue	**69,968.82**	**74,794.70**

Including Sales of Finished Goods Rs. 7212.17 Lacs & Sales of Traded Goods Rs. 10368.25 Lacs (31 March, 2019 Sales of Finished Goods Rs. 9239.99 Lacs & Sales of Traded Goods Rs. 11498.13 Lacs).

Disaggregation of Revenue

In the following tables, revenue is disaggregated by product group and by geography. This is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108 (refer note 26). The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Disaggregation of Revenue by Geography		
Within India	57,587.41	59,352.45
Outside India	12,381.41	15,442.25
Total Revenue	**69,968.82**	**74,794.70**

Timing of Revenue Recognition

“Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual terms agreed in the customer contract.

Revenue from contracts for total refractory management services, revenue is recognized over time on the basis using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from providing services is recognized in the accounting period in which the services ae rendered..

Performance obligations

Revenue from the sale of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual terms agreed in the customer contract. Control is defined as the ability to direct the use and obtain substantially all the economic benefits from an asset. For the terms CIF (Cost, Insurance and Freight), transport service gives rise to a separate performance obligation to which a part of revenue has to be allocated, as this service is performed after the control of the product is transferred to the customer.

For Refractory Management services where the transaction price depends on the customer’s production tonnage the management has determined that both supply of goods and services are not distinct as the customer expects total refractory management services from the Company, which includes supply of refractory material and its related services to produce steel. Thus, only one single performance obligation, the performance of refractory management services, exists. With regard to these contracts, revenue is recognised over time using the output-oriented method (e.g. quantity of steel produced by the customer).

Revenue from services is recognised over time, using an input method to measure progress towards completion of service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Transaction price allocated to the remaining performance obligations

“Transaction price is the expected consideration to be received in exchange for transferring goods or services, to the extent that it is highly probable that there will not be a significant reversal of revenue. For Refractory Management Contracts, transaction price depends on the customer’s production performance.

The Group has applied practical expedient in Ind AS 115. Accordingly it has not disclosed information about remaining performance obligations wherein the Group has a right to consideration from customer in an amount that directly corresponds with the value to the customer of entity’s performance till date using the output method and for the other contracts which have original expected durations of one year or less.

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Reconciliation of revenue recognised with contract price		
Contract price	69,449.65	74,239.53
Adjustments for:		
Claims & Rebates	(84.89)	(208.86)
Performance Bonus	55.30	74.47
Revenue from contracts with customers	**69,420.04**	**74,105.14**

Trade Receivables and Contract Balances

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as Contract Asset.

A receivable is a right to consideration that is unconditional upon passage of time.

Contract assets consist of unbilled revenue which arises when the Group satisfies the performance obligation in the Refractory Management Services contracts but does not have an unconditional right to consideration as it is dependent on the certification of the report on the quantity of steel produced. Contract asset usually gets convert to Trade Receivables within a time period of 30 days.

Contract liabilities consists of advances from customers. Contract liabilities are presented in note 14(b)

Trade receivables are presented net off impairment loss in note 5(b).

Revenue recognised that was included in the contract liability balance at the beginning of the year		
Revenue from contract with customers	59.46	770.82
Total	**59.46**	**770.82**
Movement in Contract Assets		
Opening balance as on April 1, 2019	1,134.22	370.47
Add: Revenue recognized during the year	69,420.04	74,105.14
Less: Invoiced during the year	(68,925.33)	(73,341.39)
Less: Impairment/(reversal) during the year	-	-
Closing balance as on March 31, 2020	**1,628.94**	**1,134.22**
Movement in Contract Liabilities		
Opening balance as on April 1, 2019	59.46	770.82
Opening balance as on May 18, 2019 (on account of acquisition of the subsidiary)	17.99	
Add: Collection during the year	1,957.65	1,938.16
Less: Gross Sales	(1,852.87)	(2,649.52)
Closing balance as on March 31, 2020	**182.23**	**59.46**

The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the right become unconditional. The contract liabilities primarily relate to the advance consideration received from customers.

Significant judgements in the application of the Standard

For Refractory Management Contracts where the transaction price depends on the customer's production performance, the management has determined that both supply of goods and services are not distinct as the customer expects total refractory management services from the Component, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the agreed product areas in the steep plant in order to enable steel production. Thus, only one single performance obligation, performance of refractory management service, exists.

Note 33:
Merger

On 31 July, 2018 the Board of Directors of the Company, RHI India Private Limited (the 'RHI India') and RHI Clasil Private Limited (the 'RHI Clasil') (together, the Merging Entities) had granted its in-principle approval to the scheme of amalgamation of RHI India and RHI Clasil with and into the Company with the proposed appointed date of 1 January, 2019 ('the Scheme'). Meeting of the equity shareholders and the unsecured creditors of Orient Refractories Limited and the merging entities was held on 17 May, 2019 pursuant to an order of the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) dated 29 March, 2019 wherein they had approved the Scheme without modification. NCLT, Mumbai Bench has rejected the Scheme of amalgamation vide its order dated 2 March, 2020. The Company is in the process of filing the appeal with National Company Law Appellate Tribunal against this order. The consolidated financial statements have been prepared without considering the impact, if any of the proposed merger.

(All amount in Rs. Lacs, unless otherwise stated)

Note 34:
Acquisition of Subsidiary

The Board of Directors on 30 April, 2019 approved the acquisition of the entire paid-up equity share capital of "Intermetal Engineers India Private Limited" (the 'IEIPL') a company comprising of 1,597 equity shares of Rs.100/- each to make it a wholly owned subsidiary of the Company. The process of acquisition of IEIPL was completed on 18 May, 2019. The Company has paid consideration of Rs. 1,012.52 Lacs for the acquisition of IEIPL.

Note 35:
Acquisition of group of assets

During the year ended 31 March, 2020, the Company has completed the acquisition of group of assets from Manishri Refractories and Ceramics Private Limited, for a total consideration of Rs. 4,376 lacs. The group of assets include Land, Building and Plant and Machinery. The acquisition of assets has been appropriately recorded as per the requirements of Ind AS 16 and the valuation of Land and Building has been determined based on valuation done by an independent valuer.

Note 36:
Impact of Change in Income Tax rate

On 20 September, 2019, the Government of India vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Income tax at reduced rate effective 1 April, 2019 subject to certain conditions. The tax expenses for the year ended 31 March, 2020 have been provided for at a reduced tax rate and accordingly, tax expense for the year ended 31 March, 2020 is lower and profit after tax is higher by Rs. 1,182.15 lacs.

Note 37:
Assessment of impact of Covid-19

The announcement of lockdown restrictions by the Government of India with effect from 24 March, 2020 led to shutting down of operations at most of the Group's locations including plant at Bhiwadi, Rajasthan and some of its operations at its subsidiary and at the customer sites. Cuttack plant continued without any significant disruptions. The operations in these businesses have restarted in a phased manner from 20 April, 2020. The capacity utilization is going up continuously in accordance with the demand. The Group has considered the possible impact of internal and external factors known to the management upto the date of approval of these consolidated financial statement, to assess and finalise the carrying amount of its assets and liabilities. Based on its assessment, management believes that no adjustments are required in these consolidated financial statements. However, in view of the various preventive measures taken (such as lockdown, travel restriction, etc) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods in highly dependent upon circumstances as they evolve.

Note 38:

Additional information to the consolidated financial statements as at 31 March, 2020 (Pursuant to Schedule III of the Companies Act, 2013)

Name of the Entity	Net Assets i.e., total assets minus total liabilities as at March 31, 2020		Share in Profit for the year ended March 31, 2020		Share in Other Comprehensive Income (OCI) for the year ended March 31, 2020		Share in Total Comprehensive Income for the year ended March 31, 2020	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated Total Comprehensive Income	Amount
Orient Refractories Limited	97.70%	41,649.40	99.42%	8,635.84	100%	(59.96)	99.41%	8,575.88
Intermetal Engineers India Private Limited	2.30%	980.77	0.58%	50.71	0%	-	0.59%	50.71
Total	**100%**	**42,630.17**	**100%**	**8,686.55**	**100%**	**(59.96)**	**100%**	**8,626.59**

Name of the Entity	Net Assets i.e., total assets minus total liabilities as at March 31, 2020		Share in Profit for the year ended March 31, 2020		Share in Other Comprehensive Income (OCI) for the year ended March 31, 2020		Share in Total Comprehensive Income for the year ended March 31, 2020	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount	As a % of consolidated OCI	Amount	As a % of consolidated Total Comprehensive Income	Amount
Orient Refractories Limited	100.00%	37,623.53	100.00%	8,982.66	100%	(19.51)	100.00%	8,963.15
Total	**100%**	**37,623.53**	**100%**	**8,982.66**	**100%**	**(19.51)**	**100%**	**8,963.15**

The consolidated financial statements have been prepared for the first time during the year ended March 31, 2020 on acquisition of the subsidiary referred to above on May 18, 2019. The previous year's figures are of the Company and accordingly are not comparable.

Note 39:
Previous year's figures

The consolidated financial statements have been prepared for the first time during the year ended March 31, 2020 on acquisition of the subsidiary referred to above on May 18, 2019. The previous year's figures are of the Company and accordingly are not comparable. Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current year's presentation.

Note 40:
Previous year's figures

The consolidated financial statements have been prepared for the first time during the year ended March 31, 2020 on acquisition of the subsidiary referred to above on May 18, 2019. The previous year's figures are of the Company and accordingly are not comparable. Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current year's presentation.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Abhishek Rara
Partner
Membership Number: 077779

Place : Gurugram
Date : 29 June, 2020

For and on behalf of the Board of Directors of
ORIENT REFRACTORIES LIMITED

Dr. Vijay Sharma
Chairman
(DIN-00880113)

Parmod Sagar
Managing Director & CEO
(DIN - 06500871)

Sanjeev Bhardwaj
Chief Financial Officer

Manoj Gupta
Joint Vice President (F&A)

Sanjay Kumar
Company Secretary
(ACS-17021)

Independent Auditors' Report

To the Members of Dalmia Seven Refractories Limited

Report on the audit of Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Dalmia Seven Refractories Limited** ("the Company"), which comprise the balance sheet as at March 31, 2022, the statement of profit and loss (including other comprehensive income), cash flow statement and the statement of changes in equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended, ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the Ind AS financial statements in accordance with Standards on Auditing (SA) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by The Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Ind AS financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

SS KOTHARI MEHTA & COMPANY NEW DELHI Chartered Accountants

Responsibilities of the Management and those charged with governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant Rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

SS KOTHARI MEHTA & COMPANY NEW DELHI Chartered Accountants

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which other best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the cash flows statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued there under.

SS KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ Chartered Accountants

e) On the basis of the written representations received from the directors as on March 31, 2022 & taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) In our opinion, and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act;

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

SS KOTHARI MEHTA & COMPANY * NEW DELHI * Chartered Accountants *

v. No dividend has been declared or paid during the year by the Company.

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm's Registration No. 000756N

AMIT GOEL
Partner
Membership No. 500607

SS KOTHARI MEHTA & COMPANY
NEW DELHI
Chartered Accountants

Place: New Delhi
Date: May 03, 2022
UDIN: 22500607AIMMCW9776

Annexure A to the Independent Auditor's Report to the members of Dalmia Seven Refractories Limited dated May 03, 2022.

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2020 ("the Order') issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section.

i. (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a)(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of the documents verified by us, the Company has two immovable properties i.e. the Company has taken land on lease from Holding Company vide lease agreement dated October 17,2017 and constructed building on abovementioned leasehold land.

(d) The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. No material Discrepancies were noticed on such physical verification.

(b) The Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company except as disclosed in note no. 48b of the financial statements.

iii. (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

iv. There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

SS KOTHARI MEHTA & COMPANY
NEW DELHI
Chartered Accountants

v. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 148 of the Act for the Company's activities. Hence, the provisions of clause 3(vi) of the Order are not applicable to the Company.

vii. (a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing its undisputed statutory dues including Employees' Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Goods & Service Tax, Custom Duty, Cess and any other material statutory dues, as applicable, with the appropriate authorities during the year and there are no such undisputed amounts payable which have remained outstanding as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, there are no dues in respect of Income-tax, Sales-tax, Service-tax, Customs Duty, Excise Duty and Value added tax which have not been deposited on account of any dispute.

viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

ix. (a) The Company has not defaulted in repayment of other borrowings or payment of interest thereon to any lender.

(b) According to the information and explanations given to us and records of the Company examined by us, the Company has not been declared wilful defaulter by any bank or financial institution or Government or any government authority.

(c) According to the information and explanations given to us and records of the Company examined by us, the Company has not taken any term loan during the year. Hence, the requirement to report on clause 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and records of the Company examined by us, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

SS KOTHARI MEHTA & COMPANY NEW DELHI Chartered Accountants

x. (a) In our opinion, and according to the information and explanations given to us, the Company has not raised any money way of initial public offer / further public offer and term loans. Hence, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) In our opinion, and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(b) In our opinion, and according to the information and explanations given to us, we report that during the year, a report under sub-section (12) of section 143 of the Companies Act, 2013, in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors Rules), 2014 was not required to be filed with the Central Government. Hence, the requirement to report on clause 3(xi)(b) of the Order is not applicable to the Company.

(c) In our opinion, and according to the information and explanations given to us, there are no whistle blower complaints received by the Company during the year.

xii. The Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.

xiii. In our opinion, and according to the information and explanations given to us during the course of audit, transactions with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable Indian accounting standards. The provisions of section 177 are not applicable to the Company and hence not commented upon.

xiv. The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clauses 3(xiv)(a) and 3(xiv)(b) of the Order is not applicable to the Company.

xv. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred under section 192 of the Act.

xvi. (a) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

(b) In our opinion, and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

SS KOTHARI MEHTA & COMPANY NEW DELHI Chartered Accountants

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) (c) of the Order is not applicable to the Company.

(d) In our opinion, and according to the information and explanations given to us, we report that there is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

xvii. The Company has not incurred cash losses in the current year as well as in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

xix. On the basis of the financial ratios disclosed in note 48 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The provisions of section 135 of the Act are not applicable to the Company and accordingly the requirement to report on Clauses 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

xxi. The Company is not required to prepare the consolidated financial statements and accordingly the requirement to report on Clause 3(xxi) of the Order is not applicable to the Company.

For S S Kothari Mehta & Company
Chartered Accountants
Firm's Registration No. 000756N

SS KOTHARI MEHTA & COMPANY
NEW DELHI
Chartered Accountants

Amit Goel

AMIT GOEL
Partner
Membership No. 500607

Place: New Delhi
Date: May 03, 2022
UDIN: 22500607AIMMCW9776

Annexure B to the Independent Auditor's Report to the Members of Dalmia Seven Refractories Limited on its financial statements dated May 03, 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of **Dalmia Seven Refractories Limited** as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

SS KOTHARI MEHTA & COMPANY
NEW DELHI
Chartered Accountants

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

SS KOTHARI MEHTA & COMPANY
NEW DELHI
Chartered Accountants

S S KOTHARI MEHTA
& COMPANY
CHARTERED ACCOUNTANTS

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For S S Kothari Mehta & Company
Chartered Accountants
Firm's Registration No. 000756N

S S KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ Chartered Accountants

Amit Goel
Partner
Membership No. 500607

Place: New Delhi
Date: May 03, 2022
UDIN: 22500607AIMMCW9776

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Audited Balance Sheet As at March 31, 2022

(₹ in lakh)

Particulars	Notes	As at March 31, 2022 Audited	As at March 31, 2021 Audited
Assets			
Non - current assets			
Property, plant and equipment	3	2,267.07	2,234.76
Capital work - in - progress	4	2.00	93.81
Other intangible assets	5	0.82	1.15
Intengible Asset under Development	5A	1.75	-
Right-of-use-assets	6	345.88	404.73
Financial assets			
(i) Other Financial Assets	7	107.29	8.78
Other non-current assets	8	0.11	1.30
Deferred tax assets (net)	9	158.98	247.51
Total non current assets		**2,883.90**	**2,992.04**
Current assets			
Inventories	10	1,197.11	743.44
Financial assets	11		
(i) Trade receivables		3,152.26	1,136.03
(ii) Cash and cash equivalents		32.84	1,015.79
Income tax assets	12	9.93	7.71
Other Financial Assets	13	11.67	-
Other current assets	14	194.11	307.58
Total current assets		**4,597.92**	**3,210.55**
Total assets		**7,481.82**	**6,202.59**
Equity and liabilities			
Equity			
Equity share capital	15	2,000.00	2,000.00
Other equity	16	(519.48)	(804.99)
Total equity		**1,480.52**	**1,195.01**
Liabilities			
Non - current liabilities			
Financial liabilities	17		
(i) Borrowings		1,307.23	1,611.98
(ii) Lease liabilities		326.68	380.08
Provisions	18	22.61	17.93
Total non current liabilties		**1,656.52**	**2,009.99**

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Audited Balance Sheet As at March 31, 2022

(₹ in lakh)

Particulars	Notes	As at March 31, 2022 Audited	As at March 31, 2021 Audited
Current liabilities			
Financial liabilities	19		
(i) Borrowings		997.14	900.63
(ii) Trade payables			
-Total oustanding dues of micro enterprises and small enterprises		704.35	285.47
-Total outstanding dues of creditors other than micro enterprises and small enterprises		2,101.61	1,058.39
(iii) Other financial liabilities		352.99	579.61
(iv) Lease liabilities		56.95	51.05
Other current liabilities	20	130.45	121.67
Provisions	21	1.29	0.77
Total current liabilties		**4,344.78**	**2,997.59**
Total Equity & Liabilities		**7,481.82**	**6,202.59**

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Registration No. 000756N

AMIT GOEL
Partner
Membership No. 500607

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

Place: New Delhi
Date: 03-MAY-2022

For and on behalf of
Dalmia Seven Refractories Limited

Sameer Nagpal
Director
DIN : 06599230

C.N. Maheshwari
Director
DIN : 00125680

Ayush Jain
Company Secretary

Binayak Kumar Shah
Chief Financial Officer

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Statement of Profit & Loss for the year ended March 31, 2022

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	22	10,015.21	5,005.13
Other income	23	7.66	3.65
Total Income		**10,022.87**	**5,008.77**
Expenses			
Cost of materials consumed	24	7,262.07	3,507.43
Changes in inventories of finished goods and work - in - progress	25	82.36	2.77
Employee benefits expense	26	473.97	378.62
Finance costs	27	204.83	223.05
Depreciation and amortization expense	28	229.50	221.50
Other expenses	29	1,396.21	735.47
Total expenses		**9,648.94**	**5,068.84**
Profit / (Loss) for the year before tax		**373.94**	**(60.07)**
Tax expense			
- Current tax		-	-
- Deferred tax	30	88.51	(17.36)
Net Profit / (Loss) for the year after tax		**285.43**	**(42.71)**
Other Comprenshive income			
- Re-measurement gains/ (losses) on defined benefit plans		0.11	1.64
- Deferred tax relating to items that will not be reclassified to profit or loss		(0.03)	(0.41)
Total Comprenshive income and other comprehensive income for the year ended		**285.51**	**(41.48)**
Earnings per equity share-basic/diluted (Rs.)	31	**1.43**	**(0.21)**
Significant accounting policies	1&2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Registration No. 000756N

Amit Goel

AMIT GOEL
Partner
Membership No. 500607

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

For and on behalf of
Dalmia Seven Refractories Limited

Sameer Nagpal
Director
DIN : 06599230

C.N. Maheshwari
Director
DIN : 00125680

Ayush Jain
Company Secretary

Binayak Kumar Shah
Chief Financial Officer

Place: New Delhi
Date: 03-MAY-2022

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Audited Cash Flow Statement for the year ended March 31, 2022

(₹ in lakh)

	Particulars	For the year ended March 31, 2022 Audited	For the year ended March 31, 2021 Audited
A.	**Cash flow from operating activities**		
	Net Profit/ (Loss) before tax	373.94	(60.07)
	Adjustments for :		
	Add : depreciation	165.78	221.50
	Add : finance cost	204.83	223.05
	Add: bad debts written off	0.11	
	Add: provision for doubtful debt	3.06	
	Less : interest income	(2.29)	(2.50)
	Operating Profit before working capital changes	**745.41**	**381.98**
	Adjustments for working capital change:		
	Trade and other receivables(net)	(2,019.40)	(695.92)
	Other current financial and non financial assets	99.45	(79.99)
	Inventories	(453.67)	(281.85)
	Trade payable and other financial liabilites	1,246.83	(82.93)
	Provisions and other current liabilities	14.09	661.15
	Net Cash used in operations	**(367.29)**	**(97.56)**
	Net direct taxes paid	**(2.22)**	**(7.71)**
	Net cash used in operating activities	**(369.51)**	**(105.27)**
B.	**Cash flow from investing activities**		
	Interest income	2.04	-
	Purchase of property, plant & equipment and CWIP	(174.38)	(137.31)
	Investment Promotion Assistance from MPIDC	66.67	-
	Investment in Fixed Deposits	(94.71)	-
	Net cash used in investing activities	**(200.38)**	**(137.31)**
C.	**Cash flow from financing activities**		
	Proceeds from / (Repayment of) short term borowings	96.51	433.56
	Proceeds from term loan borowings	(304.75)	40.44
	Finance cost	(204.83)	(223.05)
	Issue of share capital	-	1,000.00
	Net cash generated from / (used in) financing activities	**(413.07)**	**1,250.95**
	Net Increase / (decrease) in cash and cash equivalents (A+B+C)	(982.96)	1,008.37
	Cash and cash equivalents at the beginning of the year	1,015.80	7.43
	Cash and cash equivalents at the end of the year	**32.84**	**1,015.80**

Note:-
1) Cash & cash equivalents are as per Note 11 (ii) of the Financial Statements
As per our report of even date

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Registration No. 000756N

Amit Goel

AMIT GOEL
Partner
Membership No. 500607

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

Place: New Delhi
Date: 03-MAY-2022

For and on behalf of
Dalmia Seven Refractories Limited

Sameer Nagpal
Director
DIN : 06599230

C.N. Maheshwari
Director
DIN : 00125680

Ayush Jain
Company Secretary

Binayak Kumar Shah
Chief Financial Officer

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Statement of changes in equity for the year ended March 31, 2022

(₹ in lakh)

A Equity share capital*

Particulars	Balance as at April 01, 2020	Issued during the year	Balance as at March 31, 2021	Balance as at April 01, 2021	Issued during the year	Balance As at March 31, 2022
	Amount		Amount	Amount		Amount
Equity share capital	1,000.00	1,000.00	2,000.00	2,000.00	-	2,000.00

B Other equity*

Particulars	Reserves and surplus	Other comprehensive Income - Reserve	Total
	Retained earnings		
Balance as at April 01, 2020	(764.46)	0.96	(763.50)
Profit / (Loss) for the year	(42.71)	1.23	(41.49)
Balance as at March 31, 2021	**(807.17)**	**2.18**	**(804.99)**
Balance as at April 01, 2021	(807.17)	2.18	(804.99)
Profit / (Loss) for the period	285.43	0.08	285.51
Balance As at March 31, 2022	**(521.74)**	**2.27**	**(519.48)**

*Refer note no. 14 & 15

As per our report of even date.

For S.S. Kothari Mehta & Company
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Company Secretary

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Chief Financial Officer

(₹ in lakh)

1. **Corporate Information**

The Company was incorporated on December 16, 2016. The Company is in the business of refractory manufacturing, sales and allied services. The Company has its registered and corporate office at 4, Scindia House, Connaught Place, New Delhi-110001 and plant at Katni (Madhya Pradesh)

These financial statements of the Company for the year ended March 31, 2022 were approved and adopted by board of directors of the Company in their meeting held on May 03, 2022.

2. **Significant accounting policies and critical accounting estimate and judgments:**

2.1 Basis of Preparation

(a) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 ("the Act").

(b) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the certain assets and liabilities which have been measured at fair value/amortised cost:

(c) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' ('), which is the Company's functional and presentation currency. All values are rounded to the nearest lakh, except when otherwise indicated.

2.2 Critical accounting estimates and judgements

The presentation of financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A. Property plant and equipment

The useful life and residual value of property plant and equipment are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

B. Intangible assets

The useful life and residual value of intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.
The useful life of computer software is estimated as 3 years and accordingly amortised over its useful life.

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

C. Fair value measurement of financial instruments

When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in activate markets, their fair value is measures using valuation technique. The input to these models are taken from the observable market where possible, but this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.

D. Provision

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

2.3 Significant Accounting policies

a. Property, plant and equipment

All items of Property plant and equipment are stated at historical cost net of tax/ duty credit availed which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

b. Depreciation methods, estimated useful lives and residual value:

Depreciation on Property plant and Equipment (PPE) and is provided over the useful life of assets as specified in schedule II to the Act. Property, Plant and Equipment which are added / disposed off during the year, deprecation is provided pro-rata basis with reference to the month of addition / deletion.

The following methods of depreciation are used for PPE :

Assets	Useful life
Leasehold land	Amortised over the period of lease
Plant & machinery	3 to 15 years
Computer	3 to 6 years
Buildings	30 years
Furniture & fixture	10 years
office equipment	5 years

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

S.S. KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

c. Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as on transition measured as per the Previous GAAP and use that carrying value as the deemed cost of intangible assets.

d. Impairment of Non-financial assets

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

e. Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

f. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant lease hold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the balance sheet as a lease liability. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

g. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the Chief Financial Officer that makes strategic decisions.

h. Employee Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

i. **Short-term employee benefits**

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered

ii. **Defined contribution plan**

Retirement benefits in the form of provident fund , pension scheme and superannuation scheme and ESI are a defined contribution plan and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

iii. **Gratuity**

Gratuity is computed as 15 days salary, for every completed year of service or part thereof and is payable on retirement/termination/resignation.

i. **Inventories**

(i.1) Inventories are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the material may be the best available measure of their net realizable value.

(i.2) Historical cost is determined on the basis of real time weighted average method.

(i.3) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j. **Revenue recognition and other income:**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer as per the terms of the contracts, usually on delivery of the goods, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

k. **Sale of services**

Revenues from sale of services are recognized as per the term of contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

l. **Other operating income**

Incentives on exports and other Government incentives related to operations are recognised in the statement of profit or loss after due consideration of certainty of utilization/receipt of such incentives.

m. **Interest Income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

n. Foreign Currency Transactions

n.1 Initial recognition

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

n.2 Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

n.3 Exchange differences

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively). Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

o. Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

o.1 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

o.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

p. Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

• There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

• A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation

• A present obligation arises from the past event, when no reliable estimate is possible

• A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Contingent assets

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised

q. Cash & Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

2.4 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

a. Investment and other Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

• those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and

• those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments in subsidiaries, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Equity Investments

The Company subsequently measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in OCI, and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of profit and loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

A financial asset is derecognised only when:

• The Company has transferred the rights to receive cash flows from the financial asset or

• Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Contributed equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

b. Financial Liabilities & Equity

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables: These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Those payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Offsetting of financial instrument

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

3 Property, plant and equipment

Particulars	Land (Lease hold)	Plant & machinery	Computer	Buildings	Furniture & Fixtures	Office Equipment	Total
Cost							
As at March 31, 2020	**314.79**	**1,822.80**	**24.44**	**317.12**	**21.73**	**3.31**	**2,504.19**
Additions during the year	-	51.07	2.04	-	0.14	-	53.25
Disposals / Adjustment during the year	-	-	-	-	-	-	-
As at March 31, 2021	**314.79**	**1,873.87**	**26.48**	**317.12**	**21.87**	**3.31**	**2,557.44**
Additions during the period	-	259.61	4.46	-	-	0.38	264.45
IP Assistance from MPIDC*	-	66.67	-	-	-	-	66.67
Disposals / Adjustment during the year	-	-	-	-	-	-	-
As at March 31, 2022	**314.79**	**2,066.81**	**30.94**	**317.12**	**21.87**	**3.69**	**2,755.22**
Depreciation							
As at March 31, 2020	**32.32**	**115.15**	**5.08**	**12.12**	**1.55**	**0.40**	**166.63**
Charge for the year	14.96	123.03	4.91	10.46	2.06	0.63	156.05
Disposals	-	-	-	-	-	-	-
As at March 31, 2021	**47.28**	**238.18**	**9.99**	**22.58**	**3.61**	**1.03**	**322.68**
Charge for the period	14.97	132.20	5.11	10.46	2.08	0.64	165.46
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	**62.24**	**370.38**	**15.11**	**33.05**	**5.69**	**1.67**	**488.14**
Net Block							
As at March 31, 2021	**267.51**	**1,635.69**	**16.49**	**294.54**	**18.25**	**2.28**	**2,234.76**
As at March 31, 2022	**252.54**	**1,696.42**	**15.84**	**284.08**	**16.18**	**2.01**	**2,267.07**

* The Company has made capacity expansion of Plant situated at Lamtara, Katni (MP) and have invested in plant and machinery, Buildings, Furniture & Fixture, Office Equipment, Computer etc. in year 2018-19 and 2019-20.

The Company is eligible for Investment Promotion Assistance (IPA) under "Madhya Pradesh Nivesh Protsahan Yojna -2014 (MP Investment Promotion Assistance Scheme -2014)" for which registration has completed with MP Industrial Development Corporation (Government of Madhya Pradesh Undertaking), namely MPIDC. MPIDC has admitted permission for IPA vide his letter No. 183/MPIDC/FISCLE INCENTIVE/2020/6987 Dated 03-Novemenber 2020 on Investment in Plant and Machinery of Rs. 1980 Lakh are admisible Investment upon which Rs. 792 Lakh are Basic eligible IPA is claimable in next 7 years for period 09 May 2019 to 08 May 2026, subject to fulfillment of predefined terms and conditions as per MPIDC Scheme.

First tranche of IPA has been released for year 2019-20 vide letter No. 1262/MPIDC/F.I./IPA/17 Dated 07 January 2022 of Rs 66.67 Lakh. IPA received is adjusted from the Gross block of the Plant and Machinery in the current year and depreciation is calculated post adjsutment for IPA.

4 Capital Work in Progress (₹ in lakh)

Cost		
As at March 31, 2020		-
Addition during the year		93.81
- Plant & Equipment	93.81	
Capitalized during the year		-
As at March 31, 2021		93.81
Addition during the year		169.19
- Plant & Equipment	169.19	
Capitalized during the year		261.01
As at March 31, 2022		2.00

(₹ in lakh)

5 Intangible Assets (Computer Software)

Particulars	Rs. in lakh
Cost	
As at March 31, 2020	**1.98**
Additions during the year	-
Disposals / Adjustment during the year	-
As at March 31, 2021	**1.98**
Additions during the year	-
Disposals / Adjustment during the year	-
As at March 31, 2022	**1.98**
Depreciation	
As at March 31, 2020	**0.51**
Charge for the year	0.33
Disposals	-
As at March 31, 2021	**0.83**
Charge for the year	0.33
Disposals	-
As at March 31, 2022	**1.16**
Net Block	
As at March 31, 2021	**1.15**
As at March 31, 2022	**0.82**

6 Right-of-use-asset

Particulars	Rs. in lakh
Cost	
As at March 31, 2020	**494.23**
Additions during the year	30.50
Disposals / Adjustment during the year	25.25
As at March 31, 2021	**499.48**
Additions during the year	8.46
Disposals / Adjustment during the year	11.56
As at March 31, 2022	**496.37**
Depreciation	
As at March 31, 2020	**54.89**
Charge for the year	65.12
Disposals/Adjustment	25.26
As at March 31, 2021	**94.75**
Charge for the year	63.32
Disposals/Adjustment	7.58
As at March 31, 2022	**150.49**
Net Block	
As at March 31, 2021	**404.73**
As at March 31, 2022	**345.88**

5A Intangible Asset under Development

(₹ in lakh)

Cost	
As at March 31, 2021	-
Addition during the year	1.75
Capitalized during the year	-
As at March 31, 2022	1.75

Capital Work in Progress aging as per schedule III				
Particular	**0-1 Year**	**1-2 Years**	**2-3 Years**	**>3 Years**
Plant & Equipment	2.00	-	-	-
Intangible Asset under Development	1.75	-	-	-
Total	**3.75**	-	-	-

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

Notes	Particulars	As at March 31, 2022	As at March 31, 2021
	Non - current assets:		
7	**Other Financial Assets**		
	Security deposit		
	- Unsecured & considered good	12.58	8.78
	Fixed deposits	94.71	-
		107.29	**8.78**
8	**Other non-current assets**		
	Prepaid expenses	0.11	1.30
		0.11	**1.30**
9	**Deferred tax: assets**		
	Deferred tax assets on account of:		
	Unabsorbed depreciation & business losses	274.69	333.46
	Deferred tax liabilities on account of:		
	Impact of difference between written down value (WDV) as per books and WDV as per Income Tax Act, 1961.	115.71	85.96
	Net deferred tax assets/(Liability)	**158.98**	**247.51**
	Current assets:		
10	**Inventories**		
	Raw materials	821.93	476.99
	Work - in - progress	35.17	25.62
	Finished goods	71.00	162.90
	Stores and spares	130.38	77.28
	Loose tools	0.55	0.65
	Raw materials in Transit	121.04	-
	Stores in Transit	17.04	
		1,197.11	**743.44**
11	**Current financial assets**		
	(i)Trade receivable		
	- Undisputed Trade Receivable - Considered good	3,155.32	1,136.03
	- Undisputed Trade Receivable - which have significant increase in credit risk	(3.06)	-
	- Undisputed Trade Receivable - credit impaired	-	-
	- Disputed Trade Receivable - Considered good	-	-
	- Disputed Trade Receivable - which have significant increase in credit risk	-	-
	- Disputed Trade Receivable - credit impaired	-	-
		3,152.26	**1,136.03**

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

Notes	Particulars	As at March 31, 2022	As at March 31, 2021
11	**Current financial assets** *(Continued)*		

Trade Receivables Ageing Schedule March 2022

Particulars *	Not Due	Outstanding for following periods from due date of payment					Total **
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1,441.90	1,263.68	292.38	157.38	-	-	3,155.33
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	(2.67)	(0.40)	-	-	-	(3.07)
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**1,441.90**	**1,261.01**	**291.98**	**157.38**	-	-	**3,152.26**

Trade Receivables Ageing Schedule March 2021

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	378.58	741.57	15.88	-	-	-	1,136.03
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**378.58**	**741.57**	**15.88**	-	-	-	**1,136.03**

Notes	Particulars	As at March 31, 2022	As at March 31, 2021
	(ii) Cash & cash equivalent		
	Balances with banks		
	-in Current accounts	0.10	1,003.46
	-Current maturity of fixed deposits	32.74	-
	-Cheques on hand	-	12.33
		32.84	**1,015.79**
12	**Income tax assets**		
	TDS receivable	9.93	7.71
		9.93	**7.71**
13	**Other Financial Assets**		
	Eearnest Money Deposit	11.67	-
		11.67	**-**
14	**Other current assets:**		
	Prepaid expenses	4.39	3.69
	Balance with statutory authorities	39.81	69.14
	Interest receivable	0.26	
	Other advances	72.44	53.90
	Unbilled Receivable	77.21	180.85
		194.11	**307.58**

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

(₹ in lakh)

Notes	Particulars	As at March 31, 2022	As at March 31, 2021
15	**Equity share capital**		
	Authorised		
	2,00,00,000 (March 31, 2021 - 2,00,00,000) Equity shares of Rs. 10 each)	2,000.00	2,000.00
		2,000.00	**2,000.00**
	Issued, subscribed and paid up		
	2,00,00,000 (March 31, 2021 - 2,00,00,000) Equity shares of Rs. 10 each fully paid up)	2,000.00	2,000.00
		2,000.00	**2,000.00**

Notes:

a. Reconciliation of equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Rs.	No. of Shares	Rs.
At the beginning of the year	2,00,00,000	2,000.00	1,00,00,000	1,000.00
Addition during the Year	-	-	1,00,00,000	1,000.00
At the end of the year	**2,00,00,000**	**2,000.00**	**2,00,00,000**	**2,000.00**

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a face value of Rs.10 per share. Each equity shareholder is entitled to one vote per share.

