

CA Harsh Chandrakant Ruparelia

Registered Valuer – Securities or Financial Assets

(IBBI Registration No. IBBI/RV/05/2019/11106 and

Membership No. ICMAI RVO/S&FA/00054)

STRICTLY PRIVATE & CONFIDENTIAL

To,

The Board of Directors,

RHI Magnesita India Limited (Formerly Orient Refractories Limited)

301, 316-17, Tower B, EMAAR Digital Greens,

Golf Course Extension Road, Sector 61,

Gurugram – 122 011, Haryana, India.

**Sub: Report on recommendation of Fair Valuation of equity shares of RHI
Magnesita India Limited and Dalmia OCL Limited**

Dear Sirs,

I refer to my engagement letter dated 10th November 2022, whereby CA Harsh Chandrakant Ruparelia, Registered Valuer – Securities or Financial Assets (hereinafter referred to as "the Valuer" or "I") has been appointed by the management of RHI Magnesita India Limited [CIN : L28113MH2010PLC312871] (hereinafter referred to as "RHIM" or "the Company" or "the Acquirer Company") to issue a report containing recommendation of fair valuation of equity shares of Dalmia OCL Limited [CIN : U26100TN2018PLC125133] (hereinafter referred to as "DOCL" or "the Target Company") for the purpose of proposed preferential issue of equity shares of RHIM as consideration for the proposed acquisition of equity shares of DOCL ("Proposed Transaction").

I am a Registered Valuer as notified under section 247 of the Companies Act, 2013. I hereby further state that I have carried out the valuation exercise in my capacity as an Independent Valuer. I further state that I am not related to the Companies or their

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For RHI Magnesita India Limited



Sanjay Kumar
Company Secretary
(ACS: 17021)

promoters or their directors or their relatives. I have no interest or conflict of interest with respect to the valuation under consideration.

RHIM and DOCL are hereinafter collectively referred to as "Companies", as the context may require.

In the following paragraphs, I have summarized my understanding of the key facts; key information relied upon, basis of recommendation and limitations to my scope of work.

The report is structured as under:

1. Purpose of this Report
2. Background
3. Sources of Information
4. Valuation Approach
5. Recommendation
6. Exclusions and Disclaimers

1. PURPOSE OF THIS REPORT

- 1.1 I understand that the management of RHIM is contemplating acquisition of the entire equity share capital of Dalmia OCL Limited ("DOCL"). The consideration for the proposed acquisition of shares of DOCL is to be discharged by RHIM through issuance of its own shares to the equity shareholders of DOCL. I understand that the Indian Refractories Business will be transferred by its Holding Company i.e., Dalmia Bharat Refractories Limited to Dalmia OCL Limited, by way of Slump Sale of the Indian Refractories Business under the Business Transfer Agreement, prior to the Proposed Transaction. Hence, I have considered it appropriate to value Dalmia OCL Limited, considering the impact of proposed acquisition of the Indian Refractories Business by DOCL.
- 1.2 In this connection, the Company is desirous of ascertaining the fair value of the equity shares of RHIM and DOCL in compliance with Regulation 163(3) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Section 62(1)(c) of the Companies Act, 2013 (*to the extent applicable*) and rules & regulations framed in this regard (including any statutory modifications, re-enactment or amendments thereof) and other capital market laws and other



statutory enactments framed in this regard, as may be required to be complied with for the Proposed Transaction.

- 1.3 In this regard, CA Harsh Chandrakant Ruparelia, Registered Valuer – Securities or Financial Assets has been appointed by the Company to issue a report on recommendation of Fair Value per Equity Share of the Companies for the purpose of Section 62(1)(c) of the Companies Act, 2013 (*to the extent applicable*) and in accordance with Regulation 163(3) read with other relevant regulations of the SEBI ICDR Regulations for the purpose of the proposed swap of shares for the Proposed Transaction, considering 30th September 2022, as the Valuation Date.