In the event of winding-up of the Company, the equity shareholders shall be entitled to be repaid remaining assets of the company after distribution of all preferential amounts in the ratio of the amount of capital paid up on such equity shares.

c. Equity shares held by holding company

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Rs.	No. of Shares	Rs.
Dalmia Bharat Refractories Limited (along with its Nominees)	1,02,00,000	51%	1,02,00,000	51%

d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the Balance Sheet date- Nil

e. Details of shareholders holding more than 5% shares in the company

	As at March 31, 2022		As at March 31, 2021	
			No. of Shares	% holding
Dalmia Bharat Refractories Limited (along with its Nominees)	1,02,00,000	51%	1,02,00,000	51%
Seven Refractories GesmbH	98,00,000	49%	98,00,000	49%

Note: As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

Notes	Particulars	As at March 31, 2022	As at March 31, 2021
16	**Other equity**		
	(i) Retained Earnings		
	Balance at the beginning of the year	(807.17)	(764.46)
	Add: Transfer from the statement of Profit & Loss	285.43	(42.71)
	Balance at the end of Year	**(521.74)**	**(807.17)**
	(ii) Comprehensive Income		
	Balance at the beginning of the year	2.18	0.96
	Addition during the year - Actuarial Gain & Losses on Defined Benefit Obligation	0.08	1.23
	Balance at the end of Year	**2.26**	**2.18**
		(519.48)	**(804.99)**
	Non - current liabilities		
17	**Financial liabilities**		
	(i) Borrowings		
	Secured at amortised Cost		
	Loan from banks		
	- Term Loan	1,620.97	1,796.97
	- Less : Current maturity of long term borrowings	(308.00)	(176.00)
	- IndAs Term loan FMV	(5.74)	(8.99)
		1,307.23	**1,611.98**

Term Loan

Loans of Rs 1620.97 Lakh (1796.97 Lakh in PY 2020-21) is secured by equitable mortgage of factory Land & Building and Plant & Machinery. It is further secured by first charge over movable and immovable fixed assets of the company. It is repayable in quarterly instalment or ranging from Rs. 66 Lakh to Rs 132 Lakh. Due to COVID-19, a pandemic caused by novel coronavirus, RBI notified a moratorium for 6 month interest amounting Rs. 80.97 Lakh in FY 2020-21 which has been added to principal amount. It carried interest rate of one year MCLR plus spread of 70bps p.a. to be reset annually. The interest rate for the current year varied from 8.15% to 7.90%. Total Instalment payable for FY 2021-22 is Rs 308 Lakh (PY 2020-21 Rs 176 Lakh).

Notes	Particulars	As at March 31, 2022	As at March 31, 2021
	(ii) Lease liabilities	326.68	380.08
		326.68	**380.08**
18	**Provisions**		
	Provision of Gratuity (Refer note no 43)	16.94	11.58
	Provision of Leave Encashment (Refer note no 43)	5.67	6.35
		22.61	**17.93**
	Current liabilities		
19	**Financial liabilities**		
	(i) Borrowings		
	- from bank Cash Credit	689.14	515.56
	- Current maturity of long term borrowings	308.00	176.00
	- from Inter-co Loans	-	209.07
		997.14	**900.63**

Cash credit

Cash Credit is secured by hypothecation of stocks of raw material, semi finished goods, finished goods, store & spares, book debts and movable assets of the company. It carried interest which varies from 9.53% to 8.30%.

Inter company loans

Acquired Inter-co Loan (unsecured) from Dalmia Refractories Limited, to meet temporary requirement of the fund. It carried interest 9.55% and further revised to 8.75%.

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

Notes	Particulars	As at March 31, 2022	As at March 31, 2021
18	**Financial liabilities (Continued)**		
	(ii) Lease liabilities	56.95	51.05
		56.95	**51.05**
	(iii) Trade Payables		
	-Total outstanding dues of micro enterprises and small enterprises	704.35	285.47
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	2,101.61	1,058.39
		2,805.96	**1,343.86**

Trade Payables Ageing Schedule March 2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	704.35	-	-	-	704.35
(ii) Others	1,963.72	131.30	2.93	3.66	2,101.61
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
TOTAL	**2,668.07**	**131.30**	**2.93**	**3.66**	**2,805.96**

Trade Payables Ageing Schedule March 2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	285.47	-	-	-	285.47
(ii) Others	1,051.80	2.93	3.66	-	1,058.39
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
TOTAL	**1,337.27**	**2.93**	**3.66**	-	**1,343.86**

Disclosure of sundry creditors under current liabilities is based on the information available with the company regarding the status of suppliers as defined under Micro, Small and Medium Enterprises Development Act, 2006.

Notes	Particulars	As at March 31, 2022	As at March 31, 2021
	(iv) Other financial liabilities		
	- Liability for capital assets	7.44	457.23
	- Employee's benefits payable	19.48	7.39
	- Others	326.07	114.99
		352.99	**579.61**
20	**Other current liabilities**		
	Advances from Customers	113.20	111.31
	Statutory Liabilities	17.25	10.36
		130.45	**121.67**
21	**Provision**		
	Provision of Gratuity (refer note no. 43)	0.11	0.07
	Provision of Leave Encashment (refer note no. 43)	1.18	0.70
		1.29	**0.77**

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

Notes	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
22	**Revenue from operations**		
	Revenue from operation	10,015.21	5,005.13
		10,015.21	**5,005.13**
21.1	**Disaggregated revenue information**		
	Sale of products		
	Refractories	9,201.09	4,740.17
	Traded goods	359.75	31.51
		9,560.84	**4,771.68**
	Sale of Services	448.08	229.79
		448.08	**229.79**
	Other Operating Revenue		
	Scrap Sales & Others	6.29	3.65
		6.29	**3.65**
		10,015.21	**5,005.13**
	Timing of revenue recognition		
	Goods transferred at a point in time	10,015.21	5,005.13
	Total Revenue from contract with customers	**10,015.21**	**5,005.13**

21.2 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customer.

	As at March 31, 2022	As at March 31, 2021
Contract assets		
Trade receivables	3,155.32	1,136.03
Contract liabilities		
Advances from customer	113.20	111.31

21.3 Reconciling the amount of revenue recognised in statement of profit and loss with the contracted price

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from Operation	10,015.21	5,005.13
Adjustment:		
Significant financing component	-	-
Sales return	-	-
Rebate and Discount	-	-
	10,015.21	**5,005.13**

21.4 The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at December 31, 2021 are as follows:

	As at March 31, 2022	As at March 31, 2021
Advances from customer	113.20	111.31
	113.20	**111.31**

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial period.

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

Notes	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
23	**Other income**		
	Interest income from bank/others	2.29	2.50
	Provision/Liabilities no longer required written back	3.85	-
	Miscellaneous income	1.52	1.15
		7.66	**3.65**
24	**Cost of Material consumed**		
	Opening stock	476.99	397.47
	Add:Purchase	7,607.01	3,586.94
	Less: Closing Stock	821.93	476.99
	Consumption	**7,262.06**	**3,507.43**
25	**Changes in inventories of finished goods and work - in - progress**		
	Opening Stock		
	-Work in Progress	25.62	45.38
	-Finished Goods	162.90	145.91
		188.52	191.29
	Closing Stock		
	-Work in Progress	35.17	25.62
	-Finished Goods	70.99	162.90
		106.16	**188.52**
	Change in Inventories	**82.36**	**2.77**
26	**Employee benefits expense**		
	Salaries, Wages, Allowances & Commission	449.92	351.74
	Contribution to Provident & Other funds	14.90	13.85
	Gratuity & Leave Encashment	5.47	9.86
	Staff welfare expenses	3.68	3.17
		473.97	**378.62**
27	**Finance costs**		
	Interest on		
	(i) Term Loans	135.00	157.30
	(ii) Cash Credits	23.81	28.92
	(iii) Others	38.09	36.83
	Other borrowing cost	7.93	-
		204.83	**223.05**
28	**Depreciation and amortization expense**		
	Depreciation on tangible assets	165.45	156.05
	Depreciation on Rights to use assets	63.72	65.12
	Amortization on intangible assets	0.33	0.33
		229.50	**221.50**

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

Notes	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
29	**Other expenses**		
	Consumption of stores & spare parts	16.97	9.86
	Power and fuel	154.57	108.70
	Packing freight & transport	375.28	252.00
	Rent	3.42	2.11
	Repairs to buildings	3.41	0.55
	Repairs to machinery	35.18	24.47
	Repairs others	5.10	4.92
	Insurance	6.35	6.04
	Rates and taxes	4.14	3.87
	Payment to the auditors		
	- Statutory Audit fees	4.20	2.75
	- Limited Review fees	3.20	2.70
	- Tax Audit Fees	0.75	0.50
	- Other Services	0.90	-
	- for reimbursement of expenses	0.10	2.69
	Advertisement & publicity	0.30	0.08
	Foreign Exchange Fluctuations	7.90	17.81
	Travelling & Conveyance	66.76	25.12
	Professional & Legal Fees	21.58	27.08
	Application Services Expenses	376.49	215.41
	Royalty Expenses	44.25	2.00
	Commission	215.08	
	Bad Debts Written off	0.11	5.91
	Provision for Doubtful Debt	3.06	(5.25)
	Miscellaneous expenses	47.11	26.15
		1,396.21	**735.47**
30	**Tax expense**		
	Deferred tax		
	- Deferred tax Asset	88.51	(17.36)
		88.51	**(17.36)**
	Tax reconciliation		
	Profit / (Loss) as per statement of profit and loss	373.94	(60.07)
	Enacted tax rate	25.17%	25.17%
	Tax should be	94.11	(15.12)
	Reconciliation item		
	Permanent disallowance of the expenditure		
	Change in rate of tax	-	-
	Previous year tax actualisation	(5.60)	(2.24)
		88.51	**(17.36)**

Notes	Particulars	Unit of Measurement	For the year ended March 31, 2022	For the year ended March 31, 2021
31	**Earning per share**			
	Profit / (Loss) after Tax	Rupees in lakh	285.51	(41.48)
	Weighted average of number of equity shares	Number	2,00,00,000	2,00,00,000
	Nominal value of Equity Share (Rs)	Rupees	10	10
	Basic and Diluted earning per share (Rs.)	Rupees	1.43	(0.21)

S.S. KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

32 Contingent liabilities:

	As at March 31, 2022	As at March 31, 2021
Claim against Company not acknowledged as debt	Nil	Nil

33 Capital & other commitments

	As at March 31, 2022	As at March 31, 2021
Estimated amount of Contract remaining to be executed on capital account and not provided for	5.13	135.00
Other commitment	365.64	-
	370.77	**135.00**

34 Auditor's remuneration (Exclusive of tax)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Quarterly Limited Review fees	3.20	3.15
Statutory audit fee	4.55	4.10
Tax audit fee	0.75	0.50
	8.50	**7.75**

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

(₹ in lakh)

35 Segment Information

Operating Segments

The Company is primarily engaged in a single operating segment of manufacture and sale of Refactory and hence this is the only reportable primary business segment.

Entity wide disclosures

Product

	2020-21	2020-21
Domestic	9,873.36	4,773.29
Rest of the World	141.85	231.83
Total	10,015.21	5,005.12

There is 1 customer in FY 2021-22 (3 customers in FY 2020-21) where revenue from that customer aggregating to Rs. 3,169.57 lakh (2020-21: Rs. 2199.44 lakh) exceeds 10 per cent or more from each customer of Group's revenues during the current year.

36 Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations are:-

(i) Operating margins (Earnings before interest and taxes),

(ii) Discount Rate

(iii) Growth Rates and

(iv) Capital Expenditure

37 Events occurring After the Balance Sheet date

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements.

38 Expenditure incurred on Corporate Social Responsibilities

Pursuant to section 135 of the Companies Act, 2013, regarding the Corporate Social Responsibility, the same is not applicable to the Company for the Financial year 2020-21.

39 Disclosures as required by Indian Accounting Standard (Ind AS) 37:- Provisions, Contingent liabilities and Contingent assets :

There are no present obligations requiring provision in accordance with the guiding principles as enunciated in IND AS -37, as it is not probable that an outflow of resources embodying economic benefits will be required.

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

40 Lease related disclosures

The Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. The Company has leases for Plant and Equipment, building, warehouses and related facilities. We have added leased cars to employee facilitation.

The following is the movement in lease liabilities and corresponding Right to use asset for leases classified under lease arrangements during the year ended December 31, 2021 :

Right to use Asset Movement

Building	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Right to use assets-opening balance	-	-
Addition during the year	-	-
Depreciation during the year	-	-
Right to use assets-closing balance	-	-

Lease obligation Movement

	For the year ended 31 March 2022	**For the year ended 31 March 2021**
Lease obligation-Opening balance	431.13	454.35
Addition to lease obligation	8.07	30.50
Payment of lease	(71.07)	(90.55)
Addition as interest	28.93	36.83
Lease obligation-Closing balance	**397.06**	**431.13**

The following is the break-up of current and non-current lease liabilities as at December 31, 2021 :

Lease Liabilities	**As at 31 March 2022**	**As at 31 March 2021**
Current	56.95	51.05
Non Current	326.68	380.08
Total	**383.63**	**431.13**

The table below provides details regarding contractual maturities of lease liabilities of non cancellable contractual commitments on undiscounted basis.

As at 31 March 2022

	Lease Payments	**Interest expense**	**Net Present value**
Less than one year	90.10	33.15	56.95
One to five years	407.71	81.03	326.68
More than five years	-	-	-
Total			**383.63**

As at 31 March 2021

	Lease Payments	**Interest expense**	**Net Present value**
Less than one year	88.83	37.78	51.05
One to five years	414.26	109.95	304.31
More than five years	79.63	3.85	75.78
Total			**431.14**

The statement of profit or loss shows the following amounts relating to leases:

	For the year ended 31 March 2022	**For the year ended 31 March 2021**
Depreciation on Right to use assets	-	-
Interest expense on lease liability (included in finance cost)	28.93	36.83
Total	**28.93**	**36.83**

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

(₹ in lakh)

41 Related party transactions

A) List of related parties along with nature and volume of transaction is given below

(i) Holding Company:-

Dalmia Bharat Refractories Limited (51%)

(ii) Promoters of the Company:-

Dalmia Bharat Refractories Limited & Seven Refractories GesmbH

(iii) Directors of the Company:

a. Mr. Sameer Nagpal
b. Mr. Erik Zobec
c. Mr. C.N. Maheshwari
d. Mr. Roman Cheglov

(iv) Key Managerial Person:-

a. Mr. Sheikh Bashir Mohammed – Manager (up to 31.05.2021)
b. Mr. Sanat Ganguli – Manager (wef 01.06.2021)
c. Mr. Binayak Kumar Shah – Chief Financial Officer
d. Ms. Akansha Jain – Company Secretary (up to 30.11.2020)
e. Mr. Ayush Jain – Company Secretary (wef 01.12.2020)

(v) Enterprises controlled by the Promoters of the Company:-

Dalmia GSB Refractories Germany GmbH, Seven Refractories d.o.o, Seven Refractories ooo (Russia), Seven Refractories S.r.l. (Italy), Seven Refractories Deutschland Gmbh, Seven Asia, Kazakstan, Seven Refractories Ukraine ooo (Ukraine)

(vi) Related Parties of the Holding Company with whom the transactions has taken place during the year

Dalmia Cement (Bharat) Limited, Govan Travels (Prop. Dalmia Bharat Sugar & Industries Limited), Dalmia DSP Limited, Dalmia Bharat Limited, Calcom Cement Limited, Murli Industries Limited

B.The following transactions were carried out with the related parties in the ordinary course of business:

Description of Related Party	Name of Related Party	Nature of transactions	For the Year ended March 31, 2022	For the year ended March 31, 2021
Promoters	Dalmia Bharat Refractories Limited	Purchase of material	270.80	44.22
		Availment of leasing / rental services	79.63	79.63
		Sale of refractory goods & services	826.04	1,327.66
		Reimbursement of expenses	0.25	0.50
		Inter-co Loan	-	200.00
		Interest on Inter-co Loan	0.67	9.80
		Royalty Expense	2.00	2.00
		Management services	41.84	-
		Commission on Sales	211.04	-
		Issue of equity share	-	510.00
	Seven Refractories GesmbH	Issue of equity share	-	490.00
		Royalty payable	42.25	-

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

(₹ in lakh)

41 Related party transactions *(Continued)*

Description of Related Party	Name of Related Party	Nature of transactions	For the Year ended March 31, 2022	For the year ended March 31, 2021
Related parties of the Holding Companies	Dalmia Cement (Bharat) Ltd	Sale of refractory goods & services	268.11	179.12
	Govan Travels, (Prop. Dalmia Bharat Sugar & Industries Ltd)	Availing /rendering of services of resources	14.84	2.19
	Dalmia DSP Limited	Sale of refractory goods & services	-	239.90
	Calcom Cement Ltd.	Sale of refractory goods & services	23.98	14.95
	Dalmia Bharat Limited	Availment of Management Services	0.17	5.71
	Murli Industries Limited	Sale of refractory goods & services	13.07	6.41
Enterprise controlled by Promoters	Seven Refractories D.O.O.	Purchase of material	14.64	32.95
		Purchase of capital items	-	15.14
Key Management Personnel	Mr. Sheikh Bashir Mohammed - Manager	Salary & perquisite	7.01	39.31
	Mr. Sanat Ganguli - Manager	Salary & perquisite	37.14	-
	Mr. Binayak Kumar Shah - CFO	Salary & perquisite	27.31	26.26
	Mr. Ayush Jain - CS	Salary & perquisite	5.49	1.89
	Mr. Akansha Jain - CS	Salary & perquisite	-	-

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

(₹ in lakh)

41 Related party transactions *(Continued)*

C) Balance outstanding at the year end

Description of Related Party	Name of Related Party	Outstanding Balance at year end	As at March 31, 2022	As at March 31, 2021
Promoters	Dalmia Bharat Refractories Limited	Amount receivable	85.03	318.35
Related parties of the Holding Companies	Dalmia Cement (Bharat) Limited	Amount receivable	10.08	28.89
	Dalmia DSP Limited	Amount receivable	-	7.49
	Murli Industries Limited	Advance received	-	39.35
Promoters	Dalmia Bharat Refractories Limited	Amount payable	585.87	233.67
		Inter-co Loan & Interest Payable	-	209.07
	Seven Refractories GesmbH	Amount payable royalty	75.94	38.89
Enterprise controlled by Promoters	Seven Refractories D.O.O.	Amount Payable Capex	-	455.84
	Seven Refractories D.O.O.	Amount Payable Non Capex	30.82	61.24
Related parties of the Holding Companies	Govan Travels, (Prop. Dalmia Bharat Sugar & Industries Ltd)	Amount Payable	4.65	1.19
	Dalmia Bharat Limited	Amount Payable / (Advance given)	-	5.75

S.S. KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

(₹ in lakh)

42 **(i) Compensated absences**

The leave obligations cover the Company's liability for sick and earned leaves. The amount of provision of ₹ 0.74 Lakh is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current.

(ii) Disclosure of gratuity (non-funded)

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

(iii) Change in benefit obligation	**As at March 31, 2022**		**As at March 31, 2021**	
	Gratuity (un funded)	**Leave Encashment**	**Gratuity (un funded)**	**Leave Encashment**
Present value of obligation as at the beginning of the period	11.65	7.04	9.37	2.67
Acquisition adjustment	-	-	-	-
Interest cost	0.81	0.49	0.65	0.19
Past service cost	-	-	-	-
Current service cost	4.71	2.66	4.27	3.14
Curtailment cost/(Credit)	-	-	-	-
Settlement cost/(Credit)	-	-	-	-
Benefits paid	-	(0.15)	(1.00)	(0.57)
Actuarial (gain)/loss on obligation	(0.11)	(3.19)	(1.64)	1.62
Present value of obligation as at the end of period	**17.05**	**6.85**	**11.65**	**7.04**
(iv) Actuarial Gain/Loss on plan assets				
Expected return on plan assets	-	-	-	-
Actual return on plan assets	-	-	-	-
Actuarial gain/(loss) on plan assets	-	-	-	-
Actuarial gain / loss recognized	-	-	-	-
(v) Actuarial Gain/Loss recognised				
Actuarial gain / (loss) for the period- obligation	0.11	3.19	1.64	(1.62)
Actuarial (gain) / loss for the period - plan assets	-	-	-	-
Total (gain) / loss for the period	(0.11)	(3.19)	(1.64)	1.62
Actuarial (gain) / loss recognized in the period	(0.11)	(3.19)	(1.64)	1.62
Unrecognized actuarial (gains) / losses at the end of period	-	-	-	-
(vi) The amounts to be recognized in balance sheet and related analysis				
Present value of obligation as at the end of the period	17.05	6.85	11.65	7.04
Fair value of plan assets as at the end of the period	-	-	-	-
Funded status / Difference	(17.05)	(6.85)	(11.65)	(7.04)
Excess of actual over estimated	-	-	-	-
Unrecognized actuarial (gains) / losses	-	-	-	-
Net asset / (liability)recognized in balance sheet	**(17.05)**	**(6.85)**	**11.65**	**7.04**

S.S. KOTHARI MEHTA & COMPANY * NEW DELHI * CHARTERED ACCOUNTANTS

(iii) Change in benefit obligation	As at March 31, 2022		As at March 31, 2021	
	Gratuity (un funded)	Leave Encashment	Gratuity (un funded)	Leave Encashment
(vii)Expense recognized in the statement of profit and loss				
Current service cost	4.71	2.66	4.27	3.14
Past service cost	-	-	-	-
Interest cost	0.81	0.49	0.65	0.19
Expected return on plan assets	-	-	-	-
Curtailment cost / (Credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Net actuarial (gain) / loss recognized in the period	(0.11)	(3.19)	(1.64)	1.62
Expenses recognized in the statement of profit & losses	**5.40**	**(0.05)**	**3.28**	**4.94**
(viii) Reconciliation statement of expense in the statement of profit and loss				
Present value of obligation as at the end of period	17.05	6.85	11.65	7.04
Present value of obligation as at the beginning of the period	11.65	7.04	9.37	2.67
Benefits paid	-	0.15	1.00	0.57
Actual return on plan assets	-	-	-	-
Acquisition adjustment	-	-	-	-
Expenses recognized in the statement of profit & losses	**5.40**	**(0.05)**	**3.28**	**4.94**
(ix) Amounts for the current period				
Present value of obligation as at the end of period	17.05	6.85	11.65	7.04
Fair value of plan assets at the end of the period	-	-	-	-
Surplus / (Deficit)	(17.05)	(6.85)	(11.65)	(7.04)
Experience adjustment on plan liabilities (loss) / gain	(0.34)	2.99	2.83	(0.83)
Experience adjustment on plan Assets (loss) / gain	-	-	-	-
(x) Movement in the liability recognized in the balance sheet				
Opening liability	11.65	7.04	9.37	2.67
Expenses as above	5.40	(0.05)	3.28	4.94
Benefits paid	-	(0.15)	(1.00)	(0.57)
Actual return on plan assets	-	-	-	-
Acquisition adjustment	-	-	-	-
Closing liability	**17.05**	**6.85**	**11.65**	**7.04**
(xi) Bifurcation of PBO at the end of year as per schedule III to the companies act, 2013.				
Current Liability	0.11	1.18	0.07	0.70
Non-current Liability	16.94	5.67	11.58	6.35
Total PBO at the end of year	**17.05**	**6.85**	**11.65**	**7.04**
(xii) Impact of the change in discount rate				
Present Value of Obligation at the end of the period	17.05	6.85	11.65	7.04
Impact due to increase of 0.50%	(0.86)	(0.38)	(0.64)	(0.41)
Impact due to decrease of 0.50 %	0.94	0.42	0.70	0.45
(xiii) Impact of the change in salary increase				
Present Value of Obligation at the end of the period	17.05	6.85	11.65	7.04
Impact due to increase of 0.50%	0.93	0.42	0.70	0.45
Impact due to decrease of 0.50 %	(0.86)	(0.38)	(0.64)	(0.41)

S.S. KOTHARI MEHTA & COMPANY * NEW DELHI * CHARTERED ACCOUNTANTS

(₹ in lakh)

43 Financial Risk Management

Financial instruments by category

	As at March 31, 2022			As at March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Cash and cash equivalents	-	-	32.84	-	-	1,015.79
Trade Receivable	-	-	3,152.26	-	-	1,136.03
Other			107.29			8.78
Total financial assets	-	-	**3,292.39**	-	-	**2,160.60**
Financial liabilities						
Borrowings			2,304.37			2,512.61
Trade Payables			2,805.96			1,343.86
Other			352.99			579.61
Total financial liabilities	-	-	**5,463.32**	-	-	**4,436.08**

Financial risk management objectives and policies

(i) Financial risk factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise appropriate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(ii) Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments

To manage this, Company periodically assesses the financial reliability of customers, taking into account factors such as credit track record in the market and past dealings with the Company for extension of credit to customer Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each year end on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in accounting policy. The Company evaluates the concentration of risk with respect to trade receivables as low, the trade receivables are located in several jurisdictions and operate in largely independent markets.

Particulars	As at March 31, 2022		As at March 31, 2021	
	Upto 6 months	More than 6 months	Upto 6 months	More than 6 months
Gross carrying amount (A)	2,702.90	449.36	1,120.15	15.88
Expected Credit Losses (B)	-	-	-	-
Net Carrying Amount (A-B)	2,702.90	449.36	1,120.15	15.88

S.S. KOTHARI MEHTA & COMPANY NEW DELHI CHARTERED ACCOUNTANTS

Notes to the financial statements for the year ended March 31, 2022

(₹ in lakh)

43 Financial Risk Management *(Continued)*

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company. The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021.

44 a Liquidity risk management

Liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligation when due and to close out market position. Due to the dynamic nature of the underlying business, Company maintains flexibility in funding by maintaining availability under committed credit lines, by matching the maturity profiles of financial assets and liabilities, continuosly monitoring forecast and actual cash flows.

The table below analysed the maturity profile of the Companies financial liabilities.

Particulars	Payable on Demand	Less than 1 year	More than 1 year	Total
As at March 31, 2021				
Borrowing	515.56	385.07	1,611.98	2,512.61
Other financial liabilities	-	579.61	-	579.61
Trade payable & Other Payable	-	1,343.86	-	1,343.86
Total	**515.56**	**2,308.54**	**1,611.98**	**4,436.08**
As at March 31, 2022				
Borrowing	689.14	308.00	1,307.23	2,304.37
Other financial liabilities	-	352.99	-	352.99
Trade payable & Other Payable	-	2,805.96	-	2,805.96
Total	**689.14**	**3,466.95**	**1,307.23**	**5,463.32**

44 b To the best of our knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

44 c To the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

44 d During the year, the company doesn't have any transaction with struck-off companies U/s 248 of Companies Act, 2013.

S S KOTHARI MEHTA & COMPANY
NEW DELHI
CHARTERED ACCOUNTANTS

45 Market Risk:

Market risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market risk. The company is exposed to the risk of movements in interest rate, inventory price and foreign currency exchange rate that effects its assets, liabilities and future transaction. The companies is exposed to the following key market risk.

(I) Interest Rate Risk

Interest risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest risk. The company's exposure to the risk of changes in market interest rate relates primarily to the company's short term borrowing obligation in the for of cash credit carrying floating interest rate.

Particulars	Fixed Rate Borrowing	Variable Rate Borrowing	Total Rate Borrowing
As at March 31, 2022	1,615.23	689.14	2,304.37
As at March 31, 2021	2,129.05	515.56	2,644.61

Sensitivity Analysis: For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Sensitivity on variable rate borrowings	Impact on Profit & Loss Account	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest rate increase by 0.25%	(1.72)	(1.29)
Interest rate decrease by 0.25%	1.72	1.29

(ii) Foreign Currency Risk :

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowings and foreign payables on account import of raw materials and other consumables.. This foreign currency risk is covered by using foreign exchange forward contracts and currency swap contracts.

The details of foreign currency (FC) exposure is as follows:

Particulars	FY 2021-22		FY 2020-21	
	FC in Lakh	₹ in Lakh	FC in Lakh	₹ in Lakh
Unhedged Foreign Currency				
Other Payables	5.40	420.79	7.34	621.79
Receivable				
Trade Receivable	0.25	20.37	0.69	51.04

Rate Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Particulars	Increase / Decrease in basis points	Statement of profit and loss	
		For the year ended March 31, 2022	For the year ended March 31, 2021
Euro Sensitivity	+ 50 basis	0.67	3.02
	- 50 basis	(0.67)	(3.02)
Dollar Sensitivity	+ 50 basis	1.54	0.26
	- 50 basis	(1.54)	(0.26)

S.S. KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

(₹ in lakh)

46 Financial Instrument - Disclosure

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Sl.No	Particulars	Note	Fair value hierarchy	As at March 31, 2022		As at March 31, 2021	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	**Financial assets designated at fair value through profit and loss**						
	Current						
	- Investment in mutual funds and others	A	Level-1	-	-	-	-
2	**Financial assets designated at fair value through other comprehensive**						
3	**Financial assets designated at amortised cost**	B					
	Non Current						
	Others			107.29	107.29	8.78	8.78
	Current						
a)	Trade receivables *			3,152.26	3,152.26	1,136.03	1,136.03
b)	Cash & Cash Equivalents *			32.84	32.84	1,015.79	1,015.79
				3,292.39	**3,292.39**	**2,160.60**	**2,160.60**

Financial Liabilities

Sl.No	Particulars		Fair value hierarchy	As at March 31, 2022		As at March 31, 2021	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	**Financial liability designated at amortised cost**	B					
	Non Current						
	- Borrowings			1,307.23	1,307.23	1,611.98	1,611.98
	Current						
	Borrowings*			997.14	997.14	900.63	900.63
	Trade payables*			2,805.96	2,805.96	1,343.86	1,343.86
	Other financial liabilities*			352.99	352.99	579.61	579.61
				5,463.32	**5,463.32**	**4,436.08**	**4,436.08**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

* The carrying amounts are considered to be the same as their fair values due to short term nature.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

S.S. KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

(₹ in lakh)

47 Capital Management

For the purpose of the Company's capital management, equity includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders and net debt includes interest bearing loans and borrowings less current investments and cash and cash equivalents. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Debt (i)	2,304.37	2,512.61
Cash & bank balances	32.84	1,015.79
Net Debt	2,271.53	1,496.82
Total Equity	1,480.52	1,195.01
Net debt to equity ratio (Gearing Ratio)	1.53	1.25

(i) Debt includes long term and short term borrowings

48 Ratios - Based on the requirements of Amended Schedule III

Ratios	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for Variance
Current ratio	Total Current Assets	Total Current Liabilities	1.06	1.07	-1%	
Debt equity ratio	Borrowings	Total Equity less Other comprehensive income	1.56	2.10	-26%	Payment of Loan Instalment and Impreovement in Margin
Debt service coverage ratio	PBT+Finance cost	Current Borrowing	0.58	0.18	221%	Improvement in Margin
Return on equity ratio	PAT	Share capital	0.14	(0.02)	-768%	Improvement in Margin
Inventory turnover ratio	Revenue from Operation	Inventories	8.37	6.73	24%	
Trade receivable turnover ratio	Revenue from Operation	Trade Receivable	3.18	4.41	-28%	Improvement in collection against sales
Trade payables turnover ratio	Revenue from Operation	Trade Payables	2.48	2.59	-4%	
Net capital turnover ratio	Revenue from Operation	Current Assets - Current Liabilities	39.56	23.50	68%	Reduced working capital
Net profit ratio	PAT	Revenue from Operation	0.03	(0.01)	-434%	Improvement in Margin
Return on capital employed	EBIT	Total Assets less Current Laibilities and Intangible Assets	0.18	0.05	263%	Improvement in Margin
Return on investment						

S.S. KOTHARI MEHTA & COMPANY * NEW DELHI * CHARTERED ACCOUNTANTS *

(₹ in lakh)

49 Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

	As at March 31, 2022	As at March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	704.35	285.47
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprises (Development) Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
Total	-	-

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor.

50 Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Registration No. 000756N

S.S. KOTHARI MEHTA & COMPANY * CHARTERED ACCOUNTANTS * NEW DELHI

AMIT GOEL
Partner
Membership No. 500607

Place: New Delhi
Date: 03-MAY-2022

For and on behalf of
Dalmia Seven Refractories Limited

Sameer Nagpal
Director
DIN : 06599230

C.N. Maheshwari
Director
DIN : 00125680

Ayush Jain
Company Secretary

Binayak Kumar Shah
Chief Financial Officer

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results

Review Report to, Board of Directors
Dalmia Seven Refractories Limited
New Delhi

and

Chaturvedi & Shah LLP,

We have reviewed the accompanying statement of unaudited financial results ('the Statement') of Dalmia Seven Refractories Limited (the 'Company') for the quarter ended December 31, 2022 and the year to date results for the period ended April 01, 2022 to December 31, 2022 attached herewith, being prepared by the Company to the extent required by Dalmia Bharat Refractories Limited, [Holding Company of Dalmia Seven Refractories Limited] to prepare consolidated financial results for the quarter ended December 31, 2022 and the year to date results for the period ended April 01, 2022 to December 31, 2022 pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, as amended (the Circular), pursuant to the Listing Agreement entered into by Dalmia Bharat Refractories Limited with the Stock Exchanges in India and not to report on the Company as a separate entity.

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial Reporting (Ind AS 34)" prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with the Circular, pursuant to the Listing Agreement entered into by the Holding Company with the Stock Exchanges in India, is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

S S KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

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We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with relevant rules issued thereunder and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the Circular, pursuant to Listing Agreement as entered into by Dalmia Refractories Limited with Stock Exchanges in India, including the manner in which it is to be disclosed, or that it contains any material misstatement.

This report is furnished solely for use in preparing the unaudited consolidated financial results for the quarter ended December 31, 2022 and the year to date results for the period ended April 01, 2022 to December 31, 2022 of Dalmia Bharat Refractories Limited. It is not to be used for any other purpose, or referred to in any other document, or distributed to anyone without our written prior consent.

For **S.S. KOTHARI MEHTA & COMPANY**
Chartered Accountants
Firm's Registration No. 000756N

S S KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

Amit Goel

AMIT GOEL
Partner
Membership No. 500607

Place: New Delhi
Date: January 30, 2023
UDIN No: 23500607BGURHU8322

Dalmia Seven Refractories Limited
CIN:-U74999DL2016PLC309327

Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2022

(₹ in lakh)

S. No	Particulars	Quarter ended			Nine months ended		Year ended
		Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Mar 31, 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Income from operations	3,707.01	2,944.16	2,603.13	9,676.50	6,490.93	10,015.21
II	Other income	10.67	1.73	0.41	14.11	2.12	7.66
III	**Total Income (I+II)**	**3,717.68**	**2,945.89**	**2,603.54**	**9,690.61**	**6,493.05**	**10,022.87**
IV	**Expenses**						
	Cost of materials consumed	2,391.95	1,889.86	1,841.68	6,369.62	4,612.46	6,961.92
	Purchases of Traded Goods	126.44	186.74	12.11	460.35	147.34	300.15
	Change in inventories of finished goods and work-in-progress	135.27	(17.96)	20.73	10.27	40.39	82.36
	Employees benefits expense	145.81	141.28	128.99	414.00	347.47	473.97
	Finance Cost	44.76	46.75	53.42	138.87	152.07	204.83
	Depreciation and amortisation expense	58.83	60.21	60.28	177.82	174.91	229.50
	Power & Fuel	29.81	44.82	43.73	110.55	111.53	154.57
	Other Expenditure	532.97	506.85	291.90	1,443.09	690.81	1,241.64
	Total Expenses (IV)	**3,465.84**	**2,858.55**	**2,452.83**	**9,124.57**	**6,276.98**	**9,648.94**
V	**Profit / (Loss) before tax (III-IV)**	**251.84**	**87.34**	**150.71**	**566.03**	**216.07**	**373.93**
VI	**Tax Expense**						
	Current tax				-	-	-
	Deferred tax	75.63	21.98	33.21	154.71	52.66	88.51
	Total Tax Expenses (VI)	**75.63**	**21.98**	**33.21**	**154.71**	**52.66**	**88.51**
VII	**Net Profit / (Loss) for the period/ year (V-VI)**	**176.21**	**65.36**	**117.50**	**411.33**	**163.40**	**285.42**
VIII	**Other Comprehensive Income (OCI)**						
	Re-measurement gain on defined benefit plans	0.06	-	0.41	0.08	1.23	0.11
	Deferred tax relating to items that will not be reclassified to profit or loss	(0.01)	-	(0.10)	(0.02)	(0.31)	(0.03)
IX	**Total Comprehensive Income for the period/ year (VII+VIII)**	**176.25**	**65.36**	**117.81**	**411.39**	**164.32**	**285.50**
X	**Paid-up equity share capital (Face Value Per Share Rs. 10/-)**	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
XI	**Other Equity excluding Revaluation Reserve**						(519.48)
XII	**Earning Per Share (of Rs. 10/- each) (not Annualised)**						
	(a) Basic (Rs.)	0.88	0.33	0.59	2.06	0.82	1.43
	(b) Diluted (Rs.)	0.88	0.33	0.59	2.06	0.82	1.43

S S KOTHARI MEHTA & COMPANY ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

Dalmia Seven Refractories Limited
CIN-U74999DL2016PLC309327

Notes to financial results :

1 These results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Companies Act 2013 and other recognized accounting practices and policies to the extent applicable

2 The above financial results of the Company for the quarter and nine months ended December 31, 2022 have been approved by the Board of Directors at meeting held on January 30, 2023. The Statutory auditors of the Company have carried out the limited review of the said financial results.

3 The Company is primarily in the business of refractory manufacturing and selling. The business of refractories constitutes single business segment. The Company's operations are predominantly confined in India. Hence, there is only one identified reportable segment as per Ind AS 108 – Operating Segment.

4 Figures for the corresponding previous period/year have been regrouped/rearranged, wherever considered necessary, to make them comparable.

For S.S. Kothari Mehta & Company
Chartered Accountants
Firm Registration No. 000756N

AMIT GOEL
Partner
Membership No. 500607

For and on behalf of the Board of Directors of
Dalmia Seven Refractories Limited

Parmod Sagar
Director
DIN: 06500871

Place: New Delhi
Date: 30-January-2023

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE CARVE-OUT STANDALONE FINANCIAL INFORMATION

To,
The Board of Directors
Dalmia Bharat Refractories Limited

Opinion

We have audited the accompanying Special Purpose Carve-Out Standalone Financial Information of **Dalmia Bharat Refractories Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, and the Statement of Profit and Loss (including other comprehensive income), and notes to the Special Purpose Carve-Out Standalone Financial Information , including a summary of significant accounting policies and other explanatory information thereon (collectively hereinafter referred to as "the Special Purpose Carve-Out Standalone Financial Information").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Carve-Out Standalone Financial Information have been prepared, in all material respects with the Basis of Preparation set out in Note 2 to the Special Purpose Carve-out Standalone Financial Information.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Carve-Out Standalone Financial Information' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special Purpose Carve-Out Standalone Financial Information, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Carve-Out Standalone Financial Information.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Carve-Out Standalone Financial Information

The Company's Board of Directors is responsible for the preparation and fair presentation of these Special Purpose Carve-Out Standalone Financial Information in accordance with the basis of preparation mentioned in Note 2 of the special purpose Carve-Out Standalone Financial Information and this includes design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of special purpose carve-out Standalone financial information that are free from material misstatement whether due to fraud or error.

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Head Office: 912, Tulsiani Chambers, 212, Nariman Point, Mumbai - 400 021, India. Tel : +91 22 4163 8500 • Fax :+91 22 4163 8595
URL : www.cas.ind.in

In preparing the Special Purpose Carve-Out Standalone Financial Information, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Carve-Out Standalone Financial Information

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carve-Out Standalone Financial Information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Carve-Out Standalone Financial Information .

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Carve-Out Standalone Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the whether the Company has internal financial control with reference to special purpose carve out financial information in place and operating effectiveness of the such control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Carve-Out Standalone Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

- Evaluate the overall presentation, structure and content of the Special Purpose Carve-Out Standalone Financial Information, including the disclosures, and whether the Special Purpose Carve-Out Standalone Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the Special Purpose Carve-Out Standalone Financial Information, which describes the basis of accounting. This report is intended solely for your information and for use of the statutory auditors of RHI Magnesita India Ltd. ("The Issuer") in connection with the issuer's proposed Fund Raising. As a result, these Special Purpose Carve-Out Standalone Financial Information may not be suitable for another purpose. Our report should not be used, referred to or distributed for any other purpose. We shall not be liable to the Company, the Issuer or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Reg. No. 101720W / W100355

VJapawaliya

Vijay Napawaliya
Partner
Membership No. 109859
UDIN No.: 23109859BGXRSK6421

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th March 2023

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Balance Sheet as at March 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

Particulars	Note	As at March 31, 2022
ASSETS		
Non - current assets		
(a) Property, plant and equipment	4	138.61
(b) Right of use assets	4	0.43
(c) Capital work - in - progress	4a	21.81
(d) Other intangible assets	4	98.99
(e) Intangible assets under development	4b	8.24
(f) Financial assets		
(i) Investments	5.1	28.56
(ii) Loans	5.2	0.04
(g) Other non-current assets	6	0.30
Total non-current assets		296.98
Current assets		
(a) Inventories	7	311.08
(b) Financial assets		
(i) Trade receivables	8.1	230.69
(ii) Bank balances other than cash and cash equivalents	8.2	0.12
(iii) Loans	8.3	0.23
(iv) Other financial assets	8.4	3.47
(c) Other current assets	9	25.58
Total current assets		571.17
Total Assets		868.15
EQUITY AND LIABILITIES		
Equity		
Capital		504.20
Total Equity		504.20
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Lease liabilities	10	0.77
(b) Provisions	11	9.67
(c) Deferred tax liabilities (net)	12	6.85
Total non-current liabilities		17.29
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	13.1	46.14
(ii) Lease liabilities	10	0.28
(iii) Trade payables		
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	13.2	22.78
(b) Total outstanding dues of other than Micro Enterprises and Small Enterprises	13.2	221.77
(iv) Other financial liabilities	13.3	2.09
(b) Current tax liabilities (net)	14	6.85
(c) Other current liabilities	15	30.62
(d) Provisions	16	16.13
Total current liabilities		346.66
Total Equity & Liabilities		868.15

See accompanying notes forming part of the special purpose carve-out standalone financial information.

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.: 101720W/W100355

Vijay Napawaliya
Partner
Membership No.: 109859
Place : Mumbai
Date : 24th March 2023

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Dalmia Bharat Refractories Limited
CIN: L26100TN2006PLC061254

Deepak Thombre
Chairman
DIN: 02421599
Place : Pune

Sameer Nagpal
Managing Director
DIN: 06599230
Place : New Delhi

Meghna Saini
Company Secretary
Place : New Delhi

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Statement of Profit and Loss for the year ended March 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

	Particulars	Note	For the year ended March 31, 2022
	INCOME		
I	Revenue from operations	17	859.12
II	Other income	18	11.76
III	**Total income (I + II)**		**870.88**
IV	**EXPENSE**		
	Cost of materials consumed	19	435.45
	Purchase of stock-in-trade		67.08
	Change in inventories of finished goods and work-in-progress	20	(35.72)
	Employee benefits expense	21	56.51
	Finance costs	22	5.79
	Depreciation & amortization expense	23	35.00
	Other expenses	24	279.31
	Total expenses		843.42
V	**Profit for the year before tax (III-IV)**		27.46
VI	**Tax expense**	25	
	(1) Current tax		6.85
	(2) Deferred tax		(0.65)
			6.20
VII	**Net Profit for the year after tax (V - VI)**		21.26
VIII	**Other comprehensive income**		
	Items that will not be reclassified to profit or loss	26	
	Re-measurement of defined benefit plans		0.89
	Income tax relating to re-measurement of defined benefit obligation		(0.22)
			0.67
IX	**Total comprehensive income for the year (VII + VIII)**		21.93
X	**Earning per equity share**	27	
	Nominal value of equity shares (₹ 10.00 each)		
	(1) Basic		4.81
	(2) Diluted		4.81

See accompanying notes forming part of the special purpose carve-out standalone financial information.

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.: 101720W/W100355

Vijay Napawaliya
Partner
Membership No.: 109859
Place : Mumbai
Date : 24th March 2023

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS *

For and on behalf of the Board of Directors of
Dalmia Bharat Refractories Limited
CIN: L26100TN2006PLC061254

Deepak Thombre
Chairman
DIN: 02421599
Place : Pune

Sameer Nagpal
Managing Director
DIN: 06599230
Place : New Delhi

Meghna Saini
Company Secretary
Place : New Delhi

1 General information

Dalmia Bharat Refractories Limited ('DBRL' or 'the Company') is engaged in the business of refractory manufacturing and selling. It produces refractory bricks, castables, pre-cast shapes like lances, snorkels, other refractory products and supplying to core industries namely cement, steel and others. The registered office of the Company is located at Dalmiapuram, P.O. Kallakudi - 621651, Dist. Tiruchirapalli, Tamil Nadu.

The Board of Directors and Shareholders of Dalmia Bharat Refractories Limited ("DBRL", "the Company") in its meeting held on 19th November, 2022 and extra-ordinary general meeting held on 21st December, 2022, respectively, has approved the transfer of its Refractory Business in India to RHI Magnesita India Ltd ("RHI"). The details of this transaction are as under:

a. Transfer of Indian Refractory Business of the Company to Dalmia OCL Limited (a wholly owned subsidiary company):

As per Business Transfer Agreement (BTA) dated 19th November, 2022, the Company agreed to transfer its entire Indian Refractory Business consisting of it's manufacturing facilities at (i) Rajgangpur, Orrisa; (ii) Dalmiapuram, Tamil Nadu; (iii) Khambalia, Gujarat; (iv) Bhilai, Chhattisgarh; and it's investment in subsidiary namely Dalmia Seven Refractories Limited having 51% shareholding, on closing date, on going concern basis to it's wholly owned subsidiary company, Dalmia OCL Limited at an agreed consideration of Rs. 2,102.00 Crore along with payment of working capital. The above said consideration shall be settled by way of allotment of 8,24,63,624 equity shares of Dalmia OCL Limited to the Company, at a price of Rs. 207.04 /- per share, aggregating to approximately Rs. 1,707.33 Crore and an cash consideration including the closing adjustments in net working capital and debt adjustments.

b. Transfer of Company's investments in Dalmia OCL Limited to RHI:

As per Share Swap Agreement dated 19th November, 2022, the Company agreed to transfer its entire investment in Dalmia OCL Limited to RHI, at an consideration of 2,70,00,000 equity shares of RHI to be allotted to the Company on preferential basis, amounting to approximately Rs. 1,708.00 Crore. The Company's investment in Dalmia OCL Limited has been transferred to RHI subsequent to the quarter end 31st December 2022, consequently, Dalmia OCL Limited has ceased to be a subsidiary of the Company.

DBRL has received the base cash consideration amounting to Rs. 393.29 Crore subsequent to quarter end, and remaining will be received subject to closing adjustments.

The above transaction have been completed on 4th January 2023.

c. Accordingly, the assets and liabilites and results of Indian Refractory Business is carve out from the Company and these financial information includes Indian Refractory Business related information only as per BTA.

RHI Magnesita India Limited is contemplating a fund raise through issuance of equity shares and has made an intimation dated February 13, 2023, to the stock exchanges for, among others, raising an amount not exceeding Rs. 1,500 Crore by way of qualified institutions placement ("QIP") or any other permissible mode. For the purposes of QIP, RHI Magnesita India Limited needs to prepare proforma financial information under Indian law.

These Special Purpose Carve-out Standalone Financial Information will be used for preparing the proforma financials of RHI Magnesita India Limited which will be included in the preliminary placement document (the "Preliminary Placement Document"), a placement document (the "Placement Document") and any amendments and supplements thereto (collectively, the Placement Documents") in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

These Special Purpose Carve-out Standalone Financial Information as at and for the year ended 31 March 2022 were approved and adopted by board of directors of the the Company in their meeting held on March 24, 2023.

2 Basis of preparation, critical accounting estimates and judgement

The Special Purpose Carve-out Standalone financial Information have been prepared on the following basis:

2.1 Basis of preparation

The Special Purpose Carve-out Standalone financial Information of the Dalmia Refractory India Business, which comprise the Carve-out Balance Sheet as at 31 March 2022, the Carve-out Statement of Profit and Loss including the Statement of Other Comprehensive Income for the year then ended, and notes to the Carve-out Standalone Financial Information, including a summary of significant accounting policies and other explanatory information (collectively the 'Special Purpose Carve-out Standalone Financial Information') have been prepared:

a) taking into consideration the terms of the BTA executed on 19 November 2022 and first amendment on 4 January 2023 and second amendment on 24 March 2023;

b) for the year ended 31 March 2022, the Company has prepared its special purpose financial Information in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting standards) Rules as amended from time to time and other related provisions of the Act.

c) measurement and recognition requirements of Ind AS for assets/ liabilities covered by the BTA.

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d) guidance note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India ("Guidance Note") to the extent applicable.

Accordingly, the Special Purpose Carve-out Financial Information include only those assets and liabilities that are acquired by the Purchaser under the terms of the BTA. The income and expenses also includes operations related to indian refractories business only as per terms of the BTA.

Comparatives information are not disclosed for the carve-out financial information. Further, other disclosures included in this financial information are as per the requirements of applicable Indian Accounting Standards and Division II - Ind AS Schedule III to the Companies Act, 2013 to the extent considered relevant by the management for above stated purpose.
The information presented may not be representative of the position which may prevail after the transaction. The resulting financial position may not be that which might have existed if the carve-out business had been a stand-alone business.
Accounting policies have been consistently applied to the period presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost convention
The Special Purpose Carve-out Standalone financial Information have been prepared under the historical cost convention on an accrual basis, except for the certain financial assets and liabilities which have been measured at fair value/amortised cost as required by relevant Ind AS. Assets acquired and liabilities assumed in business combination are fair valued at appointed date and accounted accordingly.

Functional and presentation currency
These Special Purpose Carve-out Standalone Financial Information are presented in Indian rupees (₹), the functional currency of the Company. All amounts have been rounded off to two decimal places to the nearest crores, unless otherwise stated.

Current vis-à-vis non-current classification
The Company presents assets and liabilities in statement of financial position based on current/non-current classification.
The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:
a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when it is:
a) Expected to be settled in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified twelve months as its normal operating cycle.

2.2 Critical accounting estimates and judgements
The presentation of Special Purpose Carve-out Standalone financial Information under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. *Property, plant and equipment and intangible assets*
The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

b. *Recognition and measurement of defined benefit obligations*
The cost of the defined benefit plan and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c. *Fair value measurement of financial instruments*
When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in activate markets, their fair value is measures using valuation technique. The input to these models are taken from the observable market where possible, but this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.

d. *Provisions*
Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

e. *Impairment of Financial and Non-Financial Assets*
The impairment provision for financial assets are based on assumptions about risk of default and expected losses. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Company assesses at each reporting date whether there is an indication that a Non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which is higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

f. *Recoverability of trade receivables:*
Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

g. *Income Tax*
The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the special purpose financial Information.

h. *Contingencies*
Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

i. *Leases*

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MUMBAI
CHARTERED ACCOUNTANTS

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant lease hold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

3 Significant Accounting policies

3.1 Business Combinations goodwill and capital reserve

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in standalone statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.2 Property, plant and equipment

All items of Property, plant and equipment are stated at historical cost net of tax/ duty credit availed which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

Depreciation methods, estimated useful lives and residual value:

Depreciation on property, plant and equipment (PPE) is provided over the useful life of assets on straight line basis as specified in schedule II to the Act. PPE which are added / disposed off during the year, deprecation is provided pro-rata basis with reference to the month of addition / deletion. leasehold land is amortised over the period of lease.

Certain items of PPE has been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided accordingly.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.

3.3 Intangible assets

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Intangible assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

a. for assets acquired in a business combination i.e. customer relationship, technology intellectual property, mining right; at fair value on the date of acquisition

b. for separately acquired assets, at cost comprising the purchase price and directly attributable costs to prepare the asset for its intended use.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. Computer softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of useful lives or period of three years, whichever is less. An intangible asset with an indefinite useful life is not amortized.

Assets	Useful life
Customer Relationship	20 Years
Mining right	10 Years
Technology Intellectual Property	8 Years

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the statement of profit and loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

3.4 Impairment of non-financial assets

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.5 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

3.6 Leases

The Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company as a lessor
A lease for which the Company is a lessor, is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

3.7 Borrowing Cost

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

3.8 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the Chief Financial Officer that makes strategic decisions.

3.9 Employee Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

a. *Short-term employee benefits*
Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.

b. *Defined contribution plan*
Retirement benefits in the form of provident fund and ESIC are a defined contribution plan and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

c. *Defined benefit plan*

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The Company's liabilities on account of gratuity are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS)-19- 'Employee Benefits'. Gratuity liability is funded through Gratuity Fund Trust with an insurance company in the form of a qualifying insurance policy. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Accumulated leaves, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

3.10 **Inventories**

Inventories are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. For the purpose of finished goods valuation, raw material consumption and overheads is taken as last 3 months average rate. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the material may be the best available measure of their net realizable value.

Historical cost is determined on the basis of real time weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

3.11 **Revenue recognition and other income:**

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The performance obligations in our contracts in respect of exports are fulfilled at the time of shipment of goods to customer and in respect of domestic sales on dispatch from factory.

Revenue is measured based on transaction price which is fair value of the consideration received or receivable, after deduction of any discounts, sales incentives / schemes and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and sales incentives / schemes. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Sale of Goods

Revenue from operations is recognised in respect of export sales on the basis of shipment of goods to customer and in respect of domestic sales on dispatch from factory.

Sale of Services

Revenues from sale of services are recognized as per the term of contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

Other Income

Incentives on exports and other Government incentives related to operations are recognised in the statement of profit or loss after due consideration of certainty of utilization/receipt of such incentives.

The quantum of accruals in respect of claims receivable such as from Railways, Insurance, Electricity, Customs Excise and the like are accounted for on receipt basis.

Interest Income

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MUMBAI
CHARTERED ACCOUNTANTS

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Contract Balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

3.12 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

Conversion

Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively). Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

3.13 Taxes

Tax expense comprises current and deferred tax.

Current income-tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

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The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.14 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Mines reclamation liability

The Company records a provision for mines reclamation cost until the closure of mine. Mines reclamation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows, with a corresponding amount being capitalised at the start of each project. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the mine reclamation liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of mine reclamation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are capitalised in property, plant and equipment and are depreciated over the estimated commercial life of the related asset based on the unit of production method.

Contingent liability is disclosed in the notes in case of:

a. There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
b. A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation.
c. A present obligation arises from the past event, when no reliable estimate is possible.
d. A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.
Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Contingent assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

3.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

(a) Investment and other Financial Assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:
• those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and
• those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments in subsidiaries, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at cost.

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- The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value through Profit or Loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

The Company subsequently measures all equity investments, other than investments in subsidiaries, either through FVTPL or FVOCI. Dividends from such investments are recognised in the Statement of profit and loss as other income when the Company's right to receive payments is established.

Investment in subsidiaries representing equity interest are carrying at cost in accordance with Ind AS 27.

Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(b) Financial liabilities

(i) Classification as debt or equity

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MUMBAI
CHARTERED ACCOUNTANTS

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings: Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawdown, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade and other payables: These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Those payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

(iv) Derivative financial instruments

The Company uses derivative financial instruments mainly forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(v) Derecognition:

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial Information for issue, not to demand payment as a consequence of the breach.

Offsetting of financial instrument

Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the special purpose financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.17 Capital

In relation to this Special Purpose Carve-out Standalone Financial Information, the difference between the assets and liabilities of the carve-out business, being net liability value, has been presented as capital under equity.

3.18 Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Notes forming part of the Financial Information for the year ended March 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

4 Property, Plant and Equipment

Particulars	Tangible Assets							Right To Use	Intangible Assets				
	Land (Freehold)	Buildings	Plant and Machinery	Office Equipments	Furniture and Fixtures	Vehicles	Total	Vehicle	Computer software	Customer Relationship *	Technology - Intellectual Property	Mining Rights *	Total
Gross Carrying Amount													
Balance as at 1 April 2021	14.09	49.11	118.28	3.10	1.06	0.54	186.17	1.51	0.42	34.87	39.87	47.05	122.21
Additions	-	3.09	15.01	0.40	0.04	0.04	18.58	1.07	0.24	-	-	-	0.24
Disposals/Adjustment	-	-	(2.17)	(0.01)	(0.00)	(0.43)	(2.62)	(1.02)	(0.01)	-	-	-	(0.01)
Balance as at 31 March 2022	14.09	52.20	131.12	3.49	1.09	0.14	202.13	1.56	0.64	34.87	39.87	47.05	122.43
Accumulated Depreciation													
Balance as at 1 April 2021	-	9.79	30.29	1.22	0.24	0.18	41.71	0.75	0.27	1.74	4.98	4.63	11.63
Depreciation for the year	-	8.88	12.86	0.69	0.15	0.08	22.66	0.45	0.45	1.74	4.98	4.72	11.89
Accumulated depreciation on disposals	-	-	(0.59)	(0.02)	-	(0.24)	(0.85)	(0.06)	(0.08)	-	-	-	(0.08)
Balance as at 31 March 2022	-	18.67	42.56	1.89	0.39	0.02	63.52	1.13	0.64	3.49	9.97	9.35	23.44
Net Carrying Amount													
As at 31 March 2022	14.09	33.53	88.55	1.60	0.70	0.12	138.61	0.43	-	31.39	29.90	37.70	98.99

* Pursuant to Scheme of Arrangement and Amalgamation, Company had recorded value of Customer relationship; Technology Intellectual Property; Mining right at amounting to Rs 34.87 crore; Rs 39.87 crore and Rs 46.86 cr respectively acquired from Dalmia Refractories Limited and GSB India Private Limited based on the fair valuation carried out by independent valuer, as at the appointed date April 1, 2020.

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

(Amounts are ₹ in crore, except otherwise stated)

4 Property, plant and equipment

4 (a) Capital work in progress ageing schedule

As at March 31 2022

CWIP*	Amount in CWIP for a period of				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in progress	4.64	16.83	0.29	0.05	21.81
Project temporarily suspended	-	-	-	-	-
Total	**4.64**	**16.83**	**0.29**	**0.05**	**21.81**

*The Company do not have any Capital-work-in progress or intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.

4 (b) Intangible assets under development ageing schedule

As at March 31 2022

Intangible assets under development	Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in progress	7.21	1.03	-	-	8.24
Project temporarily suspended	-	-	-	-	-
Total	**7.21**	**1.03**	**-**	**-**	**8.24**

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	As at March 31, 2022
5	**Non- Current Assets: Financial Assets**	
5.1	**Investments**	
A	**Unquoted Investments**	
	Investment in Subsidiaries	
	10,200,000 shares of Dalmia Seven Refractories Limited of ₹ 10 each fully paid up	28.56
		28.56
	Aggregate amount of Non-Current Investments:	
	Aggregate amount of unquoted investments	28.56
5.2	**Loans**	
	Advances to Employees	
	- Unsecured & Good	0.04
		0.04
6	**Other Non-current Assets**	
	Prepaid expenses	0.30
		0.30
	Current Assets:	
7	**Inventories**	
	Raw materials	175.91
	Work - in - progress	18.43
	Finished goods	90.44
	Stock-in-trade	11.56
	Stores and spares	14.54
	Loose tools	0.10
	Goods in transit:	
	Raw materials	0.10
		311.08
8	**Current financial assets**	
8.1	**Trade Receivables**	
	- Trade Receivable considered good - Secured*	33.48
	- Trade Receivable considered good - Unsecured	197.21
	- Trade Receivables - credit impaired	13.08
		243.77
	Less: Provision for expected credit loss	(13.08)
		230.69

* Secured against Letter of credit

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022							
i) Undisputed Trade receivables – considered good	144.22	76.76	6.68	3.02	-	0.00	230.69
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables – credit impaired	-	-	-	1.41	0.73	7.81	9.95
iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	0.87	0.49	1.77	3.13
Total	144.22	76.76	6.68	5.30	1.22	9.58	243.77

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note	Particulars	As at March 31, 2022
8.2	**Bank Balances**	
	Fixed Deposits (of maturity exceeding three months but upto one year)*	0.12
		0.12
	*Includes deposits of ₹ 0.12 crore pledged with banks against Letter of Credit	
8.3	**Loans**	
	Amount recoverable from employees	
	- Unsecured, considered good	0.23
		0.23
8.4	**Others Financial Assets**	
	- Other receivables	2.51
	- Security deposits	0.96
		3.47
9	**Other Current Assets**	
	Prepaid expenses	1.39
	Advance to suppliers	5.10
	Amount recoverable from others	8.67
	Balance with statutory authorities	10.42
		25.58
	Non - current liabilities:	
10	**Financial Liabilities**	
	Lease Liabilities	0.77
		0.77
	The following is the contractual maturity profile of lease liabilities:	
	Less than one year	0.28
	One year to five years	0.77
		1.05
11	**Provisions**	
	Provision for employee benefits (Refer note 32)	
	- Gratuity	3.17
	- Leave Encashment	0.87
	Provision for other liabilities	0.89
	Provision against asset retirement obligation	4.74
		9.67
12	**Deferred Tax Liability**	
	Deferred tax liability	
	Property, plant and equipment	15.81
		15.81
	Deferred tax assets	
	Provision for expected credit loss	3.29
	Provision for asset retirement obligation	2.78
	Employee benefits	2.40
	Lease arrangements	0.49
		8.96
	Net deferred tax liability	6.85

Movement in temporary differences

(i)

Particulars	Opening balance	Recognised in Profit & Loss Account	Recognised in other comprehensive income	Closing balance
FY 21-22				
Deferred tax liabilities				
Property, plant and equipment	16.67	0.64	-	17.30
	16.67	0.64	-	17.30
Deferred tax (assets)				
Provision for expected credit loss	(3.61)	0.32	-	(3.29)
Provision for contingent liability	(0.22)	0.22	-	-
Provision for asset retirement obligation	(2.39)	(0.38)	-	(2.78)
Employee benefits	(1.96)	(0.39)	(0.05)	(2.40)
Lease arrangements	0.74	(1.26)	-	(0.49)
	(7.44)	(1.48)	(0.05)	(8.96)
Net Deferred tax liability / (asset)	9.23	(0.84)	(0.05)	8.33

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS *

Note	Particulars	As at March 31, 2022
	Current liabilities:	
13	**Financial Liabilities**	
13.1	**Borrowings**	
	Secured - at amortized cost	
	Loans from banks repayable on demand	
	- Cash Credit	37.33
	- Buyers Credit	7.11
	- Bill Discounting	1.70
		46.14

1 The borrowings ₹ 13 crore pursuant to plant Dalmiapuram, Khambalia and Rajgangpur are secured by first pari passu charge on the entire current assets of respective plants.

2 The borrowings of ₹ 33 crore pursuant to plant Dalmiapuram and Khambalia are secured by first pari passu charge on the entire current assets, moveable fixed assets and by equitable mortgage of immovable fixed assets both present and future, (excluding vehicles financed by other banks/FIs) of respective plants.

3 Cash credit from banks referred above were secured by hypothecation of inventories and trade receivable by way of first pari passu charge with all other banks in the consortium and carried interest rate in the range of 7.40% p.a. to 7.85 % p.a.

Note	Particulars	As at March 31, 2022
13.2	**Trade Payables**	
	(a) Total outstanding dues of Micro and Small Enterprises (Refer note below)	22.78
	(b) Total outstanding dues of creditors other than Micro and Small Enterprises	221.77
	Total	244.55

a) Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than a year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022						
MSME	22.78	-	-	-	-	22.78
Others	138.40	77.07	2.93	0.92	2.44	221.76
Disputed dues MSME	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-
Total	161.17	77.07	2.93	0.92	2.44	244.54

b) Details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the company is as under:

Note	Particulars	As at March 31, 2022
	Particulars	
	Principal amount and remaining unpaid	22.78
	Interest due on above and unpaid interest	-
		22.78
13.3	**Other financial liabilities**	
	Security deposit	2.07
	Employee accrued liabilities	0.02
		2.09
14	**Current Tax Liabilities (net)**	
	Provision for tax	6.85
		6.85
15	**Other current liabilities**	
	Advances from customers	10.85
	Security deposits from customers	0.84
	Statutory liabilities	2.48
	Other payables	16.45
		30.62
16	**Provisions**	
	Provision for employee benefits (refer note 32)	
	- Leave Encashment	0.31
	- Gratuity	3.21
	Provision for warranty	12.61
		16.13

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Notes forming part of the Financial Information for the year ended March 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	For the year ended March 31, 2022
17	**Revenue from operations**	
	A. Sale of products	
	Refractories	737.62
	Calcined Bauxite	0.75
	Traded goods	86.10
		824.47
	B. Sale of Services	**24.91**
	C. Other Operating Revenue	
	Scrap Sales	5.34
	Export incentives	4.40
		9.74
		859.12
18	**Other income**	
	Interest income from bank/others	1.61
	Provision/liabilities no longer required written back	3.46
	Commission income	2.11
	Profit on Sale of current investments	0.12
	Foreign exchange fluctuations	2.27
	Other non-operating income	2.19
		11.76
19	**Cost of Materials consumed**	
	Raw material consumed	435.45
		435.45

(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	For the year ended March 31, 2022
20	**Change in inventories of finished goods and work-in-progress**	
	Inventories at the beginning of the year	
	Work-in-Progress	12.69
	Traded goods	6.87
	Finished Goods	65.15
		84.71
	Less: Inventories at the end of the year	
	Work-in-Progress	18.43
	Traded goods	11.56
	Finished Goods	90.44
		120.43
	Change in inventories of finished goods and work-in-progress	**(35.72)**
21	**Employee benefits expense**	
	Salaries, wages, allowances & commission	50.94
	Contribution to provident & other funds (refer note 32)	2.40
	Gratuity & pension (refer note 32)	0.71
	Staff welfare expense	2.46
		56.51
22	**Finance costs**	
	Interest on borrowing	1.24
	Unwinding discount	0.47
	Interest - others	4.08
		5.79
23	**Depreciation expense**	
	Depreciation of tangible assets (refer note 4)	23.11
	Amortization of intangible assets (refer note 4)	11.89
		35.00

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Notes forming part of the Financial Information for the year ended March 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	For the year ended March 31, 2022
24	**Other expenses**	
	Consumption of stores & spare parts	22.22
	Power and fuel	66.82
	Packing, freight & transport	54.63
	Commission	5.75
	Rent	0.08
	Repairs to buildings	1.90
	Repairs to machinery	9.99
	Repairs others	0.59
	Insurance	1.94
	Rates and taxes	1.30
	Advertisement & publicity	0.40
	Bad Debt written off	2.51
	Travelling & Conveyance	5.01
	Payment to contractors	22.15
	Professional & Legal Fees (net of reimbursement of expenses)	7.79
	Brick Lining Expenses	20.88
	Loss on Sale of Property, plant and equipment	0.13
	Warranty expenses	13.28
	Miscellaneous expenses	41.94
		279.31

Note	Particulars	For the year ended March 31, 2022
25	**Tax expense**	
	Current tax	6.85
	Deferred tax	
	- Deferred tax charge	(0.65)
		6.20
	Reconciliation of income tax expense and the accounting profit multiplied by Company's tax rate:	25.168%
	Profit before tax	**27.46**
	Income tax expense calculated at **25.168%** (including surcharge and education cess)	6.91
	Other difference due to temporary difference in tax base	(0.65)
	Impact of change in tax rate	-
	Effect of expenses that are deductible in determining taxable profit	(9.60)
	Effect of expenses that are non-deductible in determining taxable profit	9.54
	Total income tax expense recognised in profit & loss account	**6.20**

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	For the year ended March 31, 2022
26	**Other Comprehensive Income**	
	Item that will not be reclassified to profit or loss	0.89
	Re-measurement of defined benefit plans	(0.22)
	Income tax relating to re-measurement of defined benefit obligation	**0.67**
	Total Other Comprehensive Income	
27	**Earnings per Share**	21.26
	Net profit/ (loss) for the year attributable to Shareholders	4,42,00,107
	Weighted average number of equity shares considered for calculation of basic and diluted earning per share	
	Earnings per share of ₹ 10 each (in ₹)	4.81
	Basic and Diluted	

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS *

(Amounts are ₹ in crore, except otherwise stated)

28 The Board of Directors of Dalmia Cement (Bharat) Limited ('DCBL') and Dalmia Bharat Refractories Limited ('DBRL', the Company), during the financial year 2019-20, approved a Scheme of Arrangement amongst DCBL and DBRL and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 1') for transfer and vesting of refractory undertaking of DCBL to DBRL, by way of slump exchange on a going concern basis. The appointed date of the said Scheme was 1st April, 2019. National Company Law Tribunal, Chennai Bench (NCLT) (the appropriate authority) has approved the above Scheme vide its order dated 3rd February 2022. Certified copy of aforesaid NCLT order has been filed with registrar of the Companies on 1st March 2022, from which date the Scheme has become effective and accordingly the Company has acquired the refractory undertaking of DCBL, with effect from 1 April 2019 ('appointed date 1'), through a Scheme of Arrangement ('Scheme 1'), by way of slump exchange. Upon the Scheme 1 becoming effective and with effect from the Appointed Date, the Company has accounted for acquisition of the Refractory Undertaking in accordance with accounting treatment approved by the NCLT read with applicable accounting standards prescribed under section 133 of the Companies Act, 2013. All the identifiable assets and liabilities of the Refractory Undertaking vested in the Company pursuant to the Scheme 1 has been recorded in the books of Company at their respective fair values as on the Appointed Date as determined by the Board of Directors of the Company.

The Board of Directors of the Dalmia Bharat Refractories Limited ('DBRL', the Company) and GSB Refractories India Private Limited ('GSB India'), Dalmia Refractories Limited ('DRL') during the financial year 2019-20, had approved the Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited (DRL) and its subsidiary GSB India, and DBRL and their respective shareholders and creditors under Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 2'). The appointed date of the said Scheme 2 is 1st April, 2020. National Company Law Tribunal, Chennai Bench (NCLT) (the appropriate authority) has approved the above Scheme vide its order dated 3rd February 2022. The certified copy of aforesaid NCLT order has been filed with registrar of the Companies on 1st March 2022, from which date the Scheme has become effective and accordingly DRL and GSB India amalgamated with DBRL, with effect from 1 April 2020 ('appointed date 2'), through a Scheme of Amalgamation and Arrangement ('Scheme 2'). Upon the Scheme 2 becoming effective and with effect from the Appointed Date, the Company has accounted for amalgamation of DRL and GSB India in accordance with accounting treatment approved by the NCLT read with applicable accounting standards prescribed under section 133 of the Companies Act, 2013. All the identifiable assets and liabilities of the DRL and GSB India amalgamated in the Company pursuant to the Scheme 2 has been recorded in the books of Company at their respective fair values as on the Appointed Date as determined by the Board of Directors of the Company.

Compliance with approved Schemes of Arrangements
The effect of Scheme of Arrangements have been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'in accordance with accounting standards'.

29 **Capital Commitments**

Particulars	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	6.63

30 **Contingent Liabilities**

S.No.	Particulars	As at March 31, 2022
i	Claims against the company not acknowledged as debt and being contested before the appropriate authorities	
	- Service tax matters	3.50
	- Sales tax matters	1.46
	- Other matters	2.77

31 **Segment Information**

The Company is primarily in the business of refractory manufacturing and selling. The business of refractories constitutes single business segment. The Company's operations are predominantly confined in India. Hence, there is only one identified reportable segment as per Ind AS 108 - Operating Segment.