2. BACKGROUND

2.1 RHI MAGNESITA INDIA LIMITED ("RHIM")

- 2.1.1 RHIM was incorporated on 26th November 2010 under the erstwhile provisions of the Companies Act, 1956. The registered office of RHIM is currently situated at Unit No. 705, 7th Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai – 400 042 in the State of Maharashtra.

- 2.1.2 The summarised equity shareholding pattern of RHIM as on the date of this report is as under:

Sr. No.	Category of the Shareholder	No. of shares (FV INR 1)	Shareholding (%)
1.	Promoter & Promoter Group	11,30,02,465	70.19%
2.	Public & Other Shareholders	4,79,93,866	29.81%
Total		16,09,96,331	100.00%

Source: <https://www.bseindia.com>

- 2.1.3 RHIM manufactures and trades in refractories, monolithics, bricks and ceramic paper for the steel industry primarily in India. The equity shares of the Company are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

2.2 DALMIA OCL LIMITED ("DOCL")

- 2.2.1 DOCL was incorporated on 5th October 2018 under the provisions of the Companies Act, 2013. The registered office of DOCL is currently situated at Dalmiapuram, Lalgudi District, Tiruchirapalli, Chennai – 621 651 in the State of Tamil Nadu.



2.2.2 DOCL offers refractory solutions and services for manufacturing in iron & steel, cement, glass, non-ferrous metals, energy, petrochemicals, and other industries. It is a wholly-owned subsidiary of Dalmia Bharat Refractories Limited as on the date of this report.

2.2.3 I understand that the Indian Refractories Business will be transferred by the Holding Company i.e., Dalmia Bharat Refractories Limited to Dalmia OCL Limited, by way of Slump Sale of the Indian Refractories Business under the Business Transfer Agreement, prior to the Proposed Transaction. As confirmed by the management, the number of outstanding equity shares of Dalmia OCL Limited upon conclusion of the proposed slump sale of Indian Refractories Business shall be 8,24,83,642 equity shares of Rs. 10/- each. I have considered it appropriate to consider the said number of equity shares for purpose of computation of value per share for the present valuation exercise.

3. SOURCES OF INFORMATION

For the purpose of the recommendation of the fair value of the equity shares of the Companies, I have relied upon the following information:

- (a) Audited financial statements of the Companies for the year ended 31st March 2022;
- (b) Limited Review of financial statements of RHIM for the period 1st April 2022 to 30th September 2022, as available in the public domain;
- (c) Provisional financial statements of DOCL (considering financials of Indian Refractories Business) for the period 1st April 2022 to 30th September 2022;
- (d) Projected Profit & Loss statement and projected financial information in relation to Investment in Capital Asset, Working Capital, etc. of DOCL (considering financials of the Indian Refractories Business) for the period 1st October to 31st March 2023 and for financial years 2023-24 to 2028-29;
- (e) Market price and volume information of RHIM as available on the Stock Exchanges;
- (f) Other publicly available information relating to market comparables and other related information necessary for the valuation exercise;
- (g) Management representation on the outstanding number of equity shares of DOCL as on the date of this report;



- (h) Other relevant details of the Companies such as their history, past and present activities, future plans and prospects, and other relevant information; and
- (i) Such other information and explanations as required and which have been provided by the management of the RHIM.

Besides the above information and documents, there may be other information provided by RHIM which may not have been perused by me in any detail, if not considered relevant for the defined scope. The management of RHIM has been provided with the opportunity to review the draft report as part of the standard practice to make sure that factual inaccuracy & omissions are avoided in the final report.