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

32 Employee Benefits

Gratuity

The Company has a defined benefit gratuity plan. The gratuity is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded through Gratuity Fund Trust with an insurance company in the form of a qualifying insurance policy. The Trust is responsible for the administration of the plan assets and for the determination of investment strategy. The Company makes provision of such gratuity asset/ liability in the books of account on the basis of actuarial valuation carried out by an independent actuary.

A. Statement of Profit and Loss

Net employee benefit expense

Particulars	2021-22
	Gratuity (funded)
Current Service cost	0.94
Interest Cost	(0.24)
Total Expense	**0.70**

B. Balance Sheet

(i) Details of Plan assets/ (liabilities) for Gratuity

Particulars	2021-22
	Gratuity (funded)
Present value of Obligation as at year-end	12.64
Fair value of plan assets	6.26
Net (Liability) recognized in the Balance Sheet	(6.38)

(ii) Changes in the present value of the defined benefit obligation are as follows:

Particulars	2021-22
	Gratuity (funded)
Opening defined benefit obligation	3.33
Acquisition adjustment	10.01
Interest cost	0.23
Current service cost	0.94
Benefit paid	(0.98)
Actuarial (gains) on obligation	(0.89)
Closing defined benefit obligation	**12.64**

(iii) Changes in the fair value of plan assets (gratuity) are as follows:

Particulars	2021-22
Opening fair value of plan assets	6.78
Actuarial gains on plan asset	0.46
Benefits paid	(0.98)
Closing fair value of plan assets	6.26

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

(iv) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2021-22
Discount rate	6.84%
Expected salary increase	7.00%
Demographic Assumptions	
Retirement Age (year)	58
Mortality rates inclusive of provision for disability (2012-14)	100% of IALM
Withdrawal rate	15%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by Actuary.

(v) Contribution to defined contribution plans:

Particulars	2021-22
Provident and other funds	2.40

(vi) Sensitivity analysis of the defined benefit obligation:

Particulars	2021-22
	Gratuity (funded)
Impact of the change in discount rate	
Present value of obligation at the end of the period	12.64
Impact due to increase of 0.5%	(0.25)
Impact due to decrease of 0.5%	0.26
Impact of the change in salary increase	
Present value of obligation at the end of the period	12.64
Impact due to increase of 0.5%	0.26
Impact due to decrease of 0.5%	(0.25)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

(vii) Other comprehensive income (OCI):

Particulars	2021-22
	Gratuity (funded)
Net cumulative unrecognized actuarial gain/(loss) opening	-
Actuarial gain for the year on PBO	0.89
Actuarial (loss) for the year on plan asset	(0.00)
Total actuarial gainat the end of the year	**0.89**

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

33 Financial Risk Management Objectives And Policies

Financial Risk Factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise appropriate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

A. Credit Risk :

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments.

To manage this, Company periodically assesses the financial reliability of customers, taking into account factors such as credit track record in the market and past dealings with the Company for extension of credit to customer. Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each quarter end on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 34.

The Company evaluates the concentration of risk with respect to trade receivables as low, the trade receivables are located in several jurisdictions and operate in largely independent markets.

Particulars	As at 31 March 2022	
	Upto 6 months	More than 6 months
Gross carrying amount (A)	220.99	22.78
Expected Credit Losses (B)	-	(13.08)
Net Carrying Amount (A-B)	**220.99**	**9.70**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company.

The Company's maximum exposure to credit risk for the components of the balance sheet is the carrying amounts as illustrated in note 34.

B. Liquidity Risk :

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities and short term loans. The table below summarises the maturity profile of the Company's financial liabilities based on contracted undiscounted payments (excluding transaction cost on borrowings).

Table hereunder provides the current ratios of the Company as at the year end:

	As at 31 March 2022
Total current assets	571.17
Total current liabilities	346.66
Current ratio (in times)	**1.65**

The table below summarises the maturity profile of the Company's financial liabilities :

Particulars	Payable on demand	Less than 1 year	More than 1 year	Total
As at 31 March 2022				
Borrowings	46.14	-	-	46.14
Other financial Liabilities	-	2.09	-	2.09
Lease Liabilities	-	0.28	0.77	1.05
Trade and other payables	-	244.55	-	244.55
Total	**46.14**	**246.92**	**0.77**	**293.83**

C. Market Risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the risk of movements in interest rates, inventory price and foreign currency exchange rates that affects its assets, liabilities and future transactions. The Company is exposed to following key market risks:

i. Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowings obligations in the form of cash credit and buyer's credit carrying floating interest rates.

Particulars	Fixed Rate Borrowing	Variable Rate Borrowing	Total Borrowing
As at March 31, 2022	-	46.14	46.14

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

Sensitivity analysis: For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Sensitivity on variable rate borrowings	Impact on Statement of Profit & Loss For the year ended 31 March 2022
Interest rate increase by 1%	0.06
Interest rate decrease by 1%	(0.06)

ii. **Foreign Currency Risk :**
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowings and foreign payables on account import of raw materials and other consumables. This foreign currency risk is covered by using foreign exchange forward contracts.

The details of foreign currency exposure is as follows:

Particulars	Foreign Currency (FC)	FY 2021-22	
		In FC	In ₹
Unhedged Foreign Currency			
Trade Payables	USD	1.46	110.19
	Euro	0.06	5.16
	GBP	0.00	0.02
Trade Receivable	USD	0.49	37.41
	Euro	0.22	18.89
Advances received from customers - Export	USD	0.01	0.40
Hedged Foreign Currency			
Trade Payables	USD	0.26	19.74

Rate Sensitivity
Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Particulars	Increase / Decrease in basis points	Impact on Profit & Loss Account For the year ended 31 March 2022
USD Sensitivity	+1%	(0.73)
	-1%	0.73
Euro Sensitivity	+1%	(0.00)
	-1%	0.00

* Holding all other variable constant

Impact of COVID-19
The Company has made detailed assessment of impact of COVID-19 on the aforementioned risks i.e. credit risk, liquidity risk, market risk, currency risk and interest risk and does not foresee any material impact on account of the same. However, the management will continue to closely monitor the evolving situation and assess its impact on the business of the Company.

34 Financial Instrument - Disclosure

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Financial Assets

S. No.	Particulars	Note	Fair value hierarchy	As at March 31, 2022	
				Carrying Amount	Fair Value
1	**Financial assets designated at amortised cost**	B			
	Non-Current				
a)	Loans		Level 2	0.04	0.04
	Current				
a)	Trade receivables*			230.69	230.69
b)	Loans*			0.23	0.23
c)	Other financial assets*			3.47	3.47
2	**Investment in subsidiaries**	A	Level 2	28.56	28.56
				263.09	263.09

Financial Liabilities

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(Amounts are ₹ in crore, except otherwise stated)

S. No.	Particulars		Fair value hierarchy	As at March 31, 2022	
				Carrying Amount	Fair Value
1	**Financial liability designated at amortised cost**	B			
	Non-Current				
a)	Lease liability		Level-1	0.77	0.77
	Current		Level-2		
a)	Borrowings			46.14	46.14
b)	Trade payables*			244.55	244.55
c)	Other financial liability*			2.09	2.09
d)	Lease liability			0.28	0.28
				293.83	293.83

*Represents financials assets and liabilities whose carrying amount is a reasonable approximation of there respective fair value.

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

A Company has opted to value its investments in subsidiaries at cost

B Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

35 The Company has considered the possible effects that may result from COVID-19 in the preparation of these Special Purpose Carve-Out Standalone Financial Information. The Company believes that pandemic is unlikely to impact on the recoverability of the carrying value of its assets as at March 31, 2022. Based on the current year performance and estimates arrived at using internal and external sources of information, the Company does not expect any material impact on such carrying values. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business. The Company is taking all necessary measures to secure the health and safety of its employees, workers and their families.

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.: 101720W/W100355

Vijay Napawaliya
Partner
Membership No.: 109859
Place : Mumbai
Date : 24th March 2023

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Dalmia Bharat Refractories Limited
CIN: L26100TN2006PLC061254

Deepak Thombre
Chairman
DIN: 02421599
Place : Pune

Sameer Nagpal
Managing Director
DIN: 06599230
Place : New Delhi

Meghna Saini
Company Secretary
Place : New Delhi

INDEPENDENT AUDITOR'S REVIEW REPORT ON SPECIAL PURPOSE CARVE-OUT STANDALONE FINANCIAL INFORMATION

To,
The Board of Directors
Dalmia Bharat Refractories Limited

Introduction

We have reviewed the accompanying Special Purpose Carve-Out Standalone Financial Information of **Dalmia Bharat Refractories Limited** ("the Company"), which comprise the Balance Sheet as at 31st December, 2022, and the Statement of Profit and Loss (including other comprehensive income) for the nine months ended 31st December, 2022, and notes to the Special Purpose Carve-Out Standalone Financial Information, including a summary of significant accounting policies and other explanatory information thereon (collectively hereinafter referred to as "the Special Purpose Carve-Out Standalone Financial Information").

Responsibilities of Management and Those Charged with Governance for the Special Purpose Carve-Out Standalone Financial Information

This Special Purpose Carve-Out Standalone Financial Information is responsibility of the Company's management for the preparation and fair presentation in accordance with the basis of preparation mentioned in Note 2 of the special purpose Carve-Out Standalone Financial Information and is approved by the Board of Directors. The Company's management is responsible for such internal control as it determines necessary to enable the preparation of this Special Purpose Carve-Out Standalone Financial Information that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our review is conducted in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India (ICAI). A review of Special Purpose Carve-Out Standalone Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Special Purpose Carve-Out Standalone Financial Information have not been prepared, in all material respects with the Basis of Preparation set out in Note 2 to the Special Purpose Carve-out Standalone Financial Information.

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

Head Office: 912, Tulsiani Chambers, 212, Nariman Point, Mumbai - 400 021, India. Tel : +91 22 4163 8500 • Fax :+91 22 4163 8595
URL : www.cas.ind.in

Basis of Accounting and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to Note 2 to the Special Purpose Carve-Out Standalone Financial Information, which describes the basis of accounting. This report is intended solely for your information and for use of the statutory auditors of RHI Magnesita India Ltd. ("The Issuer") in connection with the issuer's proposed Fund Raising. As a result, these Special Purpose Carve-Out Standalone Financial Information may not be suitable for another purpose. Our report should not be used, referred to or distributed for any other purpose. We shall not be liable to the Company, the Issuer or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Reg. No. 101720W / W100355

VJapawaliya

Vijay Napawaliya
Partner
Membership No. 109859
UDIN No.: 23109859BGXRSL9652

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th March 2023

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Balance Sheet as at December 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

Particulars	Note	As at December 31, 2022
ASSETS		
Non - current assets		
(a) Property, plant and equipment	4	139.98
(b) Right of use assets	4	0.33
(c) Capital work - in - progress	4a	11.51
(d) Other intangible assets	4	98.77
(e) Financial assets		
(i) Investments	5	28.56
(f) Other non-current assets	6	0.46
Total non-current assets		**279.61**
Current assets		
(a) Inventories	7	369.20
(b) Financial assets		
(i) Trade receivables	8.1	260.25
(ii) Bank balances other than cash and cash equivalents	8.2	0.12
(iii) Loans	8.3	0.36
(iv) Other financial assets	8.4	3.85
(c) Other current assets	9	31.80
Total current assets		**665.58**
Total assets		**945.19**
EQUITY AND LIABILITIES		
Equity		
Capital		367.82
Total Equity		**367.82**
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Lease liabilities	10	1.53
(b) Provisions	11	10.42
(c) Deferred tax liabilities (net)	12	8.08
Total non-current liabilities		**20.03**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	13.1	151.64
(ii) Lease liabilities	10	0.56
(iii) Trade payables		
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	13.2	47.96
(b) Total outstanding dues of other than Micro Enterprises and Small Enterprises	13.2	283.62
(b) Current tax liabilities (net)	14	15.09
(c) Other current liabilities	15	39.22
(d) Provisions	16	19.25
Total current liabilities		**557.33**
Total Equity & Liabilities		**945.19**

See accompanying notes forming part of the special purpose carve-out standalone financial information.

For and on behalf of the Board of Directors of
Dalmia Bharat Refractories Limited
CIN: L26100TN2006PLC061254

Deepak Thombre
Chairman
DIN: 02421599
Place : Pune

Sameer Nagpal
Managing Director
DIN: 06599230
Place : New Delhi

Meghna Saini
Company Secretary
Place : New Delhi

Date : 24th March 2023

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Statement of Profit and Loss for the nine months ended December 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

	Particulars	Note	For the nine months ended December 31, 2022
	Income		
I	Revenue from operations	17	872.21
II	Other income	18	14.11
III	**Total income (I + II)**		**886.32**
IV	**Expenses**		
	Cost of materials consumed	19	502.41
	Purchase of stock-in-trade		20.59
	Change in inventories of finished goods and work-in-progress	20	(14.21)
	Employee benefits expense	21	56.58
	Finance costs	22	3.42
	Depreciation & amortization expense	23	33.27
	Other expenses	24	262.73
	Total expenses		**864.79**
V	**Profit before tax (III-IV)**		**21.53**
VI	**Exceptional Items**	25	**26.39**
VII	**Profit from ordinary activitiebefore tax**		**47.92**
VIII	**Tax expense**	26	
	(1) Current tax		15.09
	(2) Deferred tax		0.85
			15.94
IX	**Net Profit after tax (V - VI)**		**31.98**
X	**Other comprehensive income**		
	Items that will not be reclassified to profit or loss	27	
	Re-measurement of defined benefit plans		(1.27)
	Income tax relating to re-measurement of defined benefit obligation		0.37
			(0.90)
XI	**Total comprehensive income for the period (VII + VIII)**		**31.09**
XII	**Earning per equity share**	28	
	Nominal value of equity shares (₹ 10 each)		
	(1) Basic		7.23
	(2) Diluted		7.23

See accompanying notes forming part of the special purpose carve-out standalone financial information.

For and on behalf of the Board of Directors of
Dalmia Bharat Refractories Limited
CIN: L26100TN2006PLC061254

Deepak Thombre
Chairman
DIN: 02421599
Place : Pune

Sameer Nagpal
Managing Director
DIN: 06599230
Place : New Delhi

Meghna Saini
Company Secretary
Place : New Delhi

Date : 24th March 2023

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

1 General information

Dalmia Bharat Refractories Limited ('DBRL' or 'the Company') is engaged in the business of refractory manufacturing and selling. It produces refractory bricks, castables, pre-cast shapes like lances, snorkels, other refractory products and supplying to core industries namely cement, steel and others. The registered office of the Company is located at Dalmiapuram, P.O. Kallakudi - 621651, Dist. Tiruchirapalli, Tamil Nadu.

The Board of Directors and Shareholders of Dalmia Bharat Refractories Limited ("DBRL", "the Company") in its meeting held on 19th November, 2022 and extra-ordinary general meeting held on 21st December, 2022, respectively, has approved the transfer of its Refractory Business in India to RHI Magnesita India Ltd ("RHI"). The details of this transaction are as under:

a. Transfer of Indian Refractory Business of the Company to Dalmia OCL Limited (a wholly owned subsidiary company):

As per Business Transfer Agreement (BTA) dated 19th November, 2022, the Company agreed to transfer its entire Indian Refractory Business consisting of it's manufacturing facilities at (i) Rajgangpur, Orrisa; (ii) Dalmiapuram, Tamil Nadu; (iii) Khambalia, Gujarat; (iv) Bhilai, Chhattisgarh; and it's investment in subsidiary namely Dalmia Seven Refractories Limited having 51% shareholding, on closing date, on going concern basis to it's wholly owned subsidiary company, Dalmia OCL Limited at an agreed consideration of Rs. 2,102.00 Crore along with payment of working capital. The above said consideration shall be settled by way of allotment of 8,24,63,624 equity shares of Dalmia OCL Limited to the Company, at a price of Rs. 207.04 /- per share, aggregating to approximately Rs. 1,707.33 Crore and an cash consideration including the closing adjustments in net working capital and debt adjustments.

b. Transfer of Company's investments in Dalmia OCL Limited to RHI:
As per Share Swap Agreement dated 19th November, 2022, the Company agreed to transfer its entire investment in Dalmia OCL Limited to RHI, at an consideration of 2,70,00,000 equity shares of RHI to be allotted to the Company on preferential basis, amounting to approximately Rs. 1,708.00 Crore. The Company's investment in Dalmia OCL Limited has been transferred to RHI subsequent to the quarter end 31st December 2022, consequently, Dalmia OCL Limited has ceased to be a subsidiary of the Company.

DBRL has received the base cash consideration amounting to Rs. 393.29 Crore subsequent to quarter end, and remaining will be received subject to closing adjustments.
The above transaction have been completed on 4th January 2023.

c. Accordingly, the assets and liabilites and results of Indian Refractory Business is carve out from the Company and these financial information includes Indian Refractory Business related information only as per BTA.
RHI Magnesita India Limited is contemplating a fund raise through issuance of equity shares and has made an intimation dated February 13, 2023, to the stock exchanges for, among others, raising an amount not exceeding Rs. 1,500 Crore by way of qualified institutions placement ("QIP") or any other permissible mode. For the purposes of QIP, RHI Magnesita India Limited needs to prepare proforma financial information under Indian law.
These Special Purpose Carve-out Standalone Financial Information will be used for preparing the proforma financials of RHI Magnesita India Limited which will be included in the preliminary placement document (the "Preliminary Placement Document"), a placement document (the "Placement Document") and any amendments and supplements thereto (collectively, the Placement Documents") in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

These Special Purpose Carve-out Standalone Financial Information as at and for the nine months ended December 31 2022 were approved and adopted by the board of directors of the Company in their meeting held on March 24, 2023.

2 Basis of preparation, critical accounting estimates and judgement

The Special Purpose Carve-out Standalone financial Information have been prepared on the following basis:

2.1 Basis of preparation

The Special Purpose Carve-out Standalone financial Information of the Dalmia Refractory India Business, which comprise the Carve-out Balance Sheet as at 31 December 2022, the Carve-out Statement of Profit and Loss including the Statement of Other Comprehensive Income for the nine months then ended, and notes to the Carve-out Standalone financial Information, including a summary of significant accounting policies and other explanatory information (collectively the 'Special Purpose Carve-out Standalone financial Information') have been prepared:

a) taking into consideration the terms of the BTA executed on 19 November 2022 and first amendment on 4 January 2023 and second amendment on 24 March 2023;

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b) for the nine months ended 31 December 2022, the Company has prepared its special purpose financial Information in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting standards) Rules as amended from time to time and other related provisions of the Act.

c) measurement and recognition of Ind AS for assets/ liabilities covered by the BTA.

d) guidance note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India ("Guidance Note") to the extent applicable.

Accordingly, the Special Purpose Carve-out Financial Information include only those assets and liabilities that are acquired by the Purchaser under the terms of the BTA. The income and expenses also includes operations related to indian refractories business only as per terms of the BTA.

Comparatives information are not disclosed for the carve-out financial information. Further, other disclosures included in this financial information are as per the requirements of applicable Indian Accounting Standards and Division II - Ind AS Schedule III to the Companies Act, 2013 to the extent considered relevant by the management for above stated purpose.

The information presented may not be representative of the position which may prevail after the transaction. The resulting financial position may not be that which might have existed if the carve-out business had been a stand-alone business.

Accounting policies have been consistently applied to the period presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost convention

The Special Purpose Carve-out Standalone financial Information have been prepared under the historical cost convention on an accrual basis, except for the certain financial assets and liabilities which have been measured at fair value/amortised cost as required by relevant Ind AS. Assets acquired and liabilities assumed in business combination are fair valued at appointed date and accounted accordingly.

Functional and presentation currency

These Special Purpose Carve-out Standalone financial Information are presented in Indian rupees (₹), the functional currency of the Company. All amounts have been rounded off to two decimal places to the nearest crores, unless otherwise stated.

Current vis-à-vis non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:
a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when it is:
a) Expected to be settled in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified twelve months as its normal operating cycle.

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2.2 Critical accounting estimates and judgements

The presentation of Special Purpose Carve-out Standalone financial Information under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. *Property, plant and equipment and intangible assets*

The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

b. *Recognition and measurement of defined benefit obligations*

The cost of the defined benefit plan and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c. *Fair value measurement of financial instruments*

When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in activate markets, their fair value is measures using valuation technique. The input to these models are taken from the observable market where possible, but this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.

d. *Provisions*

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

e. *Impairment of Financial and Non-Financial Assets*

The impairment provision for financial assets are based on assumptions about risk of default and expected losses. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Company assesses at each reporting date whether there is an indication that a Non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which is higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

f. *Recoverability of trade receivables:*

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

g. *Income Tax*

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The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the special purpose financial Information.

h. Contingencies

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

i. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant lease hold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

3 Significant Accounting policies

3.1 Business Combinations goodwill and capital reserve

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values, except certain assets and liabilities required to be measured as per the applicable standard. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in standalone statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.2 Property, plant and equipment

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All items of Property, plant and equipment are stated at historical cost net of tax/ duty credit availed which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

Depreciation methods, estimated useful lives and residual value:
Depreciation on property, plant and equipment (PPE) is provided over the useful life of assets on straight line basis as specified in schedule II to the Act. PPE which are added / disposed off during the year, deprecation is provided pro-rata basis with reference to the month of addition / deletion. leasehold land is amortised over the period of lease.
Certain items of PPE has been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided accordingly.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear.

3.3 **Intangible assets**

Intangible assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

a. for assets acquired in a business combination i.e. customer relationship, technology intellectual property, mining right; at fair value on the date of acquisition

b. for separately acquired assets, at cost comprising the purchase price and directly attributable costs to prepare the asset for its intended use.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. Computer software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of useful lives or period of three years, whichever is less. An intangible asset with an indefinite useful life is not amortized.

Assets	Useful life
Customer Relationship	20 Years
Mining Right	10 Years
Technology Intellectual Property	8 Years

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the statement of profit and loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

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3.4 Impairment of non-financial assets

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.5 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

3.6 Leases

The Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company as a lessor

A lease for which the Company is a lessor, is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

3.7 Borrowing Cost

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Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

3.8 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the Chief Financial Officer that makes strategic decisions.

3.9 Employee Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

a. Short-term employee benefits

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.

b. Defined contribution plan

Retirement benefits in the form of provident fund and ESIC are a defined contribution plan and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

c. Defined benefit plan

The Company's liabilities on account of gratuity are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS)-19- 'Employee Benefits'. Gratuity liability is funded through Gratuity Fund Trust with an insurance company in the form of a qualifying insurance policy. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Accumulated leaves, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

3.10 Inventories

Inventories are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. For the purpose of finished goods valuation, raw material consumption and overheads is taken as last 3 months average rate. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the material may be the best available measure of their net realizable value.

Historical cost is determined on the basis of real time weighted average method.

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Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

3.11 **Revenue recognition and other income:**

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The performance obligations in our contracts in respect of exports are fulfilled at the time of shipment of goods to customer and in respect of domestic sales on dispatch from factory.

Revenue is measured based on transaction price which is fair value of the consideration received or receivable, after deduction of any discounts, sales incentives / schemes and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and sales incentives / schemes. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Sale of Goods

Revenue from operations is recognised in respect of export sales on the basis of shipment of goods to customer and in respect of domestic sales on dispatch from factory.

Sale of Services

Revenues from sale of services are recognized as per the term of contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

Other Income

Incentives on exports and other Government incentives related to operations are recognised in the statement of profit or loss after due consideration of certainty of utilization/receipt of such incentives.

The quantum of accruals in respect of claims receivable such as from Railways, Insurance, Electricity, Customs Excise and the like are accounted for on receipt basis.

Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Contract Balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

3.12 **Foreign currency transactions**

Initial recognition

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Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

Conversion
Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences
The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively). Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

3.13 Taxes

Tax expense comprises current and deferred tax.

Current income-tax
Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.14 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

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If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Mines reclamation liability

The Company records a provision for mines reclamation cost until the closure of mine. Mines reclamation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows, with a corresponding amount being capitalised at the start of each project. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the mine reclamation liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of mine reclamation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are capitalised in property, plant and equipment and are depreciated over the estimated commercial life of the related asset based on the unit of production method.

Contingent liability is disclosed in the notes in case of:

a. There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
b. A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation.
c. A present obligation arises from the past event, when no reliable estimate is possible.
d. A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.
Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Contingent assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

3.15 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

(a) Investment and other Financial Assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:
• those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and

• those measured at amortised cost.
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments in subsidiaries, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Debt instruments

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Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value through Profit or Loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments
The Company subsequently measures all equity investments, other than investments in subsidiaries, either through FVTPL or FVOCI. Dividends from such investments are recognised in the Statement of profit and loss as other income when the Company's right to receive payments is established.
Investment in subsidiaries representing equity interest are carrying at cost in accordance with Ind AS 27.
Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets:
The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets
A financial asset is derecognised only when:
- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(b) Financial liabilities

(i) Classification as debt or equity
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings: Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawdown, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade and other payables: These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Those payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

(iv) Derivative financial instruments

The Company uses derivative financial instruments mainly forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(v) Derecognition:

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial Information for issue, not to demand payment as a consequence of the breach.

Offsetting of financial instrument

Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.16 **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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MUMBAI
CHARTERED ACCOUNTANTS

All assets and liabilities for which fair value is measured or disclosed in the special purpose financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.17 Capital

In relation to this Special Purpose Carve-out Standalone Financial Information, the difference between the assets and liabilities of the carve-out business, being net liability value, has been presented as capital under equity.

3.18 Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Notes forming part of the Financial Information for the nine months ended December 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

4 Property, Plant and Equipment

Particulars	Tangible Assets							Right To Use	Intangible Assets				
	Land (Free Hold)	Buildings	Plant and Machinery	Office Equipments	Furniture and Fixtures	Vehicles	Total	Vehicle	Computer software	Customer Relationship *	Technology - Intellectual Property *	Mining Rights *	Total
Gross Carrying Amount													
Balance as at 1 April 2022	14.09	52.20	131.12	3.49	1.09	0.14	202.13	1.56	0.63	34.87	39.87	47.05	122.42
Additions	-	0.09	23.29	1.09	0.01	-	24.48	0.96	10.17	-	-	-	10.17
Disposals/Adjustment	-	1.22	0.16	-	-	0.07	1.45	0.16	-	-	-	-	-
Balance as at 31 December 2022	**14.09**	**51.07**	**154.25**	**4.58**	**1.10**	**0.07**	**225.15**	**2.36**	**10.80**	**34.87**	**39.87**	**47.05**	**132.59**
Accumulated Depreciation													
Balance as at 1 April 2022	-	18.67	42.56	1.89	0.39	0.03	63.54	1.13	0.63	3.49	9.97	9.35	23.43
Depreciation for nine months	-	3.76	17.62	0.38	0.08	0.03	21.87	1.02	1.55	1.30	3.76	3.78	10.39
Accumulated depreciation on disposals	-	0.05	0.15	-	-	0.04	0.24	0.12	-	-	-	-	-
Balance as at 31 December 2022	-	**22.38**	**60.03**	**2.27**	**0.47**	**0.02**	**85.17**	**2.03**	**2.18**	**4.79**	**13.73**	**13.13**	**33.82**
Net Carrying Amount													
As at 31 December 2022	**14.09**	**28.69**	**94.21**	**2.31**	**0.63**	**0.05**	**139.98**	**0.33**	**8.62**	**30.08**	**26.14**	**33.92**	**98.77**

* Pursuant to Scheme of Arrangement and Amalgamation, Company had recorded value of Customer relationship; Technology Intellectual Property; Mining right at amounting to Rs 34.87 crore; Rs 39.87 crore and Rs 46.86 cr respectively acquired from Dalmia Refractories Limited and GSB India Private Limited based on the fair valuation carried out by independent valuer, as at the appointed date April 1, 2020.

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

4 Property, plant and equipment

4 (a) Capital work in progress ageing schedule

As at December 31, 2022

CWIP*	Amount in CWIP for a period of				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in progress	2.97	4.70	3.79	0.05	11.51
Project temporarily suspended	-	-	-	-	-
Total	2.97	4.70	3.79	0.05	11.51

*The Company do not have any Capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan.

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Note	Particulars	As at December 31, 2022
	Non- Current Assets: Financial Assets	
5	**Investments**	
	A Unquoted Investments	
	Investment in Subsidiaries	
	10,200,000 shares of Dalmia Seven Refractories Limited of ₹ 10 each fully paid up	28.56
		28.56
	Aggregate amount of Non-Current Investments:	
	Aggregate amount of unquoted investments	28.56
6	**Other Non-current Assets**	
	Prepaid expenses	0.46
		0.46
	Current Assets:	
7	**Inventories**	
	Raw materials	210.20
	Work - in - progress	37.67
	Finished goods	94.47
	Stock-in-trade	2.50
	Stores and spares	24.36
		369.20
8	**Current financial assets**	
8.1	**Trade Receivables**	
	- Trade Receivable considered good - Secured*	14.55
	- Trade Receivable considered good - Unsecured	245.70
	- Trade Receivables - credit impaired	8.12
		268.37
	Less: Provision for expected credit loss	(8.12)
		260.25

* Secured against Letter of credit

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 December 2022							
i) Undisputed Trade receivables – considered good	125.10	100.91	22.15	10.21	1.37	0.50	260.25
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables – credit impaired	-	-	-	2.92	1.60	-	4.52
iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	3.60	3.60
Total	125.10	100.91	22.15	13.13	2.97	4.10	268.36

Note	Particulars	As at December 31, 2022
8.2	**Bank Balances other than cash equivalents**	
	Fixed Deposits (of maturity exceeding three months but upto one year)*	0.12
		0.12

*Includes deposits of ₹ 0.12 crore pledged with banks against Letter of Credit.

Note	Particulars	As at December 31, 2022
8.3	**Loans**	
	Amount recoverable from employees	
	- Unsecured, considered good	0.36
		0.36
8.4	**Others Financial Assets**	
	Unsecured, considered good	
	- Interest receivable	0.06
	- Corporate guarantee receivable	0.06
	- Unbilled revenue	2.30
	- Security deposits	1.43
		3.85

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	As at December 31, 2022
9	**Other Current Assets**	
	Prepaid expenses	1.48
	Advance to suppliers	6.24
	Amount recoverable from others	3.80
	Balance with statutory authorities	20.28
		31.80
	Non - current liabilities:	
10	**Financial Liabilities**	
	Lease Liabilities	1.53
		1.53
	The following is the contractual maturity profile of lease liabilities:	
	Less than one year	0.56
	One year to five years	1.53
		2.09
11	**Provisions (non-current)**	
	Provision for employee benefits (Refer Note 33)	
	- Gratuity	4.44
	- Leave Encashment	0.78
	Provision for other liabilities	0.24
	Provision against asset retirement obligation	4.96
		10.42
12	**Deferred Tax Liability**	
	Deferred tax liability	
	Property, plant and equipment	14.81
	Lease arrangements	0.23
		15.05
	Deferred tax assets	
	Provision for expected credit loss	2.04
	Provision for asset retirement obligation	1.25
	Employee benefits	3.67
		6.96
	Net deferred tax liability	**8.08**

Movement in temporary differences

	Opening Balance	Recognised in Profit & Loss Account	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities				
Property, plant and equipment	17.30	(2.48)	-	14.81
Lease arrangements	(0.49)	0.71	-	0.23
	16.80	**(1.77)**	-	**15.05**
Deferred tax (assets)				
Provision for expected credit loss	(3.29)	1.25	-	(2.04)
Provision for asset retirement obligation	(2.78)	1.53	-	(1.25)
Employee benefits	(2.40)	(1.64)	0.37	(3.67)
	(8.47)	**1.14**	**0.37**	**(6.96)**
Net Deferred tax liability / (asset)	8.33	(0.63)	0.37	8.08

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Note	Particulars	As at December 31, 2022
	Current liabilities:	
13	**Financial Liabilities**	
13.1	**Borrowings**	
	Secured - at amortised cost	
	Loans from banks repayable on demand	
	- Cash Credit	132.85
	- Buyers Credit	18.79
		151.64

1 The borrowings of ₹ 13 crore pursuant to plant Dalmiapuram, Khambalia and Rajgangpur are secured by first pari passu charge on the entire current assets of respective plants.

2 The borrowings of ₹ 33 crore pursuant to plant Dalmiapuram and Khambalia are secured by first pari passu charge on the entire current assets, moveable fixed assets and by equitable mortgage of immovable fixed assets both present and future, (excluding vehicles financed by other banks/FIs) of respective plants.

3 Cash credit from banks referred above were secured by hypothecation of inventories and trade receivable by way of first pari passu charge with all other banks in the consortium and carried interest rate in the range of 7.40% p.a. to 7.85 % p.a.

Note	Particulars	As at December 31, 2022
13.2	**Trade Payables**	
	(a) Total outstanding dues of Micro and Small Enterprises (Refer note below)	47.96
	(b) Total outstanding dues of creditors other than Micro and Small Enterprises	283.62
	Total	331.58

a) Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than a year	1-2 years	2-3 years	More than 3 years	Total
As at 31 December 2022						
MSME	17.83	29.95	0.16	0.02	-	47.96
Others	214.13	63.50	1.22	3.13	1.63	283.62
Disputed dues MSME	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-
Total	231.96	93.45	1.38	3.15	1.63	331.58

b) Details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the company is as under:

Note	Particulars	As at December 31, 2022
	Particulars	
	Principal amount and remaining unpaid	47.96
	Interest due on above and unpaid interest	-
		47.96
14	**Current Tax Liabilities (net)**	
	Provision for tax	15.09
		15.09
15	**Other current liabilities**	
	Advances from Customers	18.39
	Security deposits	3.34
	Statutory Liabilities	1.66
	Deferred Revenue	3.32
	Other Payables	12.51
		39.22
16	**Provisions**	
	Provision for employee benefits (Refer Note 33)	
	- Leave Encashment	0.20
	- Gratuity	3.47
	Provision for warranty	15.58
		19.25

CHATURVEDI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI

Dalmia Bharat Refractories Limited
Special Purpose Carve-Out Standalone Financial Information
Notes forming part of the Financial Information for the nine months ended December 31, 2022
(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	For the nine months ended December 31, 2022
17	**Revenue from operations**	
A.	**Sale of products**	
	Refractories	804.50
	Traded goods	45.93
		850.43
B.	**Sale of Services**	12.54
C.	**Other Operating Revenue**	
	Scrap Sales	8.06
	Other incentives	1.18
		9.24
		872.21
18	**Other income**	
	Interest income from bank/others	0.04
	Export incentives	1.72
	Profit on sale of assets held for sale	0.29
	Provision/liabilities no longer required written back	10.16
	Rental income	0.60
	Commission income	0.91
	Other non-operating income	0.39
		14.11
19	**Cost of Materials consumed**	
	Raw material consumed	502.41
		502.41

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MUMBAI
CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	For the nine months ended December 31, 2022
20	**Change in inventories of finished goods and work-in-progress**	
	Inventories at the beginning of the year	
	Work-in-Progress	18.43
	Traded goods	11.56
	Finished Goods	90.44
		120.43
	Less: Inventories at the end of the year	
	Work-in-Progress	37.67
	Traded goods	2.50
	Finished Goods	94.47
		134.64
	Change in inventories of finished goods and work-in-progress	**(14.21)**
21	**Employee benefits expense**	
	Salaries, wages, allowances & commission	47.11
	Contribution to provident & other funds (refer note 33)	2.58
	Gratuity & pension (refer note 33)	1.16
	Staff welfare expense	5.73
		56.58
22	**Finance costs**	
	Interest on borrowing	2.30
	Unwinding discount	0.37
	Interest - Others	0.75
		3.42
23	**Depreciation expense**	
	Depreciation of tangible assets (refer note 4)	22.89
	Amortization of intangible assets (refer note 4)	10.38
		33.27

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS *

Note	Particulars	For the nine months ended December 31, 2022
24	**Other expenses**	
	Consumption of stores & spare parts	9.82
	Power and fuel	73.68
	Packing, freight & transport	40.23
	Commission	5.18
	Rent	0.53
	Repairs to buildings	0.59
	Repairs to machinery	17.23
	Repairs others	0.13
	Insurance	1.33
	Rates and taxes	1.14
	Advertisement & publicity	1.11
	Provision for expected credit loss	0.26
	Foreign Exchange Fluctuations	10.14
	Travelling & Conveyance	6.37
	Payment to contractors	50.93
	Professional & Legal Fees (net of reimbursement of expenses)	8.98
	Brick Lining Expenses	14.96
	Loss on Sale of Property, plant and equipment	0.03
	Warranty expenses	10.12
	Miscellaneous expenses	9.97
		262.73

25 During the June'22 quarter, the company has finalized arbitration proceedings with one of the customer for old receivable amount and interest thereon against the supply of products . The company has written back provision for doubtful debt amounting Rs 3.38 Crore against the customer outstanding balance. The company has also recognised interest income of Rs 26.39 Crore on the claimed amount as part of the arbitration proceedings. Interest income has been presented as exceptional item in the profit and loss.

Note	Particulars	
26	**Tax expense**	
	Current tax	15.09
	Deferred tax	
	- Deferred tax (credit)/charge	0.85
		15.94

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS *

(Amounts are ₹ in crore, except otherwise stated)

Note	Particulars	For the nine months ended December 31, 2022
	Reconciliation of income tax expense and the accounting profit multiplied by Company's tax rate:	25.168%
	Profit before tax	47.92
	Income tax expense calculated at 25.168% (including surcharge and education cess)	12.06
	Other difference due to temporary difference in tax base	0.85
	Impact of change in tax rate	-
	Effect of expenses that are deductible in determining taxable profit	(7.61)
	Effect of expenses that are non-deductible in determining taxable profit	10.64
	Total income tax expense recognised in profit & loss account	**15.94**
27	**Other Comprehensive Income**	
	Item that will not be reclassified to profit or loss	
	- Actuarial loss on defined benefit obligation	(1.27)
	- Income Tax relating to Actuarial Loss	0.37
	Total Other Comprehensive Income	**(0.90)**
28	**Earnings per Share**	
	Net profit/ (loss) for the year attributable to Shareholders	31.98
	Weighted average number of equity shares considered for calculation of basic and diluted earning per share	4,42,00,107
	Earnings per share of ₹ 10 each (in ₹)	
	Basic and Diluted	7.23

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

29 The Board of Directors of Dalmia Cement (Bharat) Limited ('DCBL') and Dalmia Bharat Refractories Limited ('DBRL', the Company), during the financia year 2019-20, approved a Scheme of Arrangement amongst DCBL and DBRL and their respective shareholders and creditors in terms of Sections 230 to 23 and all other applicable provisions of the Companies Act, 2013 ('Scheme 1') for transfer and vesting of refractory undertaking of DCBL to DBRL, by way o slump exchange on a going concern basis. The appointed date of the said Scheme was 1st April, 2019. National Company Law Tribunal, Chennai Benc (NCLT) (the appropriate authority) has approved the above Scheme vide its order dated 3rd February 2022. Certified copy of aforesaid NCLT order has bee filed with registrar of the Companies on 1st March 2022, from which date the Scheme has become effective and accordingly the Company has acquired th refractory undertaking of DCBL, with effect from 1 April 2019 ('appointed date 1'), through a Scheme of Arrangement ('Scheme 1'), by way of slum exchange. Upon the Scheme 1 becoming effective and with effect from the Appointed Date, the Company has accounted for acquisition of the Refractor Undertaking in accordance with accounting treatment approved by the NCLT read with applicable accounting standards prescribed under section 133 of th Companies Act, 2013. All the identifiable assets and liabilities of the Refractory Undertaking vested in the Company pursuant to the Scheme 1 has bee recorded in the books of Company at their respective fair values as on the Appointed Date as determined by the Board of Directors of the Company.

The Board of Directors of the Dalmia Bharat Refractories Limited ('DBRL', the Company) and GSB Refractories India Private Limited ('GSB India'), Dalmia Refractories Limited ('DRL') during the financial year 2019-20, had approved the Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited (DRL) and its subsidiary GSB India, and DBRL and their respective shareholders and creditors under Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 2'). The appointed date of the said Scheme 2 is 1st April, 2020. National Company Law Tribunal, Chennai Bench (NCLT) (the appropriate authority) has approved the above Scheme vide its order dated 3rd February 2022. The certified copy of aforesaid NCLT order has been filed with registrar of the Companies on 1st March 2022, from which date the Scheme has become effective and accordingly DRL and GSB India amalgamated with DBRL, with effect from 1 April 2020 ('appointed date 2'), through a Scheme of Amalgamation and Arrangement ('Scheme 2'). Upon the Scheme 2 becoming effective and with effect from the Appointed Date, the Company has accounted for amalgamation of DRL and GSB India in accordance with accounting treatment approved by the NCLT read with applicable accounting standards prescribed under section 133 of the Companies Act, 2013. All the identifiable assets and liabilities of the DRL and GSB India amalgamated in the Company pursuant to the Scheme 2 has been recorded in the books of Company at their respective fair values as on the Appointed Date as determined by the Board of Directors of the Company.

Compliance with approved Schemes of Arrangements

The effect of Scheme of Arrangements have been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'in accordance with accounting standards'.

30 Capital Commitments

Particulars	As at December 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	7.17

31 Contingent Liabilities

S.No.	Particulars	As at December 31, 2022
i	Claims against the company not acknowledged as debt and being contested before the appropriate authorities	
-	Service	3.50
-	Sales tax	1.46
-	Other	2.77

32 Segment Information

The Company is primarily in the business of refractory manufacturing and selling. The business of refractories constitutes single business segment. The Company's operations are predominantly confined in India. Hence, there is only one identified reportable segment as per Ind AS 108 - Operating Segment.

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(Amounts are ₹ in crore, except otherwise stated)

33 Employee Benefits

Gratuity

The Company has a defined benefit gratuity plan. The gratuity is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has complete five years of service is entitled to gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded througl Gratuity Fund Trust with an insurance company in the form of a qualifying insurance policy. The Trust is responsible for the administration of the plan asset and for the determination of investment strategy. The Company makes provision of such gratuity asset/ liability in the books of account on the basis of actuaria valuation carried out by an independent actuary.

A. Statement of profit and loss

Net employee benefit expense

Particulars	Gratuity (funded) 2022-23
Current Service cost	0.83
Interest Cost	0.33
Total Expense	**1.16**

B. Balance Sheet

(i) Details of Plan assets/ (liabilities) for Gratuity

Particulars	Gratuity(funded) As at December 31, 2022
Present value of Obligation as at year-end	14.50
Fair value of plan assets	6.59
Net Asset/(Liability) recognized in the Balance Sheet	(7.89)

(ii) Changes in the present value of the defined benefit obligation are as follows:

Particulars	Gratuity(funded) 2022-23
Opening defined benefit obligation	12.64
Interest cost	0.65
Current service cost	0.83
Benefit paid	(0.90)
Actuarial (gains)/losses on obligation	1.28
Closing defined benefit obligation	**14.50**

(iii) Changes in the fair value of plan assets (gratuity) are as follows:

Particulars	2022-23
Opening fair value of plan assets	6.26
Actuarial gains / (losses) on plan asset	0.33
Closing fair value of plan assets	**6.59**

(Amounts are ₹ in crore, except otherwise stated)

(iv) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2022-23
Discount rate	7.35%
Expected salary increase	7.00%
Demographic Assumptions	
Retirement Age (year)	58
Mortality rates inclusive of provision for disability	(100% of IALM 2012-14)
Withdrawal rate	
Up to 30 Years	3%
From 31 to 44 years	2%
Above 44 years	1%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by Actuary.

(v) Contribution to defined contribution plans:

Particulars	2022-23
Provident and other funds	2.58

(vi) Sensitivity analysis of the defined benefit obligation:

Particulars	Gratuity(funded) 2022-23
Impact of the change in discount rate	
Present value of obligation at the end of the period	14.50
Impact due to increase of 0.5%	(0.36)
Impact due to decrease of 0.5%	0.38
Impact of the change in salary increase	
Present value of obligation at the end of the period	14.50
Impact due to increase of 0.5%	0.38
Impact due to decrease of 0.5%	(0.36)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

(vii) Other comprehensive income (OCI):

Particulars	2022-23
	Gratuity
Net cumulative unrecognized actuarial gain/(loss) opening	-
Actuarial gain/(loss) for the year on PBO	(1.28)
Actuarial gain/(loss) for the year on plan asset	0.01
Total actuarial gain/(loss) at the end of the year	(1.27)

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(Amounts are ₹ in crore, except otherwise stated)

34 Financial Risk Management Objectives And Policies

Financial Risk Factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise appropriate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

A. Credit Risk :

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments.

To manage this, Company periodically assesses the financial reliability of customers, taking into account factors such as credit track record in the market and past dealings with the Company for extension of credit to customer Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each quarter end on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 35.

The Company evaluates the concentration of risk with respect to trade receivables as low, the trade receivables are located in several jurisdictions and operate in largely independent markets.

Particulars	As at 31 December 2022	
	Upto 6 months	More than 6 months
Gross carrying amount (A)	226.01	42.34
Expected Credit Losses (B)	-	(8.12)
Net Carrying Amount (A-B)	226.01	**34.22**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company.

The Company's maximum exposure to credit risk for the components of the balance sheet at December 31, 2022 is the carrying amounts as illustrated in note 35.

B. Liquidity Risk :

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities and short term loans. The Table hereunder provides the current ratios of the Company as at the year end:

	As at 31 December 2022
Total current assets	665.58
Total current liabilities	557.33
Current ratio (in times)	**1.19**

The table below summarises the maturity profile of the Company's financial liabilities :

Particulars	Payable on demand	Less than 1 year	More than 1 year	Total
As at 31 December 2022				
Borrowings	151.64	-	-	151.64
Other financial Liabilities	-	-	-	-
Lease Liabilities	-	0.56	1.53	2.09
Trade and other payables	-	325.42	6.16	331.58
Total	151.64	325.98	7.69	485.31

C. Market Risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the risk of movements in interest rates, inventory price and foreign currency exchange rates that affects its assets, liabilities and future transactions. The Company is exposed to following key market risks:

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(Amounts are ₹ in crore, except otherwise stated)

I. Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowings obligations in the form of cash credit and buyer's credit carrying floating interest rates.

Particulars	Fixed Rate Borrowing	Variable Rate Borrowing	Total Borrowing
As at December 31, 2022	18.78	132.86	**151.64**

Sensitivity analysis - For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Sensitivity on variable rate borrowings	Impact on Statement of Profit & Loss For the nine months ended 31 December 2022
Interest rate increase by 1%	1.33
Interest rate decrease by 1%	(1.33)

II. Foreign Currency Risk :

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowings and foreign payables on account import of raw materials and other consumables. This foreign currency risk is covered by using foreign exchange forward contracts.

The details of foreign currency exposure is as follows:

Particulars	Foreign Currency (FC)	As at December 31, 2022	
Unhedged Foreign Currency		**In FC**	**In ₹**
Trade Payables	USD	2.16	178.47
	Euro	0.17	14.69
Trade Receivable	USD	0.35	29.19
	Euro	0.16	14.52
Hedged Foreign Currency			
Trade Payables	USD	0.33	26.99

Rate Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Particulars	Increase / Decrease in basis points	Impact on Profit & Loss Account For the nine months ended 31 December 2022
USD Sensitivity	+1%	(1.22)
	-1%	1.22
Euro Sensitivity	+1%	(0.00)
	-1%	0.00

* Holding all other variable constant

Impact of COVID-19

The Company has made detailed assessment of impact of COVID-19 on the aforementioned risks i.e. credit risk, liquidity risk, market risk, currency risk and interest risk and does not foresee any material impact on account of the same. However, the management will continue to closely monitor the evolving situation and assess its impact on the business of the Company.

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

35 Financial Instrument - Disclosure

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To

Financial Assets

S. No.	Particulars	Note	Fair value hierarchy	As at December 31, 2022	
				Carrying Amount	Fair Value
3	**Financial assets designated at amortised cost**	B			
	Current				
a)	Trade receivables*			260.25	260.25
c)	Other Bank Balances*			0.12	0.12
d)	Loans*			0.36	0.36
e)	Other financial assets*			3.85	3.85
4	Investment in subsidiaries	A	Level 2	28.56	28.56
				293.14	293.14

Financial Liabilities

S. No.	Particulars		Fair value hierarchy	As at December 31, 2022	
				Carrying Amount	Fair Value
1	**Financial liability designated at amortised cost**	B			
	Non-Current				
	- Lease liability		Level 2	1.53	1.53
	Current		Level 2		
	- Borrowings			151.64	151.64
	- Trade payables*			331.58	331.58
	- Lease liability			0.56	0.56
				485.31	485.31

***Represents financials assets and liabilities whose carrying amount is a reasonable approximation of there respective fair value.**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

A Company has opted to value its investments in subsidiaries at cost.

B Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

* The carrying amounts are considered to be the same as their fair values due to short term nature.

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Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived fror prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For and on behalf of the Board of Directors of
Dalmia Bharat Refractories Limited
CIN: L26100TN2006PLC061254

Deepak Thombre
Chairman
DIN: 02421599
Place : Pune
Date : 24th March 2023

Sameer Nagpal
Managing Director
DIN: 06599230
Place : New Delhi

Meghna Saini
Company Secretary
Place : New Delhi

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

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CHATURVEDI & SHAH LLP
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
Dalmia OCL Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Dalmia OCL Limited** ("the Company"), (Formerly known as "Dalmia OCL Private Limited / Ascension Commercio Private Limited") which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as "the Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the by the Companies Act, 2013 (" the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in annual report, (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

Head Office: 714-715, Tulsiani Chambers, 212, Nariman Point, Mumbai - 400 021, India. Tel : +91 22 3021 8500 • Fax : +91 22 3021 8595

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and those charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

As part of an audit in accordance with SAs, we exercise professional judgment and maintain Professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements is in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

2. Further to our comment in the Annexure A, as required by Section 143 (3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d. In our opinion, the aforesaid financial statements comply with Ind AS prescribed under Section 133 of the Act read with rule;

   e. On the basis of the written representations received from the directors of the Company as on 31st March, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act;

   f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**;

   g. In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the act is not applicable to the company since no managerial remuneration is paid / provided.

   h. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and representation given to us:

      i. The Company does not have any pending litigations which would impact financial position.

      ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

iv. (a) Management has represented to us that, to the best of its's knowledge and belief, as disclosed in the financial statements no fund have been advanced or loaned or invested (Either from borrowed fund or shares premium or any other sources or kind of fund by the company to or in any other person or entities including foreign entities ("Intermediaries"), with the understanding, Whether recorded in writing or otherwise, that the intermediary shall, Whether, directly or indirectly lend or invest in other person entities identified in any other manner whatsoever by or on behalf of the company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;

(b) Management has represented to us that, to the best of its's knowledge and belief, as disclosed in the financial statements no fund have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding parties"), with the understanding, Whether recorded in writing or otherwise, that the company shall, Whether, directly or indirectly lend or invest in other person entities identified in any other manner whatsoever by or on behalf of the funding party ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(c) Based on our audit procedure performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph 2 (h) (iv) (a) & (b) contain any material misstatement.

v. The company has not declared or paid any dividend during the year.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration No. 101720W/W100355

Napawaliya

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859
UDIN: - 22109859AJPSGN4788

Place: Mumbai
Date: 06th May 2022

Audited by
Meet Sonaiya
Lavli Vishwakarma

"Annexure A" to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Dalmia OCL Limited on the financial statements for the year ended 31st March, 2022)

(i)

a) The Company does not have any Property, Plant and Equipment (including immovable properties) and intangible assets during the year under audit. Therefore, the provisions of Clause (i) (a), (b), (c), (d) of paragraph 3 of the Order are not applicable to the Company.

b) As per the information and explanations available with us, no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)

a) The Company does not have any inventory during the year under audit. Therefore, the provision of Clause (ii) (a) of paragraph 3 of the Order is not applicable to the Company.

b) As per the information and explanations provided to us, the Company has not been sanctioned working capital limits from banks or financial institutions on the basis of security of current assets at any point of time during the year hence reporting under clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) In our opinion and according to the information and explanations given to us, during the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties. Therefore, the provisions of Clause (iii) (a), (b), (c), (d), (e) and (f) of paragraph 3 of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has not made any made investments or loan, given any guarantee or security to the parties covered under section 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company.

(vi) To the best of our knowledge and according to the information and explanations provided to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

(vii) In respect of statutory dues:

a) According to the records of the Company, undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Cess and other material statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2022 for a period of more than six months from the date of becoming payable.

b) According to the information and explanation given to us, there are no statutory dues referred to in sub-clause (a) which have not been deposited as on 31st March, 2022, on account of disputes. Therefore, reporting under clause (vii) (b) of Paragraph 3 of the Order is not applicable to the Company.

(viii) According to the information and explanations given to us and representation given to us by the management, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix)

a) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company does not have any loans or other borrowings and therefore the provisions of Clause (ix) (a) of Paragraph 3 of the Order are not applicable to the Company.

b) According to the information and explanations given to us, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) According to the information and explanations provided to us, the Company has not raised any term loans; therefore the provisions of Clause (ix) (c) of Paragraph 3 of the Order are not applicable to the Company.

d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report, prima facie, that no funds raised on short-term basis have been used for long-term purposes by the Company.

e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company does not have any subsidiaries, associates or joint ventures; therefore the provisions of Clause (ix) (e) of Paragraph 3 of the Order are not applicable to the Company.

f) According to the information and explanations given to us and procedures performed by us, we report that the company does not have any subsidiaries, associates or joint ventures; therefore the provisions of Clause (ix) (f) of Paragraph 3 of the Order are not applicable to the Company.

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(x)

a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and hence clause (x)(a) of paragraph 3 of the Order is not applicable to the Company.

b) in our opinion and according to the information and explanations given to us and on the basis of our audit procedure, The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year hence clause (x)(b) of paragraph 3 of the Order is not applicable to the Company.

(xi)

a) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and explanation given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

b) According to the information and explanations given to us, no report under sub-section 12 of section 143 of the Act has been filed by auditor in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) As represented to us by the managements, there no Whistle Blower complaints received by the company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) (a), (b), (c) of Paragraph 3 of the Order is not applicable.

(xiii) The provisions of Section 177 of the Companies Act 2013 are not applicable to the Company as it does not fulfil the criteria specified in the Section 177 of Companies Act 2013. According to the information and explanation given to us, the Company has not entered any transactions which under section 188 of Companies Act, 2013. Details of all related party have been disclosed in financial statements, as required by the applicable Indian accounting standards.

(xiv) As per section 138 of Companies Act 2013, the Company does not have to appoint an internal auditor therefore the provisions of Clause (xiv) of Paragraph 3 of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of paragraph 3(xv) of the Order is not applicable.

(xvi)

a) In our opinion and according to information and explanations provided to us, The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

b) In our opinion, and according to the information and explanations provided to us and on the basis of our audit procedures, the company has not conducted any Non-Banking Financial or Housing Finance activities during the year as per the Reserve bank of India Act 1934.

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

c) In our opinion, and according to the information and explanations provided to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

d) In our opinion, and according to the information and explanation provided to us, the group has 3(Three) core investment company (CIC).

(xvii) In our opinion, and according to the information and explanations provided to us, Company has incurred cash losses amounting to Rs. 108438/- in the current financial year and Rs. 38586/-in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Therefore, provisions of clause (xviii) of Paragraph 3 of the Order are not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us and on the basis of our audit procedures, provision of section 135 of the Act are not applicable to the Company.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration No. 101720W/W100355

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859
UDIN:- 22109859AJPSGN4788

Place: Mumbai
Date: 06th May 2022

"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Dalmia OCL Limited on the financial statements for the year ended 31st March, 2022.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Dalmia OCL Limited** ("the Company") as of 31st March, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration No. 101720W/W100355

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859
UDIN:- 22109859AJPSGN4788

Place: Mumbai
Date: 06th May 2022

Office Copy

Dalmia OCL Limited
Balance Sheet as at 31 March 2022

(Amount in INR)

Particulars	Note No.	As at 31-March-2022	As at 31-March-2021
Assets			
Current Assets			
Financial Assets			
(i) Cash and Cash equivalent	4		
		42,30,220	42,78,153
Total Assets		**42,30,220**	**42,78,153**
Equity and Liabilities			
Equity			
Equity Share Capital	5	2,00,000	2,00,000
Other Equity	6	39,40,840	40,49,278
		41,40,840	**42,49,278**
Liabilities			
Current liabilities			
Financial Liabilities			
(i) Trade Payables			
Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	7	31,005	27,000
Other current liabilities	8	58,375	1,875
		89,380	**28,875**
Total Equity and liabilities		**42,30,220**	**42,78,153**

The accompanying significant accounting policies and notes are an integral part of the financial statements

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No :101720W/W100355

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership No.109859

Place: Mumbai
Date: 06th May 2022

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors of
Dalmia OCL Limited

Sikander Yadav
Director
DIN 08756042

Place: New Delhi
Date: 06th May 2022

Chandra Narain Maheshwari
Director
DIN 00125680

Place: New Delhi
Date: 06th May 2022

Dalmia OCL Limited
Statement of Profit and Loss for the year ended 31 March 2022

(Amount in INR)

Particulars	Note No.	For the year ended 31-March-2022	For the year ended 31-Mar-2021
Other Income	9	-	6,000
Total Income		-	**6,000**
EXPENSES			
Finance costs		-	-
Other expenses	10	1,08,438	44,586
Total Expenses		**1,08,438**	**44,586**
Profit/(loss) before tax		**(1,08,438)**	**(38,586)**
Tax expense:			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
Total Taxes		-	-
Profit / (Loss) for the year		(1,08,438)	(38,586)
Other Comprehensive Income		-	-
Total Comprehensive Income		**(1,08,438)**	**(38,586)**
Earnings per equity share	11		
Basic		**(5.42)**	**(1.93)**
Diluted		**(5.42)**	**(1.93)**

The accompanying significant accounting policies and notes are an integral part of the financial statements

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No :101720W/W100355

Vijay Napawaliya
Partner
Membership No.109859

Place: Mumbai
Date: 06th May 2022

For and on behalf of Board of Directors of
Dalmia OCL Limited

Sikander Yadav
Director
DIN 08756042

Place: New Delhi
Date: 06th May 2022

Chandra Narain Maheshwari
Director
DIN 00125680

Place: New Delhi
Date: 06th May 2022

Dalmia OCL Limited
Cash Flow Statement for the Year Ended 31 March 2022

	Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax		
	Adjustments	(1,08,438)	(38,586)
	Interest Expense		
	Operating Profit before working Capital Changes	-	-
	Adjustments for working Capital changes :	(1,08,438)	(38,586)
	Trade Payables, Liabilities and Provisions		
	Cash Generated from Operations	60,505	(9,481)
	Direct Taxes Paid	(47,933)	(48,067)
	Net Cash from Operating activities	-	-
		(47,933)	(48,067)
B	**Cash Flow from Investing Activities**		
		-	-
C	**Cash Flow from Financing Activities**		
		-	-
	Net Cash from / (used in) Financing Activities		
		-	-
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(47,933)	(48,067)
	Cash and cash equivalents (Opening Balance)	42,78,153	43,26,220
	Cash and cash equivalents (Closing Balance)	42,30,220	42,78,153

The Company makes estimates and assumptions concerning the future. The resul	**31 March 2022**	**31 March 2021**
Balances with banks		
in current accounts	42,30,220	42,78,153
Net cash and cash equivalent	42,30,220	42,78,153

Notes:

1. The above cash flow statement has been prepared under the "indirect method" as set out in Ind AS 7 – Statement of Cash Flows.

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No :101720W/W100355

Vijay Napawaliya
Partner
Membership No.109859

Place: Mumbai
Date: 06th May 2022

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors of
Dalmia OCL Limited

Sikander Yadav
Director
DIN 08756042

Place: New Delhi
Date: 06th May 2022

Chandra Narain Maheshwari
Director
DIN 00125680

Place: New Delhi
Date: 06th May 2022

Dalmia OCL Limited
Statement of changes in equity for the year ended 31 March 2022

a. Equity Share Capital:

(Amount in INR)

	No. of Shares	Amount
As at April 01, 2020	**20,000**	**2,00,000**
Issue of equity shares		-
As at March 31, 2021	**20,000**	**2,00,000**
Issue of equity shares	-	-
As at March 31, 2022	**20,000**	**2,00,000**

b. Other Equity:

(Amount in INR)

Particulars	**Reserve and Surplus**		
	Retained Earnings	**Share Premium**	**Total**
As at April 01, 2020	**(1,83,137)**	**42,71,000**	**40,87,863**
Loss for the year	(38,585)	-	(38,585)
As at March 31, 2021	**(2,21,722)**	**42,71,000**	**40,49,278**
Loss for the year	(1,08,438)	-	(1,08,438)
As at March 31, 2022	**(3,30,160)**	**42,71,000**	**39,40,840**

Description of the purpose of each reserve within equity.
a) Retained Earnings:- Retained earnings are the profits that the Company has earned till date. Retained Earnings is a free reserve available to the Company.
b) Securities Premium represents the amount received in excess of par value of the securities. Securities premium is utilised as per the provisions of Companies Act 2013

As per our report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No :101720W/W100355

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No.109859

Place: Mumbai
Date: 06th May 2022

For and on behalf of Board of Directors of
Dalmia OCL Limited

Sikander Yadav
Director
DIN 08756042

Place: New Delhi
Date: 06th May 2022

Chandra Narain Maheshwari
Director
DIN 00125680

Place: New Delhi
Date: 06th May 2022

Dalmia OCL Limited
Notes to the financial statements as on 31 March 2022

Note 1 Corporate Information

Dalmia OCL Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company is a wholly owned Subsidiary of Dalmia Bharat Refractories Limited.

Note 2 Significant accounting policies and critical accounting estimate and judgments:

2.1 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). The policies set out below have been consistently applied during the years presented.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the certain financial assets and liabilities.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees', which is the Company's functional and presentation currency. All values are expressed in INR.

Current vis-à-vis non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.
The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:
a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when it is:
a) Expected to be settled in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

• Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
• Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.2 Critical accounting estimates and judgements

The presentation of financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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Note 3 Significant Accounting policies

3.1 **Borrowing Cost**

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

3.2 **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board members that makes strategic decisions.

3.3 **Other income:**

Other Operating Income

Any income accured are recognised in the statement of profit or loss as at period end.

3.4 **Taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.5 **Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

- There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation
- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.
Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Contingent assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

3.6 **Cash & Cash Equivalents**

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.7 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

(a) **Investment and other Financial Assets**

(i) **Classification**

The Company classifies its financial assets in the following measurement categories:

• those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and

• those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) **Measurement**

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value through Profit or Loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the Statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

(iii) **Impairment of financial assets:**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) **Derecognition of financial assets**

A financial asset is derecognised only when:

• The Company has transferred the rights to receive cash flows from the financial asset or

• Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) **Contributed equity:**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(b) **Financial Liabilities & Equity**

(i) **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(ii) **Initial recognition and measurement:**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

(iii) **Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below:

Borrowings: Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawdown, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade and other payables: These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Those payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

(iv) **Derecognition:**

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Offsetting of financial instrument

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.8 **Earnings per share**

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

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CHARTERED ACCOUNTANTS

Dalmia OCL Limited
Notes to Financial Statements

Current Assets
4 Financial Assets
(i) Cash and cash equivalents:

(Amount in INR)

	As at 31-Mar-2022	As at 31-Mar-2021
Balances with Scheduled banks		
In Current Account	42,30,220	42,78,153
	42,30,220	**42,78,153**

5 **Equity Share Capital**

	As at 31-Mar-2022		As at 31-Mar-2021	
Authorised :	Number	Amount In INR	Number	Amount In INR
Equity shares of Rs. 10 /- each	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
	4,00,00,000	**40,00,00,000**	**4,00,00,000**	**40,00,00,000**
Issued, Subscribed and Fully Paid Up :				
Equity shares of Rs. 10 /- each fully paid up	20,000	2,00,000	20,000	2,00,000
	20,000	**2,00,000**	**20,000**	**2,00,000**

a. Reconciliation of Equity Shares outstanding at the beginning and at for the year ended

	31-Mar-2022		31-Mar-2021	
	No. of Shares	Amount In INR	No. of Shares	Amount In INR
At the beginning of the year	20,000	2,00,000	20,000	2,00,000
Issued during the year	-	-	-	-
At the end of the year	**20,000**	**2,00,000**	**20,000**	**2,00,000**

'Details of shares held by promoters at the end of the year in the company

Shares held by promoters at the end of the Year March 31, 2022

Promoter's Name	No. of Shares	% of total shares	% Change during the Year
Dalmia Bharat Refractories Limited (incl. nominees)	20,000	100%	0%
Total	**20,000**	**100%**	**0%**

Shares held by promoters at the end of the Year March 31, 2021

Promoter's Name	No. of Shares	% of total shares	% Change during the Year
Dalmia Bharat Refractories Limited (incl. nominees)	20,000	100.00%	0%
Total	**20,000**	**100%**	0%

b. Details of shareholders holding more than 5% shares in the company

Shareholder	31-Mar-2022		31-Mar-2021	
	No. of Shares	%	No. of Shares	%
Dalmia Bharat Refractories Limited*	20,000	100%	20,000	100%

* Includes shares held by nominees of Dalmia Bharat Refractories Limited

6 **Other Equity**

Surplus/Deficit in the Statement of Retained Earning	As at 31-Mar-2022	As at 31-Mar-2021
At the beginning of the year	(2,21,722)	(1,83,137)
Transferred from Statement of Profit & Loss	(1,08,438)	(38,585)
At the close of the year	(3,30,160)	(2,21,722)
Securities Premium		
At the beginning of the year	42,71,000	42,71,000
At the close of the year	**42,71,000**	**42,71,000**
Total other equity	**39,40,840**	**40,49,278**

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

Dalmia OCL Limited
Notes to Financial Statements

7 Financial Liabilities

i) Trade Payables

	As at 31-Mar-2022	As at 31-Mar-2021
Total outstanding dues of Micro and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	31,005	27,000
Total	**31,005**	**27,000**

a) Trade Payables aging schedule

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than a year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022						
MSME	-	-	-	-	-	-
Others	-	4,005	27,000	-	-	31,005
Disputed dues MSME	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-
Total	-	**4,005**	**27,000**	-	-	**31,005**
As at 31 March 2021						
MSME	-	-	-	-	-	-
Others	-	27,000	-	-	-	27,000
Disputed dues MSME	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-
Total	-	**27,000**	-	-	-	**27,000**

8 Other current Liabilities

Others	As at 31-Mar-2022	As at 31-Mar-2021
TDS Payable	1,875	1,875
Audit fees payable	56,500	-
Total	**58,375**	**1,875**

9 Other Income

(Amount in INR)

	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Other non-operarting income	-	6,000
Total	-	**6,000**

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Dalmia OCL Limited
Notes to Financial Statements

10 Other Expenses

	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Audit fees	29,500	29,500
Bank Charges	37	91
Professional Fees	27,838	3,540
Filing Fee	44,772	1,535
Rates and taxes	4,003	9,920
Misc. expenses	2,259	-
Total	**1,08,409**	**44,586**

11 Earning Per Share

	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Profit for the year after tax expense (A)	(1,08,438)	(38,586)
Weighted average number of equity shares (B)	20,000	20,000
Earning per share (Basic & Diluted) (A/B)	(5.42)	(1.93)

12 Related Party Disclosures, as required by

As per Ind AS 24, the disclosures of transactions with the related parties are given below:

A. Related Parties where Control exists :-

(i) Holding Company:
Dalmia Bharat Refractories Limited

B. The following transactions were carried out with the related parties during the year:-

*Note: There is no transaction carried out with related parties during the FY 2021-22.

13 The Board of Directors of Company in their meeting held on 14th November, 2019, approved Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited ('DRL'), GSB Refractories India Private Limited ('GSB India'), Dalmia Bharat Refractories Limited ('DBRL') (formerly known as Sri Dhandauthapani Mines and Minerals Limited) and Dalmia OCL Limited ('DOCL') (formerly known as Dalmia OCL Private Limited/ Ascension Commercio Private Limited) and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("Scheme").

Subsequently, on 5th April 2021, the Board of Directors of the Company considered and approved the matter relating to withdrawal of the Company from the aforesaid Scheme resulting in modification of the said Scheme to the effect of removal of the step with regard to the transfer of refractory undertaking from DBRL to DOCL.

Accordingly, the Company is no longer a party to the aforementioned Scheme.

14 Segment Information

There is no reportable segement (Business / Geographical) as per the requirements of IND AS 108 " Operating Segment".

15 Events occurring After the Balance Sheet date

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements.

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Dalmia OCL Limited
Notes to Financial Statements

16 Financial Instrument - Disclosure

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

(Amount in INR)

Particulars	Carrying Value		Fair Value	
	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021
Financial assets designated at amortised cost				
Current				
Cash and Cash equivalent*	42,30,220	42,78,153	42,30,220	42,78,153

Financial Liabilities

(Amount in INR)

Particulars	Carrying Value		Fair Value	
	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021
Financial liability designated at amortised cost				
Current				
Trade payables*	31,005	27,000	31,005	27,000
Other financial liability*	58,375	1,875	58,375	1,875

* The carrying amounts of cash and cash equivalent is considered to be approximately equal to the fair value.

17 Financial Risk Management

The Company's activities expose to credit risk and liquidity risk.

(a) Credit risk

Credit risk arises from cash and cash equivalent are carried at amortised cost.

(b) Liquidity risk

The Company is not exposed to any significant liquidity risk.

18 Capital Management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as going concern; and
- to provide an adequate return to shareholders through optimisation of working capital

The Company monitors working capital on the basis of amount of workking capital

The Company's objective for capital management is to maintain an optimum overall, working capital.

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Dalmia OCL Limited
Notes to Financial Statements

19. Financial performance ratios

Sl. No.	Ratios	Numerator	Denominator	March 31, 2022	March 31, 2021	% change
1	Current ratio	Current assets	Current liabilities	47.33	148.16	-68.1%
2	Debt equity ratio	Total debt = [Long term borrowings including current maturities + current borrowings]	Total Equity = Issued share capital + Other equity	NA	NA	0.0%
3	Debt Service Coverage Ratio	Earnings available for debt service = Profit before tax - gain on disposal of discontinued operation + finance costs + depreciation and amortisation expense	Debt service = Finance costs for the year + interest capitalised + scheduled principal repayments of long term borrowings (excluding prepayment/ re-financing) during the year)	NA	NA	0.0%
4	Return on equity	Net profits after taxes	Average total equity	-0.65%	-0.23%	186.0%
5	Inventory Turnover ratio	Revenue from operations	Average inventory	NA	NA	0.0%
6	Trade receivables turnover ratio	Revenue from sale of products and services (excluding subsidies)	Average Accounts Receivable - Average rebate to customers	NA	NA	0.0%
7	Trade payables turnover ratio	Net purchases of goods = Purchase of raw materials included in cost of raw materials consumed + Purchases of stock in trade	Average Trade Payables	NA	NA	0.0%
8	Net capital turnover ratio	Revenue from sale of products and services (excluding subsidies)	Working capital = Current assets - Current liabilities	NA	NA	0.0%
9	Net profit ratio	Net profit after tax	Revenue from operations	NA	NA	0.0%
10	Return on capital employed	Earnings before interest and taxes (including other income)	Capital Employed = Average total equity excluding fair value of investments through OCI + Average Total Debt	-0.65%	-0.23%	186.0%
11	Return on investment	Interest income on fixed deposits, bonds + dividend income + profit on sale of investments + fair valuation gain of investments carried at FVTPL + fair valuation gain of investment carried at FVTOCI	Current investment + Non current investments + other bank balances	NA	NA	0.0%

Explanations for change in ratio by more than 25%:

1 Current Ratio : Change primarily on account increase in current liabilities.
2 Return on equity : Change primarily on account increase in the loss .
3 Return on capital employed : Change primarily due to decrease in Earning before interest and tax.