4. VALUATION APPROACH

- 4.1. "Value is a word of many meanings". The term "value" can have different connotations depending upon the purpose for which it is intended to be used. The Valuation of equity shares of any Company would need to be based on a fair value concept. The purpose of fair value is to enable valuer to exercise his discretion and judgement in light of all circumstances, in order to arrive at a value, which is fair to all parties.
- 4.2. For the purpose of the valuation exercise, generally the following valuation approaches are adopted:
 - (a) the 'Underlying Asset' approach;
 - (b) the 'Income' approach; and
 - (c) the 'Market' approach.
- 4.3. 'Underlying Asset' Approach
 - (a) In case of the 'Underlying Asset' approach, the value per equity share is determined by arriving at the Net Assets (Assets Less Liabilities) of the Company. The said approach is considered taking into account fair value of assets and liabilities, to the extent possible, the respective asset would fetch or liability is payable as on the Valuation Date. The following adjustments be made to arrive at the Fair Value per Share as per the 'Underlying Asset' Approach at Fair Values:
 - The Fair Value of Quoted Shares held by the Company, if any, be considered at Market Value of such shares;
 - The Fair Value of Unquoted Shares held by the Company, if any, in other entities be arrived at as per suitable approach to that entity to arrive at Fair Value of Investments held by the Company;



- The Fair Value of Immovable properties, if any, held by the Company be considered at Market Value / Ready Reckoner Value as on the Valuation Date, made available by the management of the Company;
 - Adjustments may be made to book value of any other assets for their recoverability on conservative basis after taking into account the management representations and their estimate of the recoverability of the same;
 - Liabilities of the company be considered at their respective Book Values or their payable amounts as on the Valuation Date; and
 - Potential Contingent Liability, if any, be considered based on the discussions with the management and their reasonable estimate of the outflow on account of the same.
- (b) Alternatively, the value may be determined considering the book value of the net assets (Assets Less Liabilities) of the Company and/or replacement cost basis, to the extent possible.

I have not considered it appropriate to value DOCL and RHIM under the 'Underlying Asset' Approach since the present valuation exercise of the Companies is undertaken on a going concern basis, i.e., proceeding on the basis that there is no intention of disposing off its material operating assets.

4.4. 'Income' Approach

Under the 'Income' approach, the equity shares of the company can be valued using Discounted Cash Flow (DCF) method – FCFF approach or FCFE approach or such other approaches.

DCF Method – FCFF Approach (for instance)

- (i) Under the DCF method, the projected free cash flows from business operations after considering fund requirements for projected capital expenditure, incremental working capital and other adjustments are discounted at the Weight Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.
- (ii) Using the DCF method involves determining the following:
- *Estimating the future free cash flows:*
Future Free cash flows are the cash flows expected to be generated by the entity that are available to the providers of entity's capital. The free cash flows under the FCFF method are determined by adjusting the Profit after tax for Depreciation and other Non-Cash Items,



Interest, Incremental working capital requirements and capital expenditure.

- *Time Frame of such cash flows:*
The time frame for free cash flows is determined by separating the value of the business in the explicit projection period and the post explicit projection period.
- *Appropriate Discount rate (WACC):*
Under DCF-FCFF Method, the time value of money is recognized by applying a discount rate viz. WACC to the future free cash flows to arrive at their present value as on the date of valuation. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is generally the weighted average of the company's cost of equity capital and debt. Normally, in stable growth companies, the cost of equity is determined by using Capital Asset Pricing Model ('CAPM').
- *Terminal or perpetuity value:*
The Perpetuity value of an ongoing business is determined as present value of the estimated future free cash flows by capitalizing the free cash flows of the last year of the explicit projection period into perpetuity using an appropriate rate of return and perpetual growth rate.
- *Valuation of Investment in other entities*
The investment of the Company in other entities is to be valued as per the valuation methodologies suitable to that entity.
- *Value for Equity Shareholders:*
The Value of Business so arrived considering the Net Present Value of the explicit period and terminal or perpetuity value is adjusted for net of cash & cash equivalents, surplus assets viz. Deposits, Investments, Debt, Inter-company liabilities, etc. as on the valuation date to arrive at the value for equity shareholders as on the Valuation Date.

In absence of availability of future projections and business plans of RHIM and as it is represented by the management that the financial projections of RHIM would be price sensitive information and therefore not made available to me. In view of the above, I have not considered the 'Income' Approach for the present valuation exercise for RHIM.



Considering the nature of the Business of DOCL and based on review of projected financial statements of DOCL, made available to me by the Company, I am of the view that 'Income' approach may be appropriate for the current valuation exercise for arriving at fair value of DOCL, as the assets may not provide true reflection of the earning capacity of DOCL.

4.5. 'Market' Approach

(a) Market Price Method ("MP Method")

The market price of an equity share is the barometer of the true value of the Company in case of listed companies. The market value of shares of the company quoted on a recognized stock exchange, where quotations are arising from regular trading reflects the investor's perception about the true worth of the listed companies. The valuation is based on the principles that market valuations arising out of regular trading captures all the factors relevant to the Company with an underlying assumption that markets are perfect, where transactions are being undertaken between informed buyers and informed sellers on the floor of the recognized stock exchange.

However, as the stock markets and stock prices are subject to volatility, and as the equity shares of RHIM has been frequently traded, in my opinion, it is thought appropriate to arrive at the Market Price considering higher of (i) 90 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange or (ii) 10 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange, as on the date of this report.

The shares of DOCL are not listed or quoted on any recognized stock exchange and hence, market price method may not be applicable for valuation of equity shares of DOCL for the present valuation exercise.

(b) Comparable Companies Multiple Method ("CCM Method")

Under the CCM method, the value of the equity share of a company is determined based on publicly available information of the market valuations of the comparable companies on the basis of multiples derived from such market information. This method is applied on the premise that markets are perfect and have captured all the information and factors, which are reflected through their market valuations.



Under this method, I have considered it appropriate to apply the Enterprise Value ('EV') / Earnings before Interest, Taxes, Depreciation and Amortization ('EBITDA') of the Comparable Companies available in the Public Domain and apply the adjusted multiple of the Comparables to the Trailing Twelve Months ('TTM') / Last Financial Year ('LFY') / Last Financial Year plus one EBITDA of the Companies as may be applicable for CCM. The Enterprise Value so arrived considering the EV / EBITDA Multiple is adjusted for net cash & cash equivalents, debt, expected investments in fixed assets, expected investment in working capital, Inter-company liabilities, etc., wherever required, to arrive at the value for equity shareholders of RHIM and DOCL .

(c) Comparable Transaction Method ("CTM")

Under the CTM, the value of the equity share of an company is determined considering the past transaction of similar companies as well as the market value of comparable companies that have an equivalent business model to the company being valued.

Under this method, I have considered it appropriate to apply the Enterprise Value ('EV') / Earnings before Interest, Taxes, Depreciation and Amortization ('EBITDA') of the Comparable Transaction available in the Public Domain and apply the adjusted multiple of the Comparable Transaction to the / Last Financial Year / Last Financial Year plus one EBITDA of the Companies, as may be applicable for CTM. The Enterprise Value so arrived considering the EV / EBITDA Multiple is adjusted for net cash & cash equivalents, debt, expected investments in fixed assets, expected investment in working capital, Inter-company liabilities, etc., wherever required to arrive at the value for equity shareholders of RHIM and DOCL.

- 4.6. The value so arrived at under any of the approaches is divided by the outstanding number of equity shares (as made available by the management) as on the Valuation Date to arrive at the value per equity share of the Company(ies).
- 4.7. It is universally recognized that the valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation



depends upon various factors including nature of its business, overall objective of the transaction and the purpose of valuation.

5. RECOMMENDATION

5.1 It is recognized that valuation of any company or assets as a matter is inherently subjective and subject to various factors, which are difficult to predict and beyond control. Valuation exercise involves various assumptions with respect to the specific industry, general business and economic conditions, which are beyond the control of the companies. The assumptions and analysis of market conditions, comparables, and prospects of the Industry as a whole and the Company, which influences the valuation of companies are subject to change over a period of time and even differ between the valuers at the given point of time.