20. Other statutory information

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions and balances with struck off companies under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

The presentation of financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues,
(iii) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.
(iv) The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(vii) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

(viii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(ix) The company do not have any borrowing from any Bank / Institution during the financials year

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21. The Company has considered the possible effects that may result from COVID-19 In the preparation of these financial statements. The Company believes that pandemic Is unlikely to impact on the recoverability of the carrying value of its assets as at March 31, 2022. Based on the current year performance and estimates arrived at using internal and external sources of information, the Company does not expect any material impact on such carrying values. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business. The Company Is taking all necessary measures to secure the health and safety of its employees, workers and their families.

22. The financial statements were approved for issue by board of directors on May 6th, 2022.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.: 101720W/W100355

Napawaliya

Vijay Napawaliya
Partner
Membership No.109859

Place: Mumbai
Date: 06th May 2022

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For and on behalf of Board of Directors of
Dalmia OCL Limited

Sikander Yadav
Director
DIN 08756042

Place: New Delhi
Date: 06th May 2022

Chandra Narain Maheshwari
Director
DIN 00125680

Place: New Delhi
Date: 06th May 2022

INDEPENDENT AUDITOR'S REVIEW REPORT ON SPECIAL PURPOSE FINANCIAL INFORMATION

To,
The Board of Directors
Dalmia OCL Limited

Introduction

We have reviewed the accompanying Special Purpose Financial Information of **Dalmia OCL Limited** ("the Company"), which comprise the Balance Sheet as at 31st December, 2022, and the Statement of Profit and Loss (including other comprehensive income) for the nine months ended 31st December, 2022, and notes to the Special Purpose Financial Information, including a summary of significant accounting policies and other explanatory information thereon (collectively hereinafter referred to as "the Special Purpose Financial Information").

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Information

This Special Purpose Financial Information is responsibility of the Company's management for the preparation and fair presentation in accordance with the basis of preparation mentioned in Note 2 of the special purpose Financial Information and is approved by the Board of Directors. The Company's management is responsible for such internal control as it determines necessary to enable the preparation of this Special Purpose Financial Information that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our review is conducted in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India (ICAI). A review of Special Purpose Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Special Purpose Financial Information have not been prepared, in all material respects with the Basis of Preparation set out in Note 2 to the Special Purpose Financial Information.

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URL : www.cas.ind.in

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Chartered Accountants

Basis of Accounting and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to Note 2 to the Special Purpose Financial Information, which describes the basis of accounting. This report is intended solely for your information and for use of the statutory auditors of RHI Magnesita India Ltd. ("The Issuer") in connection with the issuer's proposed Fund Raising. As a result, these Special Purpose Financial Information may not be suitable for another purpose. Our report should not be used, referred to or distributed for any other purpose. We shall not be liable to the Company, the Issuer or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Reg. No. 101720W / W100355

Vijay Napawaliya
Partner
Membership No. 109859
UDIN No.: 23109859BGXRSM9900

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th March 2023

Dalmia OCL Limited
Special Purpose Financial Information
Balance Sheet as at 31 December 2022

(Amount in INR)

Particulars	Note No.	As at 31-December-2022
Assets		
Current Assets		
Financial Assets	4	
(i) Cash and Cash equivalent		42,30,043
Total Assets		**42,30,043**
Equity and Liabilities		
Equity		
Equity Share Capital	5	2,00,000
Other Equity	6	(5,59,337)
		(3,59,337)
Liabilities		
Current liabilities		
Financial Liabilities		
(i) Trade Payables		
Total outstanding dues of Micro Enterprises and Small Enterprises		-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	7	31,005
Other current liabilities	8	45,58,375
		45,89,380
Total Equity and liabilities		**42,30,043**

The accompanying significant accounting policies and notes are an integral part of the special purpose financial information.

For and on behalf of Board of Directors of
Dalmia OCL Limited
CIN: U26100TN2018PLC125133

Parmod Sagar
Director
DIN 06500871

Place: Gurugram
Date: March 24, 2023

Vijaya Gupta
Director
DIN 06435747

Place: Gurugram
Date: March 24, 2023

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Dalmia OCL Limited
Special Purpose Financial Information
Statement of Profit and Loss for the nine months ended 31 December 2022

(Amount in INR)

Particulars	Note No.	For nine months ended 31-December-2022
Other Income		-
Total Income		-
EXPENSES		
Finance costs		-
Other expenses	9	45,00,177
Total Expenses		45,00,177
Profit/(loss) before tax		(45,00,177)
Tax expense:		
(1) Current Tax		-
(2) Deferred Tax		-
Total Taxes		-
Profit / (Loss) for the year		(45,00,177)
Other Comprehensive Income		-
Total Comprehensive Income		(45,00,177)
Earnings per equity share	10	
Basic		(225.01)
Diluted		(225.01)

The accompanying significant accounting policies and notes are an integral part of the special purpose financial information.

For and on behalf of Board of Directors of
Dalmia OCL Limited
CIN: U26100TN2018PLC125133

Parmod Sagar
Director
DIN 06500871

Place: Gurugram
Date: March 24, 2023

Vijaya Gupta
Director
DIN 06435747

Place: Gurugram
Date: March 24, 2023

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Dalmia OCL Limited
Statement of changes in equity for the nine months ended 31 December 2022

a. Equity Share Capital:

(Amount in INR)

	No. of Shares	Amount
As at March 31, 2022	20,000	2,00,000
Issue of equity shares	-	-
As at December 31, 2022	20,000	2,00,000

b. Other Equity:

(Amount in INR)

Particulars	Reserve and Surplus		
	Retained Earnings	Share Premium	Total
As at March 31, 2022	(3,30,160)	42,71,000	39,40,840
Loss for the period	(45,00,177)	-	(45,00,177)
As at December 31, 2022	(48,30,337)	42,71,000	(5,59,337)

Description of the purpose of each reserve within equity.

a) Retained Earnings:- Retained earnings are the profits that the Company has earned till date. Retained Earnings is a free reserve available to the Company.

b) Securities Premium represents the amount received in excess of par value of the securities. Securities premium is utilised as per the provisions of Companies Act 2013

For and on behalf of Board of Directors of
Dalmia OCL Limited
CIN: U26100TN2018PLC125133

Parmod Sagar
Director
DIN 06500871

Place: Gurugram
Date: March 24, 2023

Vijaya Gupta
Director
DIN 06435747

Place: Gurugram
Date: March 24, 2023

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Note 1 Corporate Information

Dalmia OCL Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company is a wholly owned Subsidiary of Dalmia Bharat Refractories Limited.

The Board of Directors and Shareholders of Dalmia Bharat Refractories Limited ("DBRL", "The Holding Company") in its meeting held on 19th November, 2022 and extra-ordinary general meeting held on 21st December, 2022, respectively, has approved the transfer of its Refractory Business in India to RHI Magnesita India Ltd ("RHI"). The details of this transaction are as under:

a. Transfer of Indian Refractory Business of the DBRL to Dalmia OCL Limited (The Company):

As per Business Transfer Agreement (BTA) dated 19th November, 2022, DBRL agreed to transfer its entire Indian Refractory Business consisting of it's manufacturing facilities at (i) Rajgangpur, Orrisa; (ii) Dalmiapuram, Tamil Nadu; (iii) Khambalia, Gujarat; (iv) Bhilai, Chhattisgarh; and it's investment in subsidiary namely Dalmia Seven Refractories Limited having 51% shareholding, on closing date, on going concern basis to it's wholly owned subsidiary company, Dalmia OCL Limited at an agreed consideration of Rs. 2,102.00 Crore along with payment of working capital. The above said consideration shall be settled by way of allotment of 8,24,63,624 equity shares of Dalmia OCL Limited to the Company, at a price of Rs. 207.04 /- per share, aggregating to approximately Rs. 1,707.33 Crore and an cash consideration including the closing adjustments in net working capital and debt adjustments.

b. Transfer of DBRL's Investments in Dalmia OCL Limited to RHI:

As per Share Swap Agreement dated 19th November, 2022, DBRL agreed to transfer its entire investment in Dalmia OCL Limited to RHI, at an consideration of 2,70,00,000 equity shares of RHI to be allotted to DBRL on preferential basis, amounting to approximately Rs. 1,706.00 Crore. DBRL's investment in Dalmia OCL Limited has been transferred to RHI subsequent to the quarter end 31st December 2022, consequently, Dalmia OCL Limited has ceased to be a subsidiary of DBRL.

The above transaction have been completed on 4th January 2023 and Shares of RHI alloted to DBRL on 06 January 2023.

RHI Magnesita India Limited is contemplating a fund raise through issuance of equity shares and has made an intimation dated February 13, 2023, to the stock exchanges for, among others, raising an amount not exceeding Rs. 1,500 Crore by way of qualified institutions placement ("QIP") or any other permissible mode. For the purposes of QIP, RHI Magnesita India Limited needs to prepare proforma financial information under Indian law.

These Special Purpose Financial Information will be used for preparing the proforma financials of RHI Magnesita India Limited which will be included in the preliminary placement document (the "Preliminary Placement Document"), a placement document (the "Placement Document") and any amendments and supplements thereto (collectively, the Placement Documents") in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

These Special Purpose Financial Information as at and for the nine months ended December 31 2022 were approved and adopted by the board of directors of the Company in their meeting held on March 24, 2023.

Note 2 Significant accounting policies and critical accounting estimate and judgments:

The Special Purpose financial information have been prepared on the following basis:

2.1 Basis of preparation

The Special Purpose financial information of the Dalmia OCL Limited comprise the Balance Sheet as at 31 December 2022, the Statement of Profit and Loss including the Statement of Other Comprehensive Income and Statement of changes in Equity for the nine months ended 31 December 2022, and notes to the financial information, including a summary of significant accounting policies and other explanatory information (collectively the 'Special Purpose financial information').

The Company has prepared its special purpose financial information in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting standards) Rules as amended from time to time and other related provisions of the Act.

Comparatives information are not disclosed for the financial information. Further, other disclosures included in this financial information are as per the requirements of applicable Indian Accounting Standards and Division II - Ind AS Schedule III to the Companies Act, 2013 to the extent considered relevant by the management for above stated purpose.

Accounting policies have been consistently applied to the period presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost convention

This special purpose financial information have been prepared under the historical cost convention, except for the certain financial assets and liabilities.

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Functional and presentation currency
Items included in the financial information of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial information are presented in 'Indian Rupees', which is the Company's functional and presentation currency. All values are expressed in INR.

Current vis-à-vis non-current classification
The Company presents assets and liabilities in statement of financial position based on current/non-current classification.
The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:
a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when it is:
a) Expected to be settled in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

• Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
• Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.2 Critical accounting estimates and judgements
The presentation of financial information under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Note 3 Significant Accounting policies

3.1 Borrowing Cost

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Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

3.2 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board members that makes strategic decisions.

3.3 Other Income:

Other Operating Income

Any income accured are recognised in the statement of profit or loss as at period end.

3.4 Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.5 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settled the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

• There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

• A present obligation arising from past event, when it is not probable that as outflow of resources will be required to settle the obligation

• A present obligation arises from the past event, when no reliable estimate is possible

• A present obligation arises from the past event, unless the probability of outflow are remote.

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Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.
Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Contingent assets
A contingent asset is disclosed, where an inflow of economic benefits is probable.

3.6 **Cash & Cash Equivalents**

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.7 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

(a) **Investment and other Financial Assets**

(i) **Classification**

The Company classifies its financial assets in the following measurement categories:
• those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and
• those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) **Measurement**

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value through Profit or Loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the Statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

(iii) **Impairment of financial assets:**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) **Derecognition of financial assets**

A financial asset is derecognised only when:
• The Company has transferred the rights to receive cash flows from the financial asset or
• Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) **Contributed equity:**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(b) **Financial Liabilities & Equity**

(i) **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities,

(ii) **Initial recognition and measurement:**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

(iii) **Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below:

Borrowings: Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawdown, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade and other payables: These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Those payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

(iv) **Derecognition:**

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial information for issue, not to demand payment as a consequence of the breach.

Offsetting of financial instrument

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.8 **Earnings per share**

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

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Diluted earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

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Current Assets

4 Financial Assets

ii) Cash and cash equivalents:

	Amount in INR
	As at 31-Dec-2022
Balances with Scheduled banks	
In Current Account	42,30,943
	42,30,943

5 Equity Share Capital

	As at 31-Dec-2022	
	Number	Amount in INR
Authorised :		
Equity shares of Rs. 10 /- each	10,00,00,000	1,00,00,00,000
	10,00,00,000	1,00,00,00,000
Issued, Subscribed and Fully Paid Up :		
Equity shares of Rs. 10 /- each fully paid up	20,000	2,00,000
	20,000	2,00,000

a. Reconciliation of Equity Shares outstanding at the beginning and at for the year ended

	31-Dec-2022	
	No. of Shares	Amount in INR
At the beginning of the year	20,000	2,00,000
Issued during the year	-	-
At the end of the year	20,000	2,00,000

b. Equity shares held by holding company

	31-Dec-2022
	No. of Shares
Dalmia Bharat Refractories Limited	20,000

c. Details of shareholders holding more than 5% shares in the company

Shareholder	31-Dec-2022	
	No. of Shares	%
Dalmia Bharat Refractories Limited*	20,000	100%

* Includes shares held by nominees of Dalmia Cement (Bharat) Limited

6 Other Equity

Surplus/Deficit in the Statement of Retained Earning	As at 31-Dec-2022
At the beginning of the year	(2,30,160)
Transferred from Statement of Profit & Loss	(45,60,177)
At the close of the year	(48,20,337)
Securities Premium	
At the beginning of the year	42,71,000
At the close of the year	42,71,000
Total other equity	(5,49,337)

7 Financial Liabilities

i) Trade Payables

	As at 31-Dec-2022
Total outstanding dues of Micro and Small Enterprises	-
Total outstanding dues of creditors other than Micro and Small Enterprises	31,005
Total	31,005

a) Trade Payables aging schedule

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than a year	1-2 years	2-3 years	More than 3 years	Total
As at 31 December 2022						
MSME	-	-	-	-	-	-
Others	-	31,005	-	-	-	31,005
Disputed dues MSME	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-
Total	-	31,005	-	-	-	31,005

8 Other current Liabilities

	As at 31-Dec-2022
Others	
TDS Payable	1,878
Audit fees payable	28,500
Other current liability	45,00,000
Total	45,31,378

9 Other Expenses

	For the nine months ended 31-Dec-2022
Bank Charges	59
Rates and taxes	45,00,000
Total	45,00,059

10 Earning Per Share

	For the nine months ended 31-Dec-2022
Profit for the year after tax expense (A)	(45,60,177)
Weighted average number of equity shares (B)	20,000
Earning per share (Basic & Diluted) (A/B)	(228.01)

11 Segment Information

There is no reportable segement (Business / Geographical) as per the requirements of IND AS 108 " Operating Segment".

12 Events occurring After the Balance Sheet date

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements.

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

13 Financial Instrument - Disclosure

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

(Amount in INR)

Particulars	Carrying Value 31-Dec-2022	Fair Value 31-Dec-2022
Financial assets designated at amortised cost		
Current		
Cash and Cash equivalent*	42,30,043	42,30,043

Financial Liabilities

(Amount in INR)

Particulars	Carrying Value 31-Dec-2022	Fair Value 31-Dec-2022
Financial liability designated at amortised cost		
Current		
Trade payables*	31,005	31,005
Other financial liability*	45,58,375	45,58,375

* The carrying amounts are considered to be approximately equal to the fair value.

14 Financial Risk Management

The Company's activities expose to credit risk and liquidity risk.

(a) Credit risk
Credit risk arises from trade payables are carried at amortised cost.

(b) Liquidity risk
The Company is not exposed to any significant liquidity risk.

15 The financial statements were approved for issue by board of directors on March 24, 2023.

For and on behalf of Board of Directors of
Dalmia OCL Limited
CIN: U26100TN2018PLC125133

Pramod Sagar
Director
DIN 05500671

Place: Gurugram
Date: March 24, 2023

Vijaya
Vijaya Gupta
Director
DIN 06435747

Place: Gurugram
Date: March 24, 2023

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE CARVE-OUT STANDALONE FINANCIAL INFORMATION

To,
The Board of Directors
RHI Magnesita India Ltd. (Refractory Business of Hi-Tech Chemicals Limited)

Opinion

We have audited the accompanying Special Purpose Carve-Out Standalone Financial Information of **RHI Magnesita India Ltd.** (Refractory Business of Hi-Tech Chemicals Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, and the Statement of Profit and Loss (including other comprehensive income), and notes to the Special Purpose Carve-Out Standalone Financial Information , including a summary of significant accounting policies and other explanatory information thereon (collectively hereinafter referred to as "the Special Purpose Carve-Out Standalone Financial Information").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Carve-Out Standalone Financial Information have been prepared, in all material respects with the Basis of Preparation set out in Note 2 to the Special Purpose Carve-out Standalone Financial Information.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Carve-Out Standalone Financial Information' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special Purpose Carve-Out Standalone Financial Information, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Carve-Out Standalone Financial Information.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Carve-Out Standalone Financial Information

The Company's Board of Directors is responsible for the preparation and fair presentation of these Special Purpose Carve-Out Standalone Financial Information in accordance with the basis of preparation mentioned in Note 2 of the special purpose Carve-Out Standalone Financial Information and this includes design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of special purpose carve-out Standalone financial information that are free from material misstatement whether due to fraud or error.

In preparing the Special Purpose Carve-Out Standalone Financial Information, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Carve-Out Standalone Financial Information

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carve-Out Standalone Financial Information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Carve-Out Standalone Financial Information .

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Carve-Out Standalone Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the whether the Company has internal financial control with reference to special purpose carve out financial information in place and operating effectiveness of the such control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Carve-Out Standalone Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Special Purpose Carve-Out Standalone Financial Information, including the disclosures, and whether the Special Purpose Carve-Out Standalone Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the Special Purpose Carve-Out Standalone Financial Information, which describes the basis of accounting. This report is intended solely for your information and for use of the statutory auditors of RHI Magnesita India Ltd. ("The Issuer") in connection with the issuer's proposed Fund Raising. As a result, these Special Purpose Carve-Out Standalone Financial Information may not be suitable for another purpose. Our report should not be used, referred to or distributed for any other purpose. We shall not be liable to the Company, the Issuer or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For S K Naredi & Co
Chartered Accountants
Firm Reg. No. 003333C

Rahul Naredi
Partner
Membership No. 302632
UDIN No.: 23302632BGSDDT1877

Place: Jamshedpur
Date: 29th March 2023

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Special Purpose Carved-out Balance Sheet as at 31 March 2022

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	As at 31 March, 2022
Assets		
Non-current assets		
Property, plant and equipment	3(a)	8,149.36
Right-of-use assets	3(b)	1,023.63
Capital work-in-progress	3(a)	1,003.67
Intangible assets	4	
Financial assets		
(i) Other financial assets	4(a)	80.40
Other non-current assets	5	55.48
Total non-current assets		**10,312.54**
Current assets		
Inventories	6	11,351.92
Financial assets		
(i) Trade receivables	4(b)	10,219.62
(ii) Other financial assets	4(c)	9.41
Other current assets	5	23.56
Total current assets		**21,604.51**
Total assets		**31,917.05**
Equity and liabilities		
Equity		
Other equity	7	12,358.39
Equity attributable to the owners of HI-TECH Chemicals Limited		**12,358.39**
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	8	2,872.32
(ii) Lease liabilities	3(b)	73.51
Other non-current liabilities	11	-
Total non-current liabilities		**2,945.83**
Current liabilities		
Financial liabilities		
(i) Borrowings	8	7,776.95
(ii) Lease liabilities	3(b)	-
(iii) Trade payables	9	
(a) Total outstanding dues of micro enterprises and small enterprises		201.53
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,439.27
(iv) Other financial liabilities	10	5,791.68
Employee benefit obligations	11	51.38
Other current liabilities	12	352.02
Total current liabilities		**16,612.82**
Total liabilities		**19,558.66**
Total equity and liabilities		**31,917.05**

The above special purpose carved-out balance sheet should be read in conjunction with the accompanying notes.

For S K Naredi & Co
Chartered Accountants
ICAI Firm Regn.No -003333C

For and on behalf of the Board of Directors of
RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)

(Rahul Naredi)
Partner
M.No - 302632

(Parmod Sagar)
Director
DIN - 06500871

(Vijay Sharma)
Director
DIN - 00880113

(Sanjay Kumar)
Company Secretary
PAN - AJZPK9598D

(Vijaya Gupta)
CFO
PAN - ACTPA7750N

Place : Jamshedpur
Date: Mar , 2023

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Special Purpose Carved-Out Statement of Profit and Loss for the year ended 31 March, 2022

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2022
Income		
Revenue from operations	13	22,254.57
Other income	14	109.09
Total income		**22,363.67**
Expenses		
Cost of raw materials and components consumed	15	12,797.07
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)	16	-3,654.29
Employee benefits expense	17	2,544.10
Finance cost	18	507.38
Depreciation and amortisation expense	19	848.93
Other expenses	20	4,923.75
Total expenses		**17,966.94**
Profit before tax		**4,396.72**
Income tax expense:		
- Current tax		
- Deferred tax		
- (Excess)/Short provision for tax relating to prior years		0.00
Total tax expense		-
Profit for the year		**4,396.72**
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
- Remeasurement of the defined benefit plans		-17.53
- Income tax relating to the above		0.00
Other comprehensive (loss)/income for the year, net of tax		**-17.53**
Total comprehensive income for the year		**4,379.19**

The above special purpose carved-out statement of profit and loss should be read in conjunction with the accompanying notes.

For S K Naredi & Co
Chartered Accountants
ICAI Firm Regn.No -003333C

For and on behalf of the Board of Directors of
RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)

(Rahul Naredi)
Partner
M.No - 302632

(Parmod Sagar)
Director
DIN - 06500871

(Vijay Sharma)
Director
DIN - 00880113

Place : Jamshedpur
Date: Mar , 2023

(Sanjay Kumar)
Company Secretary
PAN - AJZPK9598D

(Vijaya Gupta)
CFO
PAN - ACTPA7750N

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

Note 3(a) :

Property, plant and equipment and capital work-in progress

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Buildings	Plant and machineries	Furniture and fixtures	Office equipments	Vehicles	Total	Capital work in progress
Balance as at 1 April, 2021	2,827.51	8,287.16	160.21	78.30	9.71	**11,362.89**	3,699.89
Additions	3,474.15	521.51	11.43	2.66	13.76	**4,023.51**	
Re- grouping	-354.15				-	**354.15**	
Disposals	-	-469.51				**(469.51)**	-2,696.22
Balance as at 31 March, 2022	**5,947.51**	**8,339.16**	**171.64**	**80.96**	**23.47**	**14,562.74**	**1,003.67**
Accumulated depreciation and impairment							
Balance as at 1 April, 2021	767.59	5,061.47	61.56	45.79	1.17	**5,937.58**	-
Charge for the year	191.15	613.10	13.10	10.89	1.15	**829.39**	-
Reclass	-	-353.59				**(353.59)**	-
Accumulated depreciation and impairment as at 31 March, 2022	**958.74**	**5,320.98**	**74.66**	**56.68**	**2.32**	**6,413.38**	**-**
Carrying amount							
Balance as at 31 March, 2022	**4,988.77**	**3,018.18**	**96.98**	**24.28**	**21.15**	**8,149.36**	**1,003.67**

Note 3(b):
Leases

(All amount in Rs. Lacs, unless otherwise stated)

This note provides information for leases where the Company is a lessee. The Company has taken on lease offices, guest house and warehouses. There is no case where the Company is acting as a lessor.

		Note	As at 31 March, 2022
(i)	**Amount recognised in balance sheet**		
	Opening Balance		
	Movement		1,023.63
	Total		**1,023.63**
	Lease Liabilities		
	Opening		
	Movement		73.51
	Total		**73.51**

(ii) Amounts recognised in the statement of profit and loss

	Note	Year ended 31 March, 2022
Interest expense (included in finance costs)	**25**	5.13
Depreciation charge of right-of-use assets	**26**	19.54
Expense relating to short-term leases (included in other expenses)	**27**	

(iii) In applying IndAS 116, the Company has used the following practical expedient:
Accounting for operating leases with a remaining lease term of less than 12 months treated as short-term leases.

(iv) Extension and Termination option:
Extension and termination options are included in a number of leases. Extension and termination options held are exercisable at mutual consent of lessor and lessee.

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 March, 2022**
Note 4(a):	
Other non-current financial assets - unsecured, considered good	
Security deposits	80.40
Total	**80.40**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022
Note 4(b):	
Trade receivables	
Trade Receivables	10,668.57
Receivables from related parties	-
Less: Allowance for doubtful debts	-448.95
Total	**10,219.62**
Break-up of security details	
Unsecured:	-
Considered good	10,219.62
Considered doubtful	448.95
Total Gross receivables	10,668.57
Less: Allowance for doubtful debts	-448.95
Total	**10,219.62**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 March, 2022**
Note 4(c):	
Other current financial assets	
Interest accrued on deposits	4.15
Loans and advances to employees	5.26
Total	**9.41**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		As at 31 March, 2022
Note 5:		
Other Assets		
Unsecured , considered good unless otherwise stated		
Non-current		
Capital Advances		55.48
	Total	**55.48**
Current		
Prepaid expenses		0.77
Export incentives receivable (government grant)		
- Considered good		22.79
- Considered doubtful		-
		22.79
Less: Allowance for doubtful export incentives receivable		-
		22.79
Others		-
	Total	**23.56**
Note 6:		
Inventories		
Raw materials		5,619.83
Work-in-progress		527.88
Finished goods		5,204.22
	Total	**11,351.92**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022
Note 7:	
Other equity	
Retained earnings	12,358.39
Total	**12,358.39**
(i) Retained earnings	
Opening balance	-
Carve out Adjustment	8,612.04
Adjustment- Retained Earnings	-632.85
Net profit for the year	4,396.72
Remeasurements of post employment benefit obligation, net of tax	-17.53
Transaction costs (stamp duty) on issue of shares, net of tax	-
Dividend paid	
Closing balance	**12,358.39**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022
Note 8:	
Borrowings	
Non Current	
Secured - Term Loans	
Long term debts (i.e., from Banks)	2,872.32
Total	**2,872.32**
Current - secured	
Working capital demand loan	7,122.95
Current maturities of long term debts (including accrued interest)	654.00
Total	**7,776.95**
Net debt reconciliation	
Cash and cash equivalents	-
Non-current borrowings	-2,872.32
Current borrowings	-7,776.95
Lease liabilities	-73.51
Net debt	**(10,722.78)**
Note 11:	
Other non-current liabilities	
Deposit from employees	-
Total	**-**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 March, 2022
Note 9:	
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	201.53
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,439.27
Total	**2,640.80**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 March, 2022**
Note 10:	
Other current financial liabilities	
Security Deposits	42.40
Employee benefits payable	201.64
Deferred Liabilites	
Opening	-
Movement	5,547.64
Total	**5,791.68**

Note 11:
Employee benefit obligations

(All amount in Rs. Lacs, unless otherwise stated)

Employee benefit obligations	**As at 31 March, 2022**
	Current
(i) Leave obligations	
Opening Gratuity	-
(i) Gratuity Movement	51.38
Total	**51.38**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 March, 2022**
Note 12:	
Other current liabilities	
Statutory dues (Contribution to Provident Fund and Employee State Insurance, Goods and Services Tax etc.)	154.87
Other payables	197.15
Total	**352.02**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		Year ended 31 March, 2022
Note 13:		
Revenue from operations		
Revenue from contracts with customers		
-Sales of products		
(i) Finished goods		24,553.70
- Sale of services		-2,331.26
		22,222.44
Other operating revenues		32.13
	Total	**22,254.57**
Break-up of Revenue from Operations		
Sale of Product comprises		
Finished goods		
Finished goods		24,553.70
		24,553.70
Sale of services comprises		
Refractory management services		-2,331.26
		-2,331.26
Other Operating Revenue		
Sale of Scrap		8.78
Export Incentives		23.35
		32.13
Note 14:		
Other income		
Interest income on financial assets on amortised cost:		
- on security deposits		4.99
Machine Rental Charges		19.50
- on others		0.82
Net foreign exchange differences		79.69
Miscellaneous income		4.10
	Total	**109.09**
Note 15:		
Cost of raw materials and components consumed		
Opening stock (including stock-in-transit)		3,178.23
Add: Purchases		15,238.67
		18,416.89
Less: Closing stock (including stock-in-transit)		5,619.83
	Total	**12,797.07**
Note 16:		
Change in inventories of finished goods, work in-progress and traded goods		
Inventories at the end of the year		
Work in progress		527.88
Finished goods		1,209.91
Change in FG due to Deferred revenue Adjustment		3,994.30
Traded goods		-
		5,732.09
Inventories at the beginning of the year		
Work in progress		265.89
Finished goods		1,169.50
Change in FG due to Deferred revenue Adjustment		642.42
Traded goods		-
		2,077.81
	Total	**-3,654.29**
Note 17:		
Employee benefits expense		
Salaries, wages and bonus		2,372.92
Contribution to provident fund & others		113.85
Gratuity		39.73
Staff welfare expenses		17.60
	Total	**2,544.10**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Year ended 31 March, 2022
Note 18:	
Finance cost	
Interest expense:	
- on term loan	35.91
- on bank overdraft	399.40
Interest expenses on lease liabilities	5.13
-'Statutory dues	1.68
Others	65.25
Total	**507.38**
Note 19:	
Depreciation and amortisation expense	
Depreciation on property, plant and equipment	829.38
Depreciation charge of right-of-use assets	19.54
Total	**848.93**
Note 20:	
Other expenses	
Power and fuel	283.63
Prior period expenses	32.78
Processing charges	307.15
Rent	83.54
- Plant and machinery	695.54
Insurance	46.25
Rates and taxes	23.58
Communication costs	12.68
Travelling and conveyance	129.21
Printing and stationery	7.02
Freight and forwarding	1,977.83
Commission on sales (Other than sole selling agents)	2.34
Advertising and other expenses	7.63
Donation	16.19
Expenditure on corporate social responsibility	57.15
Legal and professional fees	83.51
Bad debts written off	6.14
Allowance for doubtful debts - trade receivables	-24.40
Loss on property, plant and equipment sold / scrapped (Net)	127.05
Bank charges	13.23
Miscellaneous expenses	1,035.71
Total	**4,923.75**

1. Corporate Information

The Company is primarily engaged in the business of manufacturing of refractories and has manufacturing facilities in Jamshedpur (Jharkhand)

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Special purpose carved-out Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Special purpose carved-out financial statement for the year has been prepared by the management in line with "Business Takeover Agreement" (BTA) executed with "RHI Magnesita India Limited" dated October 18, 2022, for slump sale of refractory business undertaking of Hi-Tech Chemicals Limited (HTC) on a going concern basis. This special purpose carved-out financial statement of refractory business of HTC has been prepared for the special purpose requirement of "RHI Magnesita India Limited".

(i) Compliance with Ind AS

The Special Purpose Carved-out Financial Statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The Special Purpose Carved-out Financial Statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Defined benefit plans – plan assets measured at fair value.

(iii) New and amended standards adopted by the Company

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April, 2021:

- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 Critical accounting estimates, assumptions and judgements

The preparation of Special Purpose Carved-out Financial Statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at the date of the Special Purpose Carved-out Financial Statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the Special Purpose Carved-out Financial Statements:

(a) Allowance for doubtful trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(b) Revenue from contracts with customers

For Refractory Management Contracts where the transaction price depends on the customer's production, customer expects total refractory management services from the Company, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the product of steel in the steel plant. Thus, only one single performance obligation, performance of refractory management service, exists.

2.3 Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.4 Property Plant and Equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Company and cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company had elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April, 2021 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, Plant and equipment is provided on straight-line basis over the useful lives of assets using Triple shift at the rates as prescribed under Schedule II to the Companies Act, 2013.

Assets residual values, depreciation method and useful lives are reviewed at the end of financial year considering the physical condition of the assets or whenever there are indicators for review and adjusts residual life prospectively.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within Other Income/Other Expenses.

2.5 Leases

As a lessee

Leases are recognised as a right-of-use asset at cost with a corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets in accordance with Ind AS 116 'Leases'.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.6 Financial assets (Debt Instruments)

A. Classification and initial recognition

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the asset. The Company determines the classification of its financial assets at initial recognition. The Company classifies the financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss, or through other comprehensive income)
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets are initially measured at fair value. Transactions cost that are directly attributable to the acquisition of financial asset (other than financial asset at fair value through profit and loss) are added from the fair value of financial asset.

B. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial assets at fair value through profit or loss (FVPL):

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Company on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Company. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income in the Statement of Profit and Loss.

b. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income in the Statement of Profit and Loss.

c. Fair value through other comprehensive income (FVOCI):

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

C. Derecognition

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

D. Impairment of financial assets

The Company assesses on forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies simplified approach required by Ind AS 109 *Financial Instruments,* which requires expected lifetime losses to be recognised from initial recognition of receivables.

E. Income recognition - Interest

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.7 Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity.

The Company's financial liabilities includes borrowings, lease liability, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities carried at fair value through profit or loss) are added or deducted from the fair value measured on initial recognition of financial liability. Financial liabilities are classified as subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

2.8 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.9 Fair Value Measurement

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Special Purpose Carved-out Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.10 Derivative financial instruments

The Company acquires forward contracts to mitigate the risk arising foreign currency exposures from purchase and sale of goods and services. These forward contracts are designated as derivative financial instruments. Derivatives are initially recognised at fair value on the date of derivate contract is entered into and subsequently re-measured to their fair value at the end of reporting period. The consequent gains/ losses, arising from subsequent re-measurement, are recognised in the statement of profit or loss, unless the derivative is designated as hedging instrument and hedging relationship is established with the item being hedged.

2.11 Impairment of non-financial assets – Property, plant and equipment and Intangible assets

Intangible assets and property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2.12 Inventories

Inventories including stores and spares are valued at the lower of cost on weighted average and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods, including freight, octroi and other levies. Work-in-progress and finished goods include appropriate proportion of labour and overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

2.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.14 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers either over time or at a point of time at an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.

At the inception of the contract, the Company identifies the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract.

Revenue from providing services is recognised in the accounting period in which the services as rendered.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due.

2.15 Government grants

Grants from the government are recognised at their fair value where there is reasonable certainty that the grant will be received and the Company will comply with required conditions. Export incentive under Remission of Duties and Taxes on Export products (RODTEP), Merchandise Exports from India Scheme (MEIS) and duty drawback are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

2.16 Employee benefits

Defined benefit plan - Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company's contribution to provident fund, national pension scheme and employees' state insurance scheme are considered as defined contribution plans and are charged as expense in the Statement of Profit and Loss, based on the amount of contribution required to be made and when services are rendered by the employee.

2.17 Foreign currency translation

(i) Functional and presentation currency

Items included in the Special Purpose Carved-out Financial Statements are measured using the currency of the primary economic environment in which the Company operates (`the functional currency'). The Company's operations are primarily in India. The Special Purpose Carved-out Financial Statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the Statement of Profit and Loss.