5.2 In the ultimate analysis, recommendation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

5.3 In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined herein in this report (including scope limitation and exclusions & disclaimers given below), in my opinion, it is thought fit to consider value per equity share of RHIM determined as per 'Market Price Method', being higher than the value per share arrived at under the 'CCM' and



'CTM' (refer table below), in the ultimate analysis, as the fair value per equity share of RHIM, which works out to **INR 632.50/- (Rupees Six Hundred Thirty-Two and Paise Fifty only)** per equity share. The value per equity share under the aforesaid approaches is as under:

Valuation Approach	RHIM	
	Value per Share of RHIM (INR)	Weight
Asset Approach - Net Asset Value Method	NA	NA
Income Approach	NA	NA
Market Approach – Market Price Method (i) (Refer Annexure A for computation)	632.50	100%
Market Approach – Comparable Companies Multiple Method (ii) (Refer Annexure B for computation)	604.38	0%
Market Approach – Comparable Transaction Multiple Method (iii) (Refer Annexure C for computation)	489.98	0%
Weighted Average Value per Share [Considering (i), (ii) and (iii)]	632.50	

NA stands for Not Applicable / Not Adopted

- 5.4 In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined herein in this report (including scope limitation and exclusions & disclaimers given below), in my opinion, it is thought fit to consider fair value per equity share of DOCL by providing two-third weight to the value per share arrived as per 'Income' approach and one-third weight to the value per share arrived as per 'Market' Approach – 'CCM', in the ultimate analysis, which works out to **INR 207.79/- (Rupees Two Hundred Seven and Paise Seventy-Nine only)** per equity share. The value per equity share under the aforesaid approaches is as under:



Valuation Approach	DOCL	
	Value per Share of DOCL (INR)	Weight
Asset Approach - Net Asset Value Method	NA	NA
Income Approach (Refer Annexure D for computation) (i)	189.40	2/3
Market Approach – Market Price Method	NA	NA
Market Approach – Comparable Companies Multiple Method (ii) (Refer Annexure E for computation)	244.57	1/3
Market Approach – Comparable Transaction Multiple Method (iii) (Refer Annexure F for computation)	158.77	0
Weighted Average Value per Share [Considering (i), (ii) and (iii)]	207.79	

NA stands for Not Applicable / Not Adopted

- 5.5 In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report (including disclaimer and exclusions & disclaimers given below), in my opinion, I recommend that the value per equity share of RHIM may be considered as **INR 632.50/- (Rupees Six Hundred Thirty-Two and Paise Fifty only)** and value per equity share of DOCL may be considered as **INR 207.79 (Rupees Two Hundred Seven and Paise Seventy-Nine only)** for the purpose of swap of shares, pursuant to Regulation 163(3) of the SEBI (ICDR) Regulations.

6. EXCLUSIONS AND DISCLAIMERS

- 6.1 The report is subject to the exclusions and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 6.2 No investigation of the title of assets of the Companies has been made for the purpose of my recommendation and their claim to such rights has been



assumed to be valid as represented by the management of the RHIM. Therefore, no responsibility is assumed for matters of a legal nature.

- 6.3 The recommendation is based on the estimates of future financial performance of DOCL as provided to us by the management of RHIM, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to the commercial and financial aspects of the Company and the industry in which it operates. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the projected financial statements may vary from those contained in the statement and the variation may be material. The fact that I have considered the projections in this valuation exercise should not be construed or taken as I being associated with or a party to such projections.
- 6.4 A valuation of this nature involves consideration of various factors based on prevailing stock market, financial, economic and other conditions including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the management of RHIM has drawn my attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on my opinion, on the fair value of the shares of the Companies, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. I have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 6.5 The work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of the engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 6.6 This Valuation Report does not look into the business / commercial reasons behind the Proposed Transaction or address any potential synergies to the Companies and other parties connected thereto.
- 6.7 In the course of issuing this report, I was provided with both written and verbal information. I have evaluated the information provided to me by the



management of RHIM through broad inquiry, analysis and review. I assume no responsibility for any errors in the above information furnished by the management of RHIM and consequential impact on my recommendation. I do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to me.

- 6.8 The report is not, nor should it be construed as me opining or certifying any compliance with the provisions of any law, whether in India or any other country including companies, taxation and capital market related laws or as regards any legal implications or issues arising from any transaction proposed to be contemplated based on this Report.
- 6.9 The information contained herein and the report is confidential. Any person/party intending to provide finance/invest in the shares/businesses of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, can be done only with prior permission in writing.
- 6.10 The valuation analysis was completed as on the date of this report, a date subsequent to the Valuation Date and accordingly I have taken into account such valuation parameters and over such period, as I considered appropriate and relevant, up to a date close to such completion date.
- 6.11 This report is prepared exclusively for the Board of Directors of RHIM for the purpose of recommending the fair value per equity shares of the Companies for the Proposed Transaction. Further, the fees for this engagement is not contingent upon the recommendation considering the facts and purpose of recommendation.
- 6.12 The decision to carry out the transaction (including consideration thereof) lies entirely with the management / Board of Directors of the Companies and the work and the finding shall not constitute recommendation as to whether or not the management / the Board of Directors of the Companies should carry out the transaction.
- 6.13 By its very nature, my work cannot be regarded as an exact science, the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions / approach, opinions may differ due to application of the facts and assumptions / approach, formulas used and numerous other factors. There is, therefore, no indisputable single or standard



CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

methodology / approach for arriving at my recommendation. Although the conclusions are in my opinion reasonable, it is quite possible that others may not agree.

- 6.14 CA Harsh Chandrakant Ruparelia, nor its employees or agents or any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the report is issued. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the report. I am not liable to any third party in relation to issue of this report. In no event, I shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

If you require any clarifications on the above, I would be happy to clarify the same. I am thankful to your team for kind co-operation and support during this assignment.

Thanking you,
Yours faithfully,

HARSH C
RUPARELIA

Digitally signed by
HARSH C RUPARELIA
Date: 2022.11.19
02:53:10 +05'30'

CA HARSH CHANDRAKANT RUPARELIA

REGISTERED VALUER – Securities or Financial Assets

IBBI Registration No. IBBI/RV/05/2019/11106

Membership No. ICMAI RVO/S&FA/00054

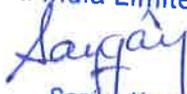
ICAI Membership No. 160171

Date: 19th November 2022

Place: Mumbai

UDIN: 22160171BDNXQK4488

For RHI Magnesita India Limited


Sanjay Kumar
Company Secretary
(ACS: 17021)

Annexure - A

Market Price Method

A. 90 trading days Volume Weighted Average Price ("VWAP") of the equity shares of RHIM as on the date of this report (Source: NSE)

Date	Volume (Million)	VWAP Turnover (INR Million)
18-Nov-22	0.24	153.95
17-Nov-22	0.16	102.70
16-Nov-22	0.34	207.72
15-Nov-22	0.42	253.56
14-Nov-22	0.44	258.39
11-Nov-22	0.48	282.89
10-Nov-22	0.43	260.83
9-Nov-22	0.17	110.45
7-Nov-22	0.21	135.71
4-Nov-22	0.20	128.53
3-Nov-22	0.21	136.49
2-Nov-22	0.34	218.74
1-Nov-22	0.72	462.47
31-Oct-22	0.86	584.94
28-Oct-22	0.19	136.95
27-Oct-22	0.18	131.08
25-Oct-22	0.15	108.54
24-Oct-22	0.06	42.44
21-Oct-22	0.27	196.66
20-Oct-22	0.63	454.21
19-Oct-22	0.63	455.00
18-Oct-22	2.26	1,612.32
17-Oct-22	0.16	107.27
14-Oct-22	0.15	101.29
13-Oct-22	0.29	195.10
12-Oct-22	0.18	118.35
11-Oct-22	0.20	132.60
10-Oct-22	0.11	74.33



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Date	Volume (Million)	VWAP Turnover (INR Million)
7-Oct-22	0.13	83.33
6-Oct-22	0.37	244.71
4-Oct-22	0.25	165.73
3-Oct-22	0.24	163.02
30-Sep-22	0.24	158.24
29-Sep-22	0.30	194.41
28-Sep-22	0.69	447.30
27-Sep-22	0.29	182.36
26-Sep-22	0.37	239.90
23-Sep-22	0.34	228.51
22-Sep-22	0.62	428.92
21-Sep-22	2.18	1,500.33
20-Sep-22	0.23	148.72
19-Sep-22	0.32	200.15
16-Sep-22	0.21	131.66
15-Sep-22	0.41	269.50
14-Sep-22	0.08	49.25
13-Sep-22	0.12	74.04
12-Sep-22	0.24	155.20
9-Sep-22	0.09	59.55
8-Sep-22	0.30	191.15
7-Sep-22	0.43	272.94
6-Sep-22	0.17	105.38
5-Sep-22	0.25	152.41
2-Sep-22	0.37	229.67
1-Sep-22	0.81	503.30
30-Aug-22	0.53	308.38
29-Aug-22	0.17	93.14
26-Aug-22	0.12	65.15
25-Aug-22	0.16	92.52
24-Aug-22	0.45	254.93
23-Aug-22	0.09	46.32
22-Aug-22	0.11	57.96



CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

Date	Volume (Million)	VWAP Turnover (INR Million)
19-Aug-22	0.31	172.76
18-Aug-22	0.48	267.53
17-Aug-22	0.13	71.55
16-Aug-22	0.10	55.00
12-Aug-22	0.30	161.96
11-Aug-22	0.32	167.60
10-Aug-22	0.13	67.52
8-Aug-22	0.18	93.66
5-Aug-22	0.10	51.22
4-Aug-22	0.11	56.59
3-Aug-22	0.09	46.01
2-Aug-22	0.24	120.67
1-Aug-22	0.18	90.63
29-Jul-22	0.17	92.30
28-Jul-22	0.11	58.23
27-Jul-22	0.09	45.62
26-Jul-22	0.11	57.71
25-Jul-22	0.12	64.71
22-Jul-22	0.23	123.24
21-Jul-22	0.10	52.02
20-Jul-22	0.30	162.40
19-Jul-22	0.64	346.23
18-Jul-22	0.10	55.32
15-Jul-22	0.10	53.77
14-Jul-22	0.13	69.99
13-Jul-22	0.19	101.42
12-Jul-22	0.06	29.11
11-Jul-22	0.06	33.97
8-Jul-22	0.04	18.73
Total	27.59	17,449.07
VWAP (INR)	632.50	

Minor differences may occur on account of rounding-off of nos.

Source: <https://www.nseindia.com>



B. 10 trading days Volume Weighted Average Price of the equity shares of RHIM as on the date of this report (Source: NSE)

Date	Volume (Million)	VWAP Turnover (INR Million)
18-Nov-22	0.24	153.95
17-Nov-22	0.16	102.70
16-Nov-22	0.34	207.72
15-Nov-22	0.42	253.56
14-Nov-22	0.44	258.39
11-Nov-22	0.48	282.89
10-Nov-22	0.43	260.83
9-Nov-22	0.17	110.45
7-Nov-22	0.21	135.71
4-Nov-22	0.20	128.53
Total	3.10	1,894.73
VWAP (INR)	611.57	

Minor differences may occur on account of rounding-off of nos.

Source: <https://www.nseindia.com>

Conclusion:

S.No.	Particulars	Amount (INR per share)
A	90 trading days Volume Weighted Average Price of the equity shares (In INR per share)	632.50
B	10 trading days Volume Weighted Average Price of the equity shares (In INR per share)	611.57
(Higher of A or B)		632.50



Annexure – B

'Market' Approach – Comparable Companies Method based on
EV/EBITDA Multiples (RHIM)
As on 30th September 2022

Particulars	INR in Mn.
TTM Operating EBITDA as at 30 September 2022	4,604
Operating EV/EBITDA multiple	21.0
Operating Enterprise Value	96,693
<i><u>Adjustments:</u></i>	
Cash & Cash Equivalents	1,277
Debt	-668
Value for Equity Shareholders	97,302
Number of Equity Shares (on fully diluted basis)	160,996,331
Value per Equity Share (in INR)	604.38

Minor differences may occur on account of rounding-off of nos.