Foreign exchange differences arising on foreign currency borrowings are presented in the Special Purpose Carved-out Statement of Profit and Loss within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

INDEPENDENT AUDITOR'S REVIEW REPORT ON SPECIAL PURPOSE CARVE-OUT STANDALONE FINANCIAL INFORMATION

To,
The Board of Directors
RHI Magnesita India Ltd (Refractory Business of Hi-Tech Chemicals Limited)

Introduction

We have reviewed the accompanying Special Purpose Carve-Out Standalone Financial Information of **RHI Magnesita India Ltd** (Refractory Business of Hi-Tech Chemicals Limited) ("the Company"), which comprise the Balance Sheet as at 31st December, 2022, and the Statement of Profit and Loss (including other comprehensive income) for the nine months ended 31st December, 2022, and notes to the Special Purpose Carve-Out Standalone Financial Information, including a summary of significant accounting policies and other explanatory information thereon (collectively hereinafter referred to as "the Special Purpose Carve-Out Standalone Financial Information").

Responsibilities of Management and Those Charged with Governance for the Special Purpose Carve-Out Standalone Financial Information

This Special Purpose Carve-Out Standalone Financial Information is responsibility of the Company's management for the preparation and fair presentation in accordance with the basis of preparation mentioned in Note 2 of the special purpose Carve-Out Standalone Financial Information and is approved by the Board of Directors. The Company's management is responsible for such internal control as it determines necessary to enable the preparation of this Special Purpose Carve-Out Standalone Financial Information that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our review is conducted in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India (ICAI). A review of Special Purpose Carve-Out Standalone Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Special Purpose Carve-Out Standalone Financial Information have not been prepared, in all material respects with the Basis of Preparation set out in Note 2 to the Special Purpose Carve-out Standalone Financial Information.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to Note 2 to the Special Purpose Carve-Out Standalone Financial Information, which describes the basis of accounting. This report is intended solely for your information and for use of the statutory auditors of RHI Magnesita India Ltd. ("The Issuer") in connection with the issuer's proposed Fund Raising. As a result, these Special Purpose Carve-Out

Standalone Financial Information may not be suitable for another purpose. Our report should not be used, referred to or distributed for any other purpose. We shall not be liable to the Company, the Issuer or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For S K Naredi & Co
Chartered Accountants
Firm Reg. No. 003333C

Rahul Naredi
Partner
Membership No. 302632
UDIN No.: 23302632BGSDDU9567

Place: Jamshedpur
Date: 29th March 2023

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Special Purpose Carved-out Balance Sheet as at 31 December 2022

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	As at 31 December, 2022
Assets		
Non-current assets		
Property, plant and equipment	3(a)	7,847.61
Right-of-use assets	3(b)	1,001.32
Capital work-in-progress	3(a)	1,389.47
Intangible assets	4	
Financial assets		
(i) Other financial assets	4(a)	76.50
Other non-current assets	5	50.38
Total non-current assets		**10,365.28**
Current assets		
Inventories	6	12,413.33
Financial assets		
(i) Trade receivables	4(b)	10,391.27
(ii) Other financial assets	4(c)	17.82
Other current assets	5	42.77
Total current assets		**22,865.20**
Total assets		**33,230.49**
Equity and liabilities		
Equity		
Other equity	7	13,450.43
Equity attributable to the owners of HI-TECH Chemicals Limited		**13,450.43**
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	8	-
(ii) Lease liabilities	3(b)	71.71
Other non-current liabilities	11	-
Total non-current liabilities		**71.71**
Current liabilities		
Financial liabilities		
(i) Borrowings	8	11,982.21
(ii) Lease liabilities	3(b)	-
(iii) Trade payables	9	
(a) Total outstanding dues of micro enterprises and small enterprises		19.54
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,596.16
(iv) Other financial liabilities	10	5,382.97
Employee benefit obligations	11	7.04
Other current liabilities	12	720.41
Total current liabilities		**19,708.34**
Total liabilities		**19,780.06**
Total equity and liabilities		**33,230.49**

The above special purpose carved-out balance sheet should be read in conjunction with the accompanying notes.

For S K Naredi & Co
Chartered Accountants
ICAI Firm Regn.No -003333C

For and on behalf of the Board of Directors of
RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)

(Rahul Naredi)
Partner
M.No - 302632

(Parmod Sagar)
Director
DIN - 06500871

(Vijay Sharma)
Director
DIN - 00880113

Place : Jamshedpur
Date: Mar , 2023

(Sanjay Kumar)
Company Secretary
PAN - AJZPK9598D

(Vijaya Gupta)
CFO
PAN - ACTPA7750N

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Special Purpose Carved-Out Statement of Profit and Loss for the nine months ended 31 December, 2022

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Notes	Nine Months ended 31 December, 2022
Income		
Revenue from operations	13	26,490.46
Other income	14	16.01
Total income		**26,506.47**
Expenses		
Cost of raw materials and components consumed	15	13,321.76
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)	16	-1,265.68
Employee benefits expense	17	2,053.44
Finance cost	18	391.73
Depreciation and amortisation expense	19	612.61
Other expenses	20	4,205.71
Total expenses		**19,319.58**
Profit before tax		**7,186.89**
Income tax expense:		
- Current tax		-
- Deferred tax		0.00
- (Excess)/Short provision for tax relating to prior years		0.00
Total tax expense		**-**
Profit for the year		**7,186.89**
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
- Remeasurement of the defined benefit plans		22.09
- Income tax relating to the above		0.00
Other comprehensive (loss)/income for the year, net of tax		**22.09**
Total comprehensive income for the year		**7,208.98**

The above special purpose carved-out statement of profit and loss should be read in conjunction with the accompanying notes.

For S K Naredi & Co
Chartered Accountants
ICAI Firm Regn.No -003333C

For and on behalf of the Board of Directors of
RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)

(Rahul Naredi)
Partner
M.No - 302632

(Parmod Sagar)
Director
DIN - 06500871

(Vijay Sharma)
Director
DIN - 00880113

Place : Jamshedpur
Date: Mar , 2023

(Sanjay Kumar)
Company Secretary
PAN - AJZPK9598D

(Vijaya Gupta)
CFO
PAN - ACTPA7750N

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

Note 3(a) :

Property, plant and equipment and capital work-in progress

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Buildings	Plant and machineries	Furniture and fixtures	Office equipments	Vehicles	Total	Capital work in progress
Balance as at 1 April, 2021	2,827.51	8,287.16	160.21	78.30	9.71	**11,362.89**	3,699.89
Additions	3,474.15	521.51	11.43	2.66	13.76	**4,023.51**	
Re- grouping	-354.15				-	**354.15**	
Disposals	-	-469.51				**(469.51)**	-2,696.22
Balance as at 31 March, 2022	**5,947.51**	**8,339.16**	**171.64**	**80.96**	**23.47**	**14,562.74**	**1,003.67**
Additions	66.72	226.89		21.61		**315.22**	385.80
Disposals	-	(25.44)				**(25.44)**	
Balance as at 31 December, 2022	**6,014.23**	**8,540.61**	**171.64**	**102.57**	**23.47**	**14,852.52**	**1,389.47**
Accumulated depreciation and impairment							
Balance as at 1 April, 2021	767.59	5,061.47	61.56	45.79	1.17	**5,937.58**	-
Charge for the year	191.15	613.10	13.10	10.89	1.15	**829.39**	-
Reclass	-	-353.59				**(353.59)**	-
Accumulated depreciation and impairment as at 31 March, 2022	**958.74**	**5,320.98**	**74.66**	**56.68**	**2.32**	**6,413.38**	**-**
Charge for the period	132.40	428.33	10.40	17.08	2.09	**590.30**	-
Depreciation on assets disposed off during the period	-	1.23				**1.23**	-
Impairment loss	-	-	-	-	-	-	
Accumulated depreciation and impairment as at 31 December, 2022	**1,091.14**	**5,750.54**	**85.06**	**73.76**	**4.41**	**7,004.91**	**-**
Carrying amount							
Balance as at 31 December, 2022	**4,923.09**	**2,790.07**	**86.58**	**28.81**	**19.06**	**7,847.61**	**1,389.47**

Note 3(b):
Leases

(All amount in Rs. Lacs, unless otherwise stated)

This note provides information for leases where the Company is a lessee. The Company has taken on lease offices, guest house and warehouses. There is no case where the Company is acting as a lessor.

		Note	As at 31 December, 2022
(i)	**Amount recognised in balance sheet**		
	Opening Balance		1,023.63
	Movement		- 22.31
		Total	**1,001.32**
	Lease Liabilities		
	Opening		**73.51**
	Movement		- 1.80
		Total	**71.71**

		Note	Nine Months ended 31 December, 2022
(ii)	**Amounts recognised in the statement of profit and loss**		
	Interest expense (included in finance costs)	**25**	3.82
	Depreciation charge of right-of-use assets	**26**	22.30
	Expense relating to short-term leases (included in other expenses)	**27**	

(iii) In applying IndAS 116, the Company has used the following practical expedient:
Accounting for operating leases with a remaining lease term of less than 12 months treated as short-term leases.

(iv) Extension and Termination option:
Extension and termination options are included in a number of leases. Extension and termination options held are exercisable at mutual consent of lessor and lessee.

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**
Note 4(a):	
Other non-current financial assets - unsecured, considered good	
Security deposits	76.50
Total	**76.50**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**
Note 4(b):	
Trade receivables	
Trade Receivables	10,700.73
Receivables from related parties	-
Less: Allowance for doubtful debts	-309.46
Total	**10,391.27**
Break-up of security details	
Unsecured:	
Considered good	10,391.27
Considered doubtful	309.46
Total Gross receivables	10,700.73
Less: Allowance for doubtful debts	-309.46
Total	**10,391.27**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**
Note 4(c):	
Other current financial assets	
Interest accrued on deposits	5.74
Loans and advances to employees	12.08
Total	**17.82**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**
Note 5:	
Other Assets	
Unsecured , considered good unless otherwise stated	
Non-current	
Capital Advances	50.38
Total	**50.38**
Current	
Prepaid expenses	36.08
Export incentives receivable (government grant)	
- Considered good	6.69
- Considered doubtful	-
	6.69
Less: Allowance for doubtful export incentives receivable	-
	6.69
Others	-
Total	**42.77**
Note 6:	
Inventories	
Raw materials	5,415.56
Work-in-progress	841.79
Finished goods	6,155.97
Total	**12,413.33**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**
Note 7:	
Other equity	
Retained earnings	13,450.43
Total	**13,450.43**
(i) Retained earnings	
Opening balance	12,358.39
Carve out Adjustment	-6,116.94
Adjustment- Retained Earnings	-
Net profit for the year	7,186.89
Remeasurements of post employment benefit obligation, net of tax	22.09
Transaction costs (stamp duty) on issue of shares, net of tax	0.00
Dividend paid	-
Closing balance	**13,450.43**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	**As at 31 December, 2022**
Note 8:	
Borrowings	
Non Current	
Secured - Term Loans	
Long term debts (i.e., from Banks)	-
Total	**-**
Current - secured	
Working capital demand loan	10,382.20
Current maturities of long term debts (including accrued interest)	1,600.02
Total	**11,982.21**
Net debt reconciliation	
Cash and cash equivalents	-
Non-current borrowings	0.00
Current borrowings	-11,982.21
Lease liabilities	-71.71
Net debt	**(12,053.93)**
Note 11:	
Other non-current liabilities	
Deposit from employees	-
Total	**-**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022
Note 9:	
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	19.54
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,596.16
Total	**1,615.70**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022
Note 10:	
Other current financial liabilities	
Security Deposits	74.95
Employee benefits payable	214.87
Deferred Liabilites	
Opening	5,547.64
Movement	-454.49
Total	**5,382.97**

Note 11:
Employee benefit obligations

(All amount in Rs. Lacs, unless otherwise stated)

Employee benefit obligations	**As at 31 December, 2022**
	Current
(i) Leave obligations	
Opening Gratuity	51.38
(i) Gratuity Movement	-44.34
Total	**7.04**

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	As at 31 December, 2022
Note 12:	
Other current liabilities	
Statutory dues (Contribution to Provident Fund and Employee State Insurance, Goods and Services Tax etc.)	376.23
Other payables	344.18
Total	**720.41**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars		Nine Months ended 31 December, 2022
Note 13:		
Revenue from operations		
Revenue from contracts with customers		
-Sales of products		
(i) Finished goods		23,627.73
- Sale of services		2,817.56
		26,445.29
Other operating revenues		45.17
	Total	**26,490.46**
Break-up of Revenue from Operations		
Sale of Product comprises		
Finished goods		
Finished goods		23,627.73
		23,627.73
Sale of services comprises		
Refractory management services		2,817.56
		2,817.56
Other Operating Revenue		
Sale of Scrap		35.76
Export Incentives		9.41
		45.17
Note 14:		
Other income		
Interest income on financial assets on amortised cost:		
- on security deposits		5.74
House Rental Charges		1.49
Machine Rental Charges		
- on others		-
Net foreign exchange differences		-
Miscellaneous income		8.78
	Total	**16.01**
Note 15:		
Cost of raw materials and components consumed		
Opening stock (including stock-in-transit)		5,619.83
Add: Purchases		13,117.50
		18,737.33
Less: Closing stock (including stock-in-transit)		5,415.56
	Total	**13,321.76**
Note 16:		
Change in inventories of finished goods, work in-progress and traded goods		
Inventories at the end of the year		
Work in progress		841.79
Finished goods		2,488.90
Change in FG due to Deferred revenue Adjustment		3,667.07
Traded goods		-
		6,997.77
Inventories at the beginning of the year		
Work in progress		527.88
Finished goods		1,209.91
Change in FG due to Deferred revenue Adjustment		3,994.30
Traded goods		-
		5,732.09
	Total	**-1,265.68**
Note 17:		
Employee benefits expense		
Salaries, wages and bonus		1,907.94
Contribution to provident fund & others		87.31
Gratuity		33.79
Staff welfare expenses		24.40
	Total	**2,053.44**

RHI Magnesita India Ltd.
(Refractory Business of Hi-Tech Chemicals Limited)
Notes to Special Purpose Carved-Out Financial Statements

(All amount in Rs. Lacs, unless otherwise stated)

Particulars	Nine Months ended 31 December, 2022
Note 18:	
Finance cost	
Interest expense:	
- on term loan	190.48
- on bank overdraft	166.78
Interest expenses on lease liabilities	3.82
-'Statutory dues	2.37
Others	28.29
Total	**391.73**
Note 19:	
Depreciation and amortisation expense	
Depreciation on property, plant and equipment	590.30
Depreciation charge of right-of-use assets	22.30
Total	**612.61**
Note 20:	
Other expenses	
Power and fuel	248.02
Prior period expenses	-0.41
Processing charges	334.59
Rent	53.72
- Plant and machinery	276.75
Insurance	6.50
Rates and taxes	3.67
Communication costs	7.69
Travelling and conveyance	109.26
Printing and stationery	5.75
Freight and forwarding	1,319.44
Commission on sales (Other than sole selling agents)	24.98
Advertising and other expenses	20.46
Donation	47.88
Expenditure on corporate social responsibility	156.10
Legal and professional fees	100.06
Bad debts written off	477.03
Allowance for doubtful debts - trade receivables	-139.49
Net foreign exchange differences	44.01
Loss on property, plant and equipment sold / scrapped (Net)	13.48
Bank charges	9.08
Miscellaneous expenses	1,087.12
Total	**4,205.71**

1. Corporate Information

The Company is primarily engaged in the business of manufacturing of refractories and has manufacturing facilities in Jamshedpur (Jharkhand)

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Special purpose carved-out Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Special purpose carved-out financial statement for the period has been prepared by the management in line with "Business Takeover Agreement" (BTA) executed with "RHI Magnesita India Limited" dated October 18, 2022, for slump sale of refractory business undertaking of Hi-Tech Chemicals Limited (HTC) on a going concern basis. This special purpose carved-out financial statement of refractory business of HTC has been prepared for the special purpose requirement of "RHI Magnesita India Limited".

(i) Compliance with Ind AS

The Special Purpose Carved-out Financial Statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The Special Purpose Carved-out Financial Statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Defined benefit plans – plan assets measured at fair value.

(iii) New and amended standards adopted by the Company

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April, 2021:

- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 Critical accounting estimates, assumptions and judgements

The preparation of Special Purpose Carved-out Financial Statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at the date of the Special Purpose Carved-out Financial Statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the Special Purpose Carved-out Financial Statements:

(a) Allowance for doubtful trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(b) Revenue from contracts with customers

For Refractory Management Contracts where the transaction price depends on the customer's production, customer expects total refractory management services from the Company, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the product of steel in the steel plant. Thus, only one single performance obligation, performance of refractory management service, exists.

2.3 Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.4 Property Plant and Equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Company and cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company had elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April, 2021 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, Plant and equipment is provided on straight-line basis over the useful lives of assets using Triple shift at the rates as prescribed under Schedule II to the Companies Act, 2013.

Assets residual values, depreciation method and useful lives are reviewed at the end of financial year considering the physical condition of the assets or whenever there are indicators for review and adjusts residual life prospectively.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within Other Income/Other Expenses.

2.5 Leases

As a lessee

Leases are recognised as a right-of-use asset at cost with a corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets in accordance with Ind AS 116 'Leases'.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.6 Financial assets (Debt Instruments)

A. Classification and initial recognition

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the asset. The Company determines the classification of its financial assets at initial recognition. The Company classifies the financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss, or through other comprehensive income)
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets are initially measured at fair value. Transactions cost that are directly attributable to the acquisition of financial asset (other than financial asset at fair value through profit and loss) are added from the fair value of financial asset.

B. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial assets at fair value through profit or loss (FVPL):

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Company on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Company. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income in the Statement of Profit and Loss.

b. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income in the Statement of Profit and Loss.

c. Fair value through other comprehensive income (FVOCI):

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

C. Derecognition

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

D. Impairment of financial assets

The Company assesses on forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies simplified approach required by Ind AS 109 *Financial Instruments,* which requires expected lifetime losses to be recognised from initial recognition of receivables.

E. Income recognition - Interest

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.7 Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity.

The Company's financial liabilities includes borrowings, lease liability, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities carried at fair value through profit or loss) are added or deducted from the fair value measured on initial recognition of financial liability. Financial liabilities are classified as subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

2.8 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.9 Fair Value Measurement

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Special Purpose Carved-out Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.10 Derivative financial instruments

The Company acquires forward contracts to mitigate the risk arising foreign currency exposures from purchase and sale of goods and services. These forward contracts are designated as derivative financial instruments. Derivatives are initially recognised at fair value on the date of derivate contract is entered into and subsequently re-measured to their fair value at the end of reporting period. The consequent gains/ losses, arising from subsequent re-measurement, are recognised in the statement of profit or loss, unless the derivative is designated as hedging instrument and hedging relationship is established with the item being hedged.

2.11 Impairment of non-financial assets – Property, plant and equipment and Intangible assets

Intangible assets and property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

2.12 Inventories

Inventories including stores and spares are valued at the lower of cost on weighted average and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods, including freight, octroi and other levies. Work-in-progress and finished goods include appropriate proportion of labour and overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

2.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.14 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers either over time or at a point of time at an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.

At the inception of the contract, the Company identifies the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract.

Revenue from providing services is recognised in the accounting period in which the services as rendered.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due.

2.15 Government grants

Grants from the government are recognised at their fair value where there is reasonable certainty that the grant will be received and the Company will comply with required conditions. Export incentive under Remission of Duties and Taxes on Export products (RODTEP), Merchandise Exports from India Scheme (MEIS) and duty drawback are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

2.16 Employee benefits

Defined benefit plan - Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company's contribution to provident fund, national pension scheme and employees' state insurance scheme are considered as defined contribution plans and are charged as expense in the Statement of Profit and Loss, based on the amount of contribution required to be made and when services are rendered by the employee.

2.17 Foreign currency translation

(i) Functional and presentation currency

Items included in the Special Purpose Carved-out Financial Statements are measured using the currency of the primary economic environment in which the Company operates (`the functional currency'). The Company's operations are primarily in India. The Special Purpose Carved-out Financial Statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the Statement of Profit and Loss.

Foreign exchange differences arising on foreign currency borrowings are presented in the Special Purpose Carved-out Statement of Profit and Loss within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF PROFORMA UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN THE PLACEMENT DOCUMENTS

To
The Board of Directors
RHI Magnesita India Limited *(formerly known as Orient Refractories Limited)*
301, 316-17, Tower B
EMAAR Digital Greens
Golf Course Road Extension
Sector - 61, Gurugram 122 011
Haryana, India

Report on the Compilation of Proforma Unaudited Condensed Consolidated Financial Information included in the ("Placement Documents")

1. We have completed our assurance engagement to report on the compilation of Proforma Unaudited Condensed Consolidated Financial Information of **RHI Magnesita India Limited** (*formerly known as Orient Refractories Limited*) (the "Company" or "Holding Company") by the Management of Company. The proforma unaudited condensed consolidated financial information consists of the proforma unaudited condensed consolidated balance sheet as at December 31, 2022 and March 31, 2022, the proforma unaudited condensed consolidated statement of profit and loss (including the other comprehensive income) for the nine months ended December 31, 2022 and for the year ended March 31, 2022 and related notes as set out in the Placement Documents of the Company. The applicable criteria on the basis of which the Management of Company has compiled the proforma unaudited condensed consolidated financial information are specified in clause (11)(I)(B)(iii) of Part A of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the "ICDR Regulations") issued by the Securities and Exchange Board of India (the "SEBI") and described in "Basis of preparation" paragraph in Note 2 and 3 to the Proforma Unaudited Condensed Consolidated Financial Information. Because of its nature, the Proforma Unaudited Condensed Consolidated Financial Information does not represent the Company's actual financial position and financial information.

2. The proforma unaudited condensed consolidated financial information has been compiled by the Management of Company to illustrate the impact of the event or transaction as set out in Note 2 and 3 to the Proforma Unaudited Condensed Consolidated Financial Information on the Company's financial position as at December 31, 2022 and March 31, 2022 and its financial performance for the nine months ended December 31, 2022 and for the year ended March 31, 2022 as if the event or transaction had taken place at April 01, 2021 i.e. beginning of the earliest period presented in the proforma unaudited condensed consolidated financial information.

   As a part of this process, information about the financial position and financial performance of the Company has been extracted and compiled by the management by placing reliance on the following:

   - the unaudited consolidated financial information of the Company for the nine months ended December 31, 2022 and audited consolidated financial information of the Company for the year ended March 31, 2022 for which the other auditors expressed an unmodified opinions and an emphasis of matter paragraph in the reports dated March 29, 2023 and May 27, 2022 respectively.

   - the audited Special Purpose Carved out Financial Information of Hi-Tech Chemicals Limited for the nine months ended December 31, 2022 and for the year ended March 31, 2022 for which other auditors have expressed an unmodified opinions in the reports dated March 29, 2023.

   - the unaudited Special Purpose Financial Information of Dalmia OCL Limited for the nine months ended December 31, 2022 and audited financial information for the year ended March 31, 2022 for which other auditors have expressed an unmodified opinions in the reports dated March 24, 2023 and May 06, 2022 respectively.

- the audited Special Purpose Carved out Financial Information of Dalmia Bharat Refractories Limited for the nine months ended December 31, 2022 and for the year ended March 31, 2022 for which other auditors have expressed an unmodified opinions in the reports dated March 24, 2023.

- the unaudited financial information of the RHI Magnesita Seven Refractories Limited (formerly known as Dalmia Seven Refractories Limited) for the nine months ended December 31, 2022 and audited financial information for the year ended March 31, 2022 for which other auditors have expressed an unmodified opinions in the reports dated January 30, 2023 and May 03, 2022 respectively.

Management's Responsibility for the Proforma Unaudited Condensed Consolidated Financial Information

3. The Company's Management is responsible for compilation and preparation of the proforma unaudited condensed consolidated financial information on the basis as described in Note 2 and 3 to the proforma unaudited condensed consolidated financial information. This responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the Proforma Unaudited Condensed Consolidated Financial Information on the basis as described in Note 2 and 3 to the Proforma Unaudited Condensed Consolidated Financial Information that is free from material misstatement, whether due to fraud or error. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of Proforma Unaudited Condensed Consolidated Financial Information.

Practitioner's Responsibility

4. Our responsibility is to express an opinion; as required by ICDR Regulations whether the Proforma Unaudited Condensed Consolidated Financial Information has been compiled, in all material respects, by the management of Company on the basis as described in Note 2 and 3 to the Proforma Unaudited Condensed Consolidated Financial Information.

5. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, *Assurance Engagements to Report on the Compilation of Proforma Financial Information* Included in the Placement Documents, issued by the Institute of Chartered Accountants of India. This Standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Proforma Unaudited Condensed Consolidated Financial Information has been compiled by the management of Company, in all material respects, on the basis as described in Note 2 and 3 to the Proforma Unaudited Condensed Consolidated Financial Information.

6. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Proforma Unaudited Condensed Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma Unaudited Condensed Consolidated Financial Information.

7. The purpose of the proforma unaudited condensed consolidated financial information included in the Placement Documents is solely to illustrate the impact of a significant event or transaction as described in Note 2 and 3 to the proforma unaudited condensed consolidated financial information on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at April 01, 2021 with the consequential impact during the nine months ended December 31, 2022 and the year ended March 31, 2022 would have been as presented.

8. A reasonable assurance engagement to report on whether the proforma unaudited condensed consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the

Management of Company in the compilation of the Proforma Unaudited Condensed Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma unaudited condensed consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

9. The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the proforma unaudited condensed consolidated financial information has been compiled, and other relevant engagement circumstances. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

The engagement also involves evaluating the overall presentation of the Proforma Unaudited Condensed Unaudited Consolidated Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

10. In our opinion, the Proforma Unaudited Condensed Consolidated Financial Information has been properly compiled, in all material aspects, on the basis as described in Note 2 and 3 of the Proforma Unaudited Condensed Consolidated Financial Information.

Restriction to the distribution and the use of the report

11. This report has been issued solely for use of Board of Directors for including it in the Placement Documents to be filed with SEBI; prepared in connection with the proposed offering of equity shares of ₹ 1 each by the Company in Qualified Institutional Placement (the "Offering") in accordance with the provisions of Chapter VI of Securities and Exchange of Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the "ICDR Regulations") issued by Securities and Exchange Board of India (the "SEBI"). Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. The proforma unaudited condensed consolidated financial information is not a complete set of financial statements of the Company prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act, as applicable and is not intended to give a true and fair view of the financial position of the Company as at December 31, 2022 and March 31, 2022 and of its financial performance (including other comprehensive income) for the nine months ended December 31, 2022 and for the year ended March 31, 2022; in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act, as applicable. As a result, this proforma unaudited condensed consolidated financial information may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

Dhiraj Lalpuria
Partner
Membership Number: 146268
UDIN : 23146268BGVPMT5921

Place : Mumbai
Date : March 29, 2023

RHI Magnesita India Limited *(formerly known as Orient Refractories Limited* **)**
Proforma Unaudited Condensed Consolidated Balance Sheet as at March 31, 2022
(All amounts in ₹ million, except otherwise stated)

Particulars	Note	As at March 31, 2022				
		Consolidated RHI Magnesita India Limited	**Hi-Tech Chemicals Limited (Special Purpose Carve-out)**	**Dalmia OCL Limited (including Dalmia Bharat Refractories Limited Special Purpose Carve-out and RHI Magnesita Seven Refractories Limited)**	**Proforma Adjustments**	**Proforma Condensed Consolidated**
Assets						
Non-current assets						
(a) Property, plant and equipment		2,681.77	814.94	1,612.84	-	5,109.55
(b) Right-of-use assets		86.85	102.36	38.85	-	228.07
(c) Capital work-in-progress		338.36	100.37	218.33	-	657.05
(d) Goodwill	4(a)(iii),(vii)	-	-	-	21,925.66	21,925.66
(e) Other Intangible assets		56.34	-	989.96	-	1,046.30
(f) Intangible Assets under development		-	-	82.60	-	82.60
Financial assets		-	-			
(i) Investments		0.05	-	285.60	-	285.65
(ii) Loans		-	-	0.37	-	0.37
(iii) Other financial assets		16.52	8.04	10.73	-	35.29
Deferred tax assets (net)		59.30	-	15.90	(68.51)	6.69
Other non-current assets		122.95	5.55	3.01	-	131.51
Total non-current assets		**3,362.14**	**1,031.25**	**3,258.18**	**21,857.15**	**29,508.72**
Current assets						
Inventories		6,080.40	1,135.19	3,230.50	-	10,446.09
Financial assets		-				
(i) Trade receivables	4(b)	4,890.21	1,021.96	2,622.09	(0.26)	8,534.00
(ii) Cash and cash equivalents		622.10	-	7.51	-	629.62
(iii) Bank balances other than (ii) above		158.82	-	1.15	-	159.97
(iv) Loans		-	-	2.28	-	2.28
(v) Other financial assets		4.75	0.94	35.85	-	41.54
Contract assets		997.20	-	-	-	997.20
Current tax assets (net)		-	-	0.99	(0.99)	-
Other current assets		626.87	2.36	275.16	-	904.38
Total current assets		**13,380.35**	**2,160.45**	**6,175.74**	**(1.25)**	**21,715.28**
Total assets		**16,742.48**	**3,191.70**	**9,433.92**	**21,855.90**	**51,224.01**
Equity and liabilities						
Equity						
Equity share capital	4(a)(ii)	161.00	-	0.20	26.80	188.00
Other equity	4(a)(ii),(iv),(vi),(ix)	10,126.21	1,235.84	5,193.94	10,624.74	27,180.73
Total Equity		**10,287.20**	**1,235.84**	**5,194.14**	**10,651.54**	**27,368.72**
Liabilities						
Non-current liabilities						
Financial liabilities						
(i) Borrowings		334.19	287.23	130.72	-	752.15
(ii) Lease liabilities		45.07	7.35	40.37	-	92.79
Provisions		-	-	98.91	-	98.91
Deferred Tax Liabilities (net)		-	-	68.51	(68.51)	-
Other non-current liabilities		14.72	-	-		14.72
Total non-current liabilities		**393.98**	**294.58**	**338.51**	**(68.51)**	**958.56**

RHI Magnesita India Limited *(formerly known as Orient Refractories Limited* **)**
Proforma Unaudited Condensed Consolidated Balance Sheet as at March 31, 2022
(All amounts in ₹ million, except otherwise stated)

Particulars	Note	As at March 31, 2022				
		Consolidated RHI Magnesita India Limited	**Hi-Tech Chemicals Limited (Special Purpose Carve-out)**	**Dalmia OCL Limited (including Dalmia Bharat Refractories Limited Special Purpose Carve-out and RHI Magnesita Seven Refractories Limited)**	**Proforma Adjustments**	**Proforma Condensed Consolidated**
Current liabilities						
Financial liabilities						
(i) Borrowings		256.23	777.69	561.16	-	1,595.09
(ii) Lease liabilities		11.57	-	8.50	-	20.07
(iii) Trade payables						
(a) Total outstanding dues of micro enterprises and small enterprises		616.77	20.15	298.22	-	935.15
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	4(b)	4,649.93	243.93	2,427.87	(0.26)	7,321.47
(iv) Other financial liabilities		181.86	579.17	56.18	-	817.20
Contract liabilities		62.79	-	-	-	62.79
Provisions		29.11	-	161.38	-	190.49
Employee benefit obligations		126.73	5.14	-	-	131.86
Current tax liabilities (net)		17.80	-	68.48	(0.99)	85.28
Other current liabilities	4(a)(v),(viii)	108.53	35.20	319.27	11,274.12	11,737.12
Total current liabilities		**6,061.31**	**1,661.28**	**3,901.17**	**11,272.87**	**22,896.63**
Total liabilities		**6,455.28**	**1,955.87**	**4,239.68**	**11,204.36**	**23,855.19**
Total equity and liabilities		**16,742.48**	**3,191.70**	**9,433.92**	**21,855.90**	**51,224.01**

See the accompanying notes to the proforma unaudited condensed consolidated financial information

As per our report of even date attached

For **S. K. Patodia & Associates**
Chartered Accountants
Firm Registration No. : 112723W

For and on behalf of the Board of Directors
RHI Magnesita India Limited
CIN : L28113MH2010PLC312871

Dhiraj Lalpuria
Partner
Membership No. : 146268

Dr. Vijay Sharma
Chairman
DIN : 00880113

Parmod Sagar
Managing Director & CEO
DIN : 06500871

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
ACS : 17021

Place: Gurugram
Date: March 29, 2023

Place: Gurugram
Date: March 29, 2023

Place: Gurugram
Date: March 29, 2023

RHI Magnesita India Limited *(formerly known as Orient Refractories Limited* **)**
Proforma Unaudited Condensed Consolidated Statement of Profit & Loss for the year ended March 31, 2022
(All amounts in ₹ million, except otherwise stated)

Particulars	Note	For the year ended March 31, 2022				
		Consolidated RHI Magnesita India Limited	**Hi-Tech Chemicals Limited (Special Purpose Carve-out)**	**Dalmia OCL Limited (including Dalmia Bharat Refractories Limited Special Purpose Carve-out and RHI Magnesita Seven Refractories Limited)**	**Proforma Adjustments**	**Proforma Condensed Consolidated**
Income						
Revenue from operations	4(b)	19,951.43	2,225.46	9,592.68	(1.55)	31,768.01
Other income		96.62	10.91	118.40	-	225.93
Total income		**20,048.05**	**2,236.37**	**9,711.08**	**(1.55)**	**31,993.94**
Expenses						
Cost of raw materials and components consumed		7,167.55	1,279.71	5,050.69	-	13,497.95
Purchases of stock-in-trade (traded goods)	4(b)	5,998.37	-	700.80	(1.55)	6,697.62
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)		(1,233.84)	(365.43)	(348.95)	-	(1948.21)
Employee benefits expense		1,235.19	254.41	612.50	-	2,102.09
Finance cost		21.79	50.74	78.43	-	150.96
Depreciation and amortisation expense		338.25	84.89	372.96	-	796.11
Other expenses		2,945.91	492.38	2,932.86	-	6,371.14
Total expenses		**16,473.23**	**1,796.69**	**9,399.19**	**(1.55)**	**27,667.66**
Profit before Extraordinary and Exceptional items and tax		**3,574.82**	**439.67**	**311.89**	**-**	**4,326.28**
Exceptional items		-	-	-	-	-
Profit before tax		**3,574.82**	**439.67**	**311.89**	**-**	**4,326.28**
Income tax expense:						
- Current tax		938.31	-	68.48	-	1,006.79
- Deferred tax		(24.08)	-	2.38	-	(21.70)
- (Excess)/Short provision for tax relating to prior years		(29.45)	-	-	-	(29.45)
Total tax expense		**884.78**	**-**	**70.86**	**-**	**955.63**
Profit for the year		**2,690.04**	**439.67**	**241.03**	**-**	**3,370.65**
Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
- Remeasurement of the defined benefit plans		(13.55)	(1.75)	8.92	-	(6.38)
- Income tax relating to the above		3.41	-	(2.24)	-	1.16
Other comprehensive (loss)/income for the year, net of tax		**(10.14)**	**(1.75)**	**6.67**	**-**	**(5.22)**
Total comprehensive income for the year		**2,679.91**	**437.92**	**247.70**	**-**	**3,365.43**

RHI Magnesita India Limited *(formerly known as Orient Refractories Limited* **)**
Proforma Unaudited Condensed Consolidated Statement of Profit & Loss for the year ended March 31, 2022
(All amounts in ₹ million, except otherwise stated)

Particulars	Note	For the year ended March 31, 2022				
		Consolidated RHI Magnesita India Limited	Hi-Tech Chemicals Limited (Special Purpose Carve-out)	Dalmia OCL Limited (including Dalmia Bharat Refractories Limited Special Purpose Carve-out and RHI Magnesita Seven Refractories Limited)	Proforma Adjustments	Proforma Condensed Consolidated
Earnings/ (Loss) per share						
Basic (₹)						17.93
Diluted (₹)						17.93
(Face value of ₹ 1 each share)						

See the accompanying notes to the proforma unaudited condensed consolidated financial information