Annexure – C

'Market' Approach – Comparable Transactions Method (RHIM)

As on 30th September 2022

Particulars	INR in Mn.
TTM Operating EBITDA as at 30 September 2022	4,604
CTM multiple	17.0
Operating Enterprise Value	78,275
<u>Adjustments:</u>	
Cash & Cash Equivalents	1,277
Debt	-668
Value for Equity Shareholders	78,885
Number of Equity Shares (on fully diluted basis)	160,996,331
Value per Equity Share (in INR)	489.98

Minor differences may occur on account of rounding-off of nos.



Annexure D – Valuation of DOCL as per 'Income' approach – DCF Method as on 30th September 2022

Particulars	1 Oct 22 to 31 Mar 23	31-03-24	31-03-25	31-03-26	31-03-27	31-03-28	31-03-29	INR in Mn
								TV
PAT	557	1,467	1,879	2,258	2,618	3,237	3,870	3,820
Depreciation	59	313	337	362	389	418	450	798
Adjustments:								
Adjustments for Working Capital	-3,634	-864	-658	-784	-893	-1,042	-1,204	-454
Additions to Fixed Assets (Net)	-243	-516	-565	-620	-682	-733	-789	-798
Net Inflows/(Outflows)	-3,261	399	992	1,216	1,432	1,880	2,327	3,366
Discounting Factor	14%	0.97	0.88	0.77	0.67	0.59	0.52	0.46
Net Present Value of Inflows/(Outflows)	-3,156	350	763	821	848	977	1,060	

Calculation for Perpetuity	INR in Mn
FCFF for Perpetuity	3,366
Growth Rate	5%
Total Capitalised Value	37,397
Discount Factor	0.46
Present Value of Perpetuity	17,038

Equity Value of Company	INR in Mn
Net Present Value of Explicit Period	1,663
Present Value of Perpetuity	17,038
FCFF	18,701
Add/(Less): Adjustments	
51.0% of D7R ¹	855
100% EV (zero debt, zero cash, zero WC)	19,556
Less: Assumed liabilities (Pro-forma) ²	-3,933
100% Equity Value (Pro-forma)	15,623
Number of Equity Shares (on fully diluted basis) ³	82,483,642
Value per Share (INR)	189.40

Notes:

1. Refer Annexure G for valuation of 51.0% share of D7R.
2. Represents Inter-company payables to the Holding Company. Source: Management of RHIM.
3. Represents total number of equity shares of DOCL after the Slump Sale, i.e., after considering the Impact of acquisition of Indian Refractories Business. Source: Management of RHIM.
4. Minor differences may occur on account of rounding-off of nos.



Annexure – E

'Market' Approach – Comparable Companies Method based on
EV/EBITDA Multiples (DOCL)
As on 30th September 2022

Particulars	INR in Mn.
Operating EBITDA (LFY +1) as at 31 March 2023	1,259
Discount Factor	0.94
Operating EV/EBITDA multiple	23.0
Operating Enterprise Value	27,129
<u>Adjustments:</u>	
Expected Investment in FA	-243
Expected Investment in Working Capital	-3,634
51.0% of D7R ¹	855
100% EV (zero debt, zero cash, zero WC)	24,106
Less: Assumed liabilities (Pro-forma) ²	-3,933
100% Equity Value (Pro-forma)	20,173
Number of Equity Shares (on fully diluted basis) ³	82,483,642
Value per Equity Share (in INR)	244.57

Notes:

1. Refer Annexure G for valuation of 51.0% share of D7R.
2. Represents inter-company payables to the Holding Company. Source: Management of RHIM.
3. Represents total number of equity shares of DOCL after the Slump Sale, i.e., after considering the impact of acquisition of Indian Refractories Business. Source: Management of RHIM.
4. Minor differences may occur on account of rounding-off of nos.



Annexure – F

'Market' Approach – Comparable Transactions Method (DOCL)

As on 30th September 2022

Particulars	INR in Mn.
Operating EBITDA (LFY +1) as