As per our report of even date attached

For **S. K. Patodia & Associates**
Chartered Accountants
Firm Registration No. : 112723W

Dhiraj Lalpuria
Partner
Membership No. : 146268

Place: Gurugram
Date: March 29, 2023

For and on behalf of the Board of Directors
RHI Magnesita India Limited
CIN : L28113MH2010PLC312871

Dr. Vijay Sharma
Chairman
DIN : 00880113

Parmod Sagar
Managing Director & CEO
DIN : 06500871

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
ACS : 17021

Place: Gurugram
Date: March 29, 2023

Place: Gurugram
Date: March 29, 2023

RHI Magnesita India Limited *(formerly known as Orient Refractories Limited* **)**
Proforma Unaudited Interim Condensed Consolidated Balance Sheet as at December 31, 2022
(All amounts in ₹ million, except otherwise stated)

Particulars	Note	As at December 31, 2022				
		Consolidated RHI Magnesita India Limited	**Hi-Tech Chemicals Limited (Special Purpose Carve-out)**	**Dalmia OCL Limited (including Dalmia Bharat Refractories Limited Special Purpose Carve-out and RHI Magnesita Seven Refractories Limited)**	**Proforma Adjustments**	**Proforma Condensed Consolidated**
Assets						
Non-current assets						
(a) Property, plant and equipment		2,847.96	784.76	1,605.64	-	5,238.37
(b) Right-of-use assets		140.04	100.13	33.35	-	273.53
(c) Capital work-in-progress		294.57	138.95	118.65	-	552.16
(d) Goodwill	4(a)(iii),(vii)	-	-	987.72	21,925.66	22,913.38
(e) Other Intangible assets		46.25	-	-	-	46.25
(f) Intangible Assets under development		-	-	-	-	-
Financial assets		-	-			
(i) Investments		0.10	-	285.60	-	285.70
(ii) Loans		-	-	-	-	
(iii) Other financial assets		16.32	7.65	1.24	-	25.21
Deferred tax assets (net)		87.94	-	0.43	(80.82)	7.54
Other non-current assets		162.59	5.04	4.57		172.19
Total non-current assets		**3,595.76**	**1,036.53**	**3,037.20**	**21,844.84**	**29,514.32**
Current assets						
Inventories		5,901.87	1,241.33	3,805.96	-	10,949.17
Financial assets		-	-			
(i) Trade receivables	4(b)	5,448.23	1,039.13	2,886.89	(27.23)	9,347.01
(ii) Cash and cash equivalents		1,322.24	-	22.52	-	1,344.76
(iii) Bank balances other than (ii) above		147.95	-	1.15	-	149.11
(iv) Loans		-	-	3.57	-	3.57
(v) Other financial assets		11.40	1.78	39.63	-	52.80
Contract assets		1,135.72	-	-	-	1,135.72
Current tax assets (net)		-	-	2.66	(2.66)	-
Other current assets		851.80	4.28	336.28		1,192.36
Total current assets		**14,819.20**	**2,286.52**	**7,098.75**	**(29.89)**	**24,174.58**
Total assets		**18,414.95**	**3,323.05**	**10,136.05**	**21,814.95**	**53,689.00**
Equity and liabilities						
Equity						
Equity share capital	4(a)(ii)	161.00	-	0.20	26.80	188.00
Other equity	4(a)(ii),(iv),(vi),(ix)	11,865.34	1,345.04	3,866.85	10,624.74	27,701.97
Total Equity		**12,026.33**	**1,345.04**	**3,867.05**	**10,651.54**	**27,889.96**
Liabilities						
Non-current liabilities						
Financial liabilities						
(i) Borrowings		-	-	100.13	-	100.13
(ii) Lease liabilities		95.89	7.17	43.75	-	146.81
Provisions		-	-	106.89	-	106.89
Deferred Tax Liabilities (net)		-	-	80.82	(80.82)	-
Other non-current liabilities		16.36	-	-		16.36
Total non-current liabilities		**112.25**	**7.17**	**331.59**	**(80.82)**	**370.19**

RHI Magnesita India Limited *(formerly known as Orient Refractories Limited* **)**
Proforma Unaudited Interim Condensed Consolidated Balance Sheet as at December 31, 2022
(All amounts in ₹ million, except otherwise stated)

Particulars	Note	As at December 31, 2022				
		Consolidated RHI Magnesita India Limited	**Hi-Tech Chemicals Limited (Special Purpose Carve-out)**	**Dalmia OCL Limited (including Dalmia Bharat Refractories Limited Special Purpose Carve-out and RHI Magnesita Seven Refractories Limited)**	**Proforma Adjustments**	**Proforma Condensed Consolidated**
Current liabilities						
Financial liabilities						
(i) Borrowings		618.57	1,198.22	1,555.97	-	3,372.77
(ii) Lease liabilities		16.32	-	11.48	-	27.80
(iii) Trade payables		-	-			
(a) Total outstanding dues of micro enterprises and small enterprises		460.19	1.95	541.66	-	1,003.80
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	4(b)	4,651.78	159.62	3,066.88	(27.23)	7,851.04
(iv) Other financial liabilities		202.03	538.30	16.14	-	756.46
Contract liabilities		80.60	-	-	-	80.60
Provisions		-	-	192.67	-	192.67
Employee benefit obligations		155.88	0.70	-	-	156.58
Current tax liabilities		-	-	150.89	(2.66)	148.23
Other current liabilities	4(a)(v),(viii)	91.01	72.04	401.72	11,274.12	11,838.89
Total current liabilities		**6,276.37**	**1,970.83**	**5,937.31**	**11,244.23**	**25,428.74**
Total liabilities		**6,388.62**	**1,978.01**	**6,268.90**	**11,163.41**	**25,798.94**
Total equity and liabilities		**18,414.95**	**3,323.05**	**10,136.05**	**21,814.95**	**53,689.00**

See the accompanying notes to the proforma unaudited condensed consolidated financial information

As per our report of even date attached

For **S. K. Patodia & Associates**
Chartered Accountants
Firm Registration No. : 112723W

For and on behalf of the Board of Directors
RHI Magnesita India Limited
CIN : L28113MH2010PLC312871

Dhiraj Lalpuria
Partner
Membership No. : 146268

Dr. Vijay Sharma
Chairman
DIN : 00880113

Parmod Sagar
Managing Director & CEO
DIN : 06500871

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
ACS : 17021

Place: Gurugram
Date: March 29, 2023

Place: Gurugram
Date: March 29, 2023

Place: Gurugram
Date: March 29, 2023

RHI Magnesita India Limited *(formerly known as Orient Refractories Limited)*
Proforma Unaudited Interim Condensed Consolidated Statement of Profit & Loss for the nine months period ended December 31, 2022

(All amounts in ₹ million, except otherwise stated)

Particulars	Note	For the nine months period ended December 31, 2022				
		Consolidated RHI Magnesita India Limited	Hi-Tech Chemicals Limited (Special Purpose Carve-out)	Dalmia OCL Limited (including Dalmia Bharat Refractories Limited Special Purpose Carve-out and RHI Magnesita Seven Refractories Limited)	Proforma Adjustments	Proforma Condensed Consolidated
Income						
Revenue from operations	4(b)	18,472.52	2,649.05	9,689.74	(80.72)	30,730.58
Other income		125.99	1.60	142.52	-	270.11
Total income		**18,598.50**	**2,650.65**	**9,832.26**	**(80.72)**	**31,000.69**
Expenses						
Cost of raw materials and components consumed		6,611.27	1,332.18	5,661.03	-	13,604.48
Purchases of stock-in-trade (traded goods)	4(b)	5,239.39	-	251.90	(80.72)	5,410.57
Changes in inventories of finished goods, work-in-progress and stock-in-trade (traded goods)		(240.37)	(126.57)	(141.10)	-	(508.04)
Employee benefits expense		1,182.71	205.34	607.23	-	1,995.28
Finance cost		57.96	39.17	48.11	-	145.24
Depreciation and amortisation expense		285.09	61.26	350.51	-	696.86
Other expenses		2,593.00	420.57	2,787.14	-	5,800.72
Total expenses		**15,729.04**	**1,931.96**	**9,564.83**	**(80.72)**	**27,145.12**
Profit before Extraordinary and Exceptional items and tax		**2,869.46**	**718.69**	**267.42**	**-**	**3,855.57**
Exceptional items		-	-	263.88	-	263.88
Profit before tax		**2,869.46**	**718.69**	**531.30**	**-**	**4,119.45**
Income tax expense:						
- Current tax		760.07	-	150.89	-	910.96
- Deferred tax		(31.69)	-	24.01	-	(7.67)
- (Excess)/Short provision for tax relating to prior years		8.51	-	-	-	8.51
Total tax expense		**736.89**	**-**	**174.90**	**-**	**911.79**
Profit for the period		**2,132.57**	**718.69**	**356.40**	**-**	**3,207.66**
Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
- Remeasurement of the defined benefit plans		12.10	2.21	(12.68)	-	1.63
- Income tax relating to the above		(3.05)	-	3.67	-	0.62
Other comprehensive (loss)/income for the period, net of tax		**9.06**	**2.21**	**(9.01)**	**-**	**2.26**
Total comprehensive income for the period		**2,141.62**	**720.90**	**347.50**	**-**	**3,209.91**

RHI Magnesita India Limited *(formerly known as Orient Refractories Limited* **)**
Proforma Unaudited Interim Condensed Consolidated Statement of Profit & Loss for the nine months period ended December 31, 2022

(All amounts in ₹ million, except otherwise stated)

Particulars	Note	For the nine months period ended December 31, 2022				
		Consolidated RHI Magnesita India Limited	Hi-Tech Chemicals Limited (Special Purpose Carve-out)	Dalmia OCL Limited (including Dalmia Bharat Refractories Limited Special Purpose Carve-out and RHI Magnesita Seven Refractories Limited)	Proforma Adjustments	Proforma Condensed Consolidated
Earnings/ (Loss) per Equity share						
Basic (₹)						17.06
Diluted (₹)						17.06
(Face value of ₹ 1 each share)						

See the accompanying notes to the proforma unaudited condensed consolidated financial information

As per our report of even date attached

For **S. K. Patodia & Associates**
Chartered Accountants
Firm Registration No. : 112723W

Dhiraj Lalpuria
Partner
Membership No. : 146268

Place: Gurugram
Date: March 29, 2023

For and on behalf of the Board of Directors
RHI Magnesita India Limited
CIN : L28113MH2010PLC312871

Dr. Vijay Sharma
Chairman
DIN : 00880113

Parmod Sagar
Managing Director & CEO
DIN : 06500871

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
ACS : 17021

Place: Gurugram
Date: March 29, 2023

Place: Gurugram
Date: March 29, 2023

1. Corporate Information

RHI Magnesita India Limited (*formerly known as Orient Refractories Limited*) (the "Company") is a Public Limited Company domiciled and incorporated in and publicly traded on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India. During the year, the Company has shifted its registered office to Unit No.705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai - 400042. The Company is primarily engaged in the business of manufacturing and trading of refractories, monolithics, bricks and ceramic paper, rendering management services and has manufacturing facilities in Bhiwadi (Rajasthan), Visakhapatnam (Andhra Pradesh) and Cuttack (Orissa).

The Proforma Unaudited Condensed Consolidated Financial Information comprise the financial information of the Company and its subsidiary, i.e., Intermetal Engineers (India) Private Limited ('the subsidiary') which was acquired on 18 May, 2019 and which is primarily engaged in the business of manufacturing and sale of slide gate mechanics and related components. (together referred to as "Group").

2. Background of Transaction

- As approved by the Board of Directors on January 04, 2023, the Group executed a Share Swap Agreement (the "**SSA**") with the shareholders of Dalmia Bharat Refractories Limited (the "**DBRL**") to acquire 8,24,83,642 equity shares, each full paid up, having a face value of ₹ 10 each, representing 100 % share capital of Dalmia OCL Limited (the "**DOCL**").

  Under the terms of Share Swap Agreement, the Company will acquire all the outstanding shares in DOCL in exchange of 2,70,00,000 new shares (vide preferential allotment) in the Company on such terms and conditions as may be mutually agreed between the parties. Based on the issuance price of the Company at ₹ 632.50 per share, the total share consideration has a value of approximately ₹ 17,077.58 Million. The Company will consolidate DOCL's earnings and approximately ₹ 4,428.80 Million of net debt held by DOCL.

  DOCL and DBRL are in the business of refractory manufacturing and selling. It produces High Alumina Refractory Bricks, Castables, pre-cast shapes like lances, snorkels, other refractory products and supplying to Core Industries namely Cement, steel and others. The acquisition enables the Company to increase its presence in the fast-growing Indian refractory market.

- As approved by the Board of Directors on October 18, 2022, the Group has entered into a Business Transfer Agreement (the "**BTA**") with Hi-Tech Chemicals Limited (the "**Seller**") to acquire all the properties, assets, investments, goodwill, clients and rights of whatever kind and nature, real or personal, tangible or intangible, that are owned, licensed or leased, liabilities, obligations and commitments of the Seller including but not limited to those described below, but specifically excluding the Excluded Business and Excluded Liabilities, on a going concern basis and with the continuity of business identified in BTA (Undertaking) of refractory business of seller as a going concern on Slump Sale Basis for a total cash consideration of ₹ 6,210 Million. The acquisition will strengthen and enlarge the Company's product offering and position in domestic and international flow-control refractory business.

3. Basis of Preparation

The Proforma Unaudited Condensed Consolidated Financial Information has been prepared to demonstrate the effects of the above mentioned acquisitions of the Company, including the results on operations and the financial position that would have resulted as if the acquisitions had taken place at the earliest of the periods presented in the Proforma Unaudited Condensed Consolidated Financial Information, i.e., April 1, 2021 as elaborated above and detailed in Note 4 for each adjustment.

3.1. The inclusion of Acquired businesses as part of the Proforma Unaudited Condensed Consolidated Financial Information has been prepared in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the "**SEBI Regulations**") issued by the Securities and Exchange Board of India (the "**SEBI**") and SAE) 3420, "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by Institute Of Chartered Accountants of India (the "**ICAI**") to reflect the impact of a significant acquisition as mentioned in point 1 above made after the date of the latest annual audited financial statements of the Group, viz. March 31, 2022.

3.2. The proforma unaudited condensed consolidated financial information has been prepared specifically for including it in the Placement Documents to be filed with SEBI; prepared in connection with the proposed offering of equity shares of ₹ 1 each by the Company in Qualified Institutional Placement (the "**Offering**") in accordance with the provisions of Chapter VI of Securities and Exchange of Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the "**ICDR Regulations**") issued by Securities and Exchange Board of India (the "**SEBI**"), as amended and may not be suitable for any other purpose.

The Proforma Unaudited Condensed Consolidated Financial Information are based on the Audited Consolidated Summary Statements of the Group, the Audited Financial Statements of DOCL including Special Purpose Carved out Financial Statements of DBRL and financial statements of RHI Magnesita Seven Refractories Limited (formerly known as Dalmia Seven Refractories Limited); and Special Purpose Carved out financial statements of Hi-Tech Chemicals Limited as adjusted to give effect to the Group's acquisition of DOCL and Hi-Tech Chemicals Limited (the "**Acquisitions**").

The proforma unaudited condensed consolidated statement of profit and loss gives the effect of the Acquisitions as if it had been consummated on April 1, 2021.

The proforma unaudited condensed consolidated balance sheet gives the effect of the Acquisitions as if it had been consummated on March 31, 2022.

3.3. The proforma adjustments are based upon available information and assumptions that the management of the Company believes to be reasonable. Such proforma financial information has not been prepared in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Accordingly, the degree of reliance placed by anyone in other jurisdictions on such proforma information should be limited.

In addition, the rules and regulations related to the preparation of proforma financial information in other jurisdictions may also vary significantly from the basis of preparation as set out in paragraphs below to prepare this proforma unaudited condensed financial information.

Because of their nature, the proforma unaudited condensed consolidated financial information addresses a hypothetical situation and therefore, do not represent the Group's factual financial position or results. Accordingly, the proforma unaudited condensed consolidated financial information does not necessarily reflect what the Group's financial condition or results of operations would have been had the acquisition occurred on the dates indicated and is also not intended to be indicative of expected financial position or results of operations in future periods. The actual Statements of Assets and Liabilities and Profit and Loss may differ significantly from the proforma amounts reflected herein due to variety of factors.

They purport to indicate the results of operations that would have resulted had the Acquisitions been completed at the beginning of the period presented, and, the financial position had the Acquisitions been completed as at year end. They are not intended to be indicative of expected results or operations in the future periods or the future financial position of the Group.

The assumptions and estimates underlying the adjustments to the proforma unaudited condensed consolidated financial information are described hereinafter which should be read together with the proforma unaudited condensed consolidated financial statement profit and loss and proforma unaudited condensed consolidated balance sheet.

The amounts included in the proforma unaudited condensed consolidated financial information; on the basis of above statements are termed as unadjusted financial information.

The proforma unaudited condensed consolidated financial information should be read together with the Group's consolidated financial statements included in the Placement Documents.

4. Proforma Adjustments

The following adjustments have been made to present the proforma unaudited condensed consolidated financial information as per applicable Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016 (as amended from time to time):

(a) Acquisition related adjustments:

The acquisitions have been recorded on the basis of Ind AS 103 Business Combinations.

<u>For the acquisition of DOCL</u>

i. Pursuant to the SSA dated January 04, 2023, the Group has issued to 2,70,00,000 equity shares (vide preferential allotment) to the shareholders of DBRL for the total share consideration of approximately of ₹ 17,077.58 Million to acquire 8,24,83,642 equity shares representing 100 % of the equity share capital of DOCL, from DBRL, by virtue of which DOCL shall become a Wholly Owned Subsidiary (the "**WOS**") of the Company.

ii. On the acquisition of DOCL, the Group has recorded Investment in the WOS amounting to ₹ 17,077.58 Million which has been settled by issuing 2,70,00,000 equity shares of ₹ 1 at the price of ₹ 632.50 per share.

<u>For the acquisition of DBRL by DOCL</u>

DOCL has entered into a BTA dated November 19, 2022 with DBRL for acquiring Indian refractory business and its investment in subsidiary namely RHI Magnesita Seven Refractories Limited (formerly known as Dalmia Seven Refractories Limited) (the "**DSRL**") having 51% shareholding, on closing date, as a going concern, on Slump Sale basis for the total consideration of ₹ 21,010.50 Million.

The purchase price of ₹ 21,010.50 Million as on the date of acquisition had been allocated to the acquired assets and liabilities as follows:

Particulars	Amount (₹ Million)
Total Purchase consideration **(A)**	21,050.50
Assets Acquired **(B)**	9,429.69
Liabilities Taken **(C)**	4,239.69
Goodwill (A-B+C)	**15,820.50**

Total purchase consideration of ₹ 21,010.50 Million to be settled by issuing equity of ₹ 17,077.58 Million and the balance ₹ 3,932.92 Million consideration through banking channels.

Goodwill has been calculated on the basis of allocation of purchase consideration to assets acquired and liabilities taken by the Group based on their respective book values as at March 31, 2022, on provisional basis. Accordingly:

iii. Goodwill of ₹ 15,820.50 Million has been recognised as at March 31, 2022, being the excess of the aggregate of the estimated purchase consideration over the value of net assets acquired.

iv. Issuance of 8,24,63,624 number of equity shares at a price of ₹ 207.04 (face value of ₹ 10 each) for settlement of purchase consideration. Accordingly, ₹ 824.24 Million and ₹ 16,252.74 Million have been recorded under equity share capital and security premium, respectively, in the Proforma Unaudited Condensed Consolidated Balance Sheet as at December 31, 2022 and March 31, 2022.

v. The remaining purchase consideration to be paid as a closing pay out amounting to ₹ 3,932.92 Million is disclosed under other current liabilities, in the Proforma Unaudited Condensed Consolidated Balance Sheet as at December 31, 2022 and March 31, 2022.

vi. The difference between the assets acquired and liabilities taken of the Acquired businesses amounting to ₹ 5,190.00 Million being the net asset value, included in the Special Purpose Carve-out financial statements of the DBRL, has been reversed as part of the business combination accounting, in the Proforma Unaudited Condensed Consolidated Balance Sheet as at December 31, 2022 and March 31, 2022.

For the acquisition of Hi-Tech Chemicals Limited

The purchase price of ₹ 7,341.20 Million as on the date of acquisition had been allocated to the acquired assets and liabilities as follows:

Particulars	Amount (₹ Million)
Total Purchase consideration **(A)**	7,341.20
Assets Acquired **(B)**	3,191.70
Liabilities Taken **(C)**	1,955.87
Goodwill (A-B+C)	**6,105.36**

Total purchase consideration of ₹ 7,341.20 Million is to be settled through banking channels.

Goodwill has been calculated on the basis of allocation of purchase consideration to assets acquired and liabilities taken by the Group based on their respective book values as at March 31, 2022, on provisional basis. Accordingly:

vii. Goodwill of ₹ 6,105.36 Million has been recognised as at March 31, 2022, being the excess of the aggregate of the estimated purchase consideration over the value of net assets acquired.

viii. The purchase consideration to be paid as a closing pay out amounting to ₹ 7,341.20 Million is disclosed under other current liabilities, in the Proforma Unaudited Condensed Consolidated Balance Sheet as at December 31, 2022 and March 31, 2022.

ix. The difference between the assets acquired and liabilities taken of the Acquired businesses amounting to ₹ 1,235.84 Million being the net asset value, included in the Special Purpose Carve-out Financial Statements of Hi-Tech Chemicals Limited, has been reversed as part of the business combination accounting, in the Proforma Unaudited Condensed Consolidated Balance Sheet as at December 31, 2022 and March 31, 2022.

The Goodwill computed in case of acquisition of Acquired business is based on provisional purchase price allocation ("PPA") available with the Group as at March 31, 2022. While performing the provisional PPA, the Group has considered the fair value of assets and liabilities acquired to be equal to their respective book values. Adjustment, resulting from changes in PPA due to movements in book values of net assets of Acquired business or on account of any incremental matters arising, from the aforesaid dates till October 18, 2022 (closing date) will be recorded while concluding on the consolidated financial statements of the Group for the year ending March 31, 2023. Consequently, the value of the resultant goodwill could be materially different.

(b) Intragroup Adjustments:

Intragroup transactions in respect of transactions between the Group and Acquisitions that have been eliminated from the proforma consolidated financial information as stated below:

(Amount in ₹ Million)

Particulars	December 31, 2022	March 31, 2022
Non-Current Investments in WOS	-	17,077.58
Equity Share Capital	-	824.84
Other Equity	-	16,252.74
Revenue from operations	80.72	1.55
Purchases of stock-in-trade (traded goods)	80.72	1.55
Trade Receivables	27.23	0.26
Trade Payables	27.23	0.26

5. Earnings per Equity Share (EPS)

Proforma EPS calculation for the nine months period ended December 31, 2022 and for the year ended March 31, 2022 has been based on proforma unaudited condensed consolidated statement of profit and loss of the year and the assumption that the equity shares issued as part of both the transactions were in issue for the whole year for which proforma unaudited condensed consolidated financial information have been presented.

Particulars	December 31, 2022	March 31, 2022
Proforma Profit attributable to the equity shareholders (in ₹ Million)	3,207.66	3,370.65
Weighted average number of equity shares	16,09,96,331	16,09,96,331
Increase in weighted average number of equity shares in connection with the acquisition	2,70,00,000	2,70,00,000
Total weighted average number of equity shares	**18,79,96,331**	**18,79,96,331**
Basic Earnings/(Loss) per share (₹)	17.06	17.93
Diluted Earnings/(Loss) per share (₹)	17.06	17.93

6. Use of proceeds of proposed Offering:

Even though one of the objects of the proposed offering is to repay a part of the debt, since the proforma unaudited condensed consolidated financial information has been prepared for purposes of illustrating the hypothetical impact of the acquisition of the DOCL and Hi-Tech Chemicals Limited, no adjustment has been made for the use of proceeds or related transaction costs.

7. Other than as mentioned above, no additional adjustments have been made to the proforma unaudited condensed consolidated balance sheet or the proforma unaudited condensed consolidated statement of profit and loss to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2022 and March 31, 2022.

For **S. K. Patodia & Associates**
Chartered Accountants
Firm Registration No. : 112723W

Dhiraj Lalpuria
Partner
Membership No. : 146268

Place: Gurugram
Date: March 29, 2023

For and on behalf of the Board of Directors
RHI Magnesita India Limited
CIN : L28113MH2010PLC312871

Dr. Vijay Sharma
Chairman
DIN : 00880113

Parmod Sagar
Managing Director & CEO
DIN : 06500871

Vijaya Gupta
Chief Financial Officer

Sanjay Kumar
Company Secretary
ACS : 17021

Place: Gurugram
Date: March 29, 2023

Place: Gurugram
Date: March 29, 2023

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the BRLM, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. The details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

Sr. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
1.	[●]	[●]
2.	[●]	[●]

^ Based on beneficiary position as on [●], 2023.

**The details of the proposed Allottees have been intentionally left blank and will be filled in before issuing of the Placement Document to such proposed Allottees.*

The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

For and on behalf of the Board, signed by:

Parmod Sagar

Managing Director and Chief Executive Officer

Date:

Place:

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act and the rules made thereunder;

(ii) the compliance with the Companies Act and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

For and on behalf of the Board, signed by:

Parmod Sagar

Managing Director and Chief Executive Officer

Date:

Place:

I am authorized by the Board of our Company, through resolution dated February 13, 2023 to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Parmod Sagar

Managing Director and Chief Executive Officer

Date:

Place:

RHI MAGNESITA INDIA LIMITED

Registered Office

Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road,
Kanjurmarg (East), Mumbai – 400 042, Maharashtra, India
Website: www.rhimagnesitaindia.com
Telephone: +91 22 4985 1200; **E-mail:** investors.india@rhimagnesita.com;
CIN: L28113MH2010PLC312871

Corporate Office

301, 316-17, Tower B, EMAAR Digital Greens, Golf Course Road Extension,
Sector - 61, Gurugram – 122 011, Haryana, India

Company Secretary and Compliance Officer: Sanjay Kumar
301, 316-17, Tower B, EMAAR Digital Greens, Golf Course Road Extension,
Sector - 61, Gurugram – 122 011, Haryana, India
Telephone: +91 7665433461
E-mail: sanjay.kumar@rhimagnesita.com

BOOK RUNNING LEAD MANAGER

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road, Fort,
Mumbai 400 001, Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

Price Waterhouse Chartered Accountants LLP
Building 8, 8th Floor Tower B,
DLF Cyber City, Gurugram 122 002
Haryana, India

LEGAL COUNSEL TO OUR COMPANY

As to Indian law

Khaitan & Co
Max Towers, 7th & 8th Floors, Sector 16B,
Noida, Gautam Budh Nagar 201 301,
Uttar Pradesh, India

LEGAL COUNSELS TO THE BOOK RUNNING LEAD MANAGER

As to Indian law

Cyril Amarchand Mangaldas
Peninsula Chambers
Peninsula Corporate Park, Ganpatrao Kadam Marg,
Lower Parel, Mumbai 400 013,
Maharashtra, India

As to United States law

Linklaters Singapore Pte. Ltd.
One George Street
#17-01
Singapore 049145

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below:

RHI MAGNESITA INDIA LIMITED	**APPLICATION FORM** **Name of the Bidder:**
*RHI Magnesita India Limited ("**Company**" or "**Issuer**") was originally incorporated as 'Orient Refractories Limited', a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated November 26, 2010 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi ("**RoC, New Delhi**") and received a certificate of commencement of business from the RoC, New Delhi on December 29, 2010. Thereafter, the name of our Company was changed from 'Orient Refractories Limited' to 'RHI Magnesita India Limited' pursuant to the scheme of amalgamation amongst our Company, RHI India Private Limited and RHI Clasil Private Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**") on July 2, 2021.* **Registered Office**: Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai - 400 042, Maharashtra, India; **Corporate Office**: 301, 316-17, Tower B, EMAAR Digital Greens, Golf Course Road Extension, Sector - 61, Gurugram - 122 011, Haryana, India; **CIN**: L28113MH2010PLC312871; **Website**: www.rhimagnesitaindia.com; **Tel**: +91 22 49851200/ +91 124 4062930; **Email**: corporate.india@rhimagnesita.com/sanjay.kumar@rhimagnesita.com	**Form. No.** **Date:**

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹1 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE, AGGREGATING UP TO ₹[●] MILLION IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY RHI MAGNESITA INDIA LIMITED (THE "COMPANY" OR THE "ISSUER", AND SUCH ISSUE, THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹602.82 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF UPTO 5% ON THE FLOOR PRICE, AS APPROVED BY ITS SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; are eligible to submit this Application Form ("Eligible QIBs"). In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; or (ii) Eligible FPIs (as defined hereinbelow) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"). Further, foreign venture capital investors, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, are not permitted to participate in the Issue. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A") and referred to in the preliminary placement document as a "U.S. QIB") pursuant to an applicable exemption under the U.S. Securities Act, and (b) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales are made. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the PPD (as defined below) as "QIBs". You should note and observe the solicitation and distribution restrictions contained in the sections "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 161 and 168, respectively, in the accompanying preliminary placement document dated March 29, 2023 (the "PPD").

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH SCHEDULE II OF THE FEMA RULES, IN THIS ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED IN THE FDI POLICY AND FEMA RULES. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. NON-RESIDENT MULTILATERAL OR BILATERAL DEVELOPMENT FINANCIAL INSTITUTION ARE ELIGIBLE TO INVEST IN INDIA SUBJECT TO APPLICABLE LAW, INCLUDING THE FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE. THE BIDDER CONFIRMS THAT NO GOVERNMENT APPROVAL IS REQUIRED UNDER THE FEMA RULES, AS MANDATED UNDER THE COMPANIES ACT AND THE PAS RULES.

To,

The Board of Directors
RHI Magnesita India Limited
Unit No. 705, 7th Floor, Lodha Supremus,
Kanjurmarg Village Road, Kanjurmarg (East),
Mumbai – 400 042, Maharashtra, India

Dear Sirs,

On the basis of the serially numbered PPD of the Company, and subject to the terms and conditions mentioned in the other sections of the PPD and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are an Eligible QIB as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an eligible FPI participating through Schedule II of the FEMA Rules. We are not a promoter (as defined in SEBI ICDR Regulations) of the Company, or any person related to the Promoters, directly or indirectly and the Bid does not directly or indirectly represent the Promoters or members of the Promoter Group, or persons or entities related to the Promoters. Further, we confirm that we do not have any right under the shareholders' agreement or voting agreement entered into with Promoters or persons related to Promoters, veto rights or right to appoint any nominee director on the board of the Company. In addition, we confirm that we are eligible to invest in the Equity Shares under the SEBI ICDR Regulations and other applicable laws. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. We confirm that we are not an FVCI. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

STATUS (Insert '✓' for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Eligible Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Fund**
SI-NBFC	Systemically Important Non-Banking Financial Companies	**OTH**	Others ____________ (Please specify)
Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the PPD.			
**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*			
*** Sponsor and Manager should be Indian owned and controlled.*			

We confirm that the Bid size / aggregate number of Equity Shares applied for by us, and which may be Allotted to us thereon will not exceed the relevant regulatory or approved limits under applicable laws. We confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us, if applicable, in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (such FPIs, "**Eligible FPIs**"), have submitted separate Application Forms, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of Equity Shares bid for under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We note that the Company or any duly authorized committee thereof, is entitled, in consultation with HSBC Securities and Capital Markets (India) Private Limited, the book running lead manager in relation to the Issue (the "**BRLM**") in their absolute discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the confirmation of allocation note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be Allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for, has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to or on Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name, and in case we are joint holders, from the bank account of the person whose name appears first in the Application Form. We acknowledge and agree that we have not/shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLM; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us.

We further understand, agree and consent that: (i) our names, address, PAN, phone number, bank account details, email-id, and the number of Equity Shares Allotted, along with other relevant information as may be required will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware that our names will be included in the Placement Document as "proposed allottees", if applicable, along with the number of Equity Shares proposed to be Allotted to us, and the percentage of our post-Issue shareholding in the Company pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra at Mumbai as required in terms of the PAS Rules. We are also aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5.00% of the Equity Shares in this Issue, the Company shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of National Stock Exchange of India Limited and the BSE Limited (together referred to as the **"Stock Exchanges"**), and we consent to such disclosure. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and restriction on transferability. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and restriction on transferability, as may be applicable to us.

By signing and/or submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections *"Notice to Investors", "Representations by Investors", "Issue Procedure", "Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* in the PPD are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLM, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLM or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment and in compliance with the restrictions included in the section "*Purchaser Representations and Transfer Restrictions*" in the PPD; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company in consultation with the BRLM and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; (8) we, together with other persons that belong to our same group or are under common control, have not applied for more than 50.00% of the Issue and the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50.00% of the Issue. For the purposes of this representation: the expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN, upon its issuance, and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent that we are either (i) a U.S. QIB purchasing the Equity Shares in transactions exempt from the registration requirements of the U.S. Securities Act, or (ii) located outside the United States and purchasing Equity Shares in an "offshore transaction", as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. We confirm that we have read the representations, warranties and agreements contained in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" in the PPD.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Accounts (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Accounts, on behalf of the Eligible QIB.

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
MOBILE NO.			
PHONE NO.		**FAX NO.**	
EMAIL ID			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO.		
FOR MF	SEBI MF REGISTRATION NO.		
FOR AIFs***	SEBI AIF REGISTRATION NO.		
FOR VCFs***	SEBI VCF REGISTRATION NO.		
FOR SI-NBFC	RBI REGISTRATION DETAILS		

FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS ____

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLM.*

*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLM has relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS			
Depository Name	National Securities Depository Limited		Central Depository Services (India) Limited
Depository Participant Name			
DP – ID	I N		
Beneficiary Account Number			(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank account details as mentioned below, from which the Bid Amount has been remitted for the Equity Shares applied for in the Issue will be considered.

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By [2] p.m. (IST), [●], being the Issue Closing Date

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	HSBC-RHI MAGNESITA-QIP ESCROW ACCOUNT	**Account Type**	CURRENT
Name of Bank	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	**Address of the Branch of the Bank**	JMD REGENT SQUARE DLF PHASE II GURGAON-MEHRAULI ROAD GURGAON 122 002
Account Number	054-281597-001	**IFSC Code**	HSBC0110005
Legal Entity Identifier Code	2HI3YI5320L3RW6NJ957	**Email and Telephone Number**	Email: isvindia@hsbc.co.in Telephone No.: +91 022 4505 3461

You are responsible for the accuracy of the bank account details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by you. The Company and the BRLM shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

The Bid Amount should be transferred pursuant to the Application Form only by way of electronic fund transfers, towards the Escrow Accounts**.** Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Issue Period i.e. prior to or on the Issue Closing Date. All payments must be made in favor of "HSBC-RHI MAGNESITA-QIP ESCROW ACCOUNT" or "RHI MAGNESITA INDIA LIMITED-QIP-Escrow Account". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**	
(In Figures)	(In Words)	(In Figures)	(In Words)
BID AMOUNT (RUPEES)			
(In Figures)	(In Words)		

DETAILS OF CONTACT PERSON	
Name:	
Address:	
Tel. No:	Fax No:
Email:	

OTHER DETAILS	
PAN*	
Legal Entity Identifier Code	
Date of Application	
Signature of Authorized Signatory (may be signed either physically or digitally)	

ENCLOSURES TO BE SUBMITTED*
☐ Copy of the PAN Card or PAN allotment letter**
☐ FIRC
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the SEBI registration certificate as an Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
☐ Copy of notification as a public financial institution
☐ Copy of the IRDAI registration certificate
☐ Certified true copy of power of attorney
☐ Others, please specify________________

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*

***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document.

Note 2: The Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLM.

Note 3: The duly filed Application Form along with all enclosures shall be submitted to the BRLM either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in PPD.

The Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.

(Note: The format of the Application Form included herein above is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLM, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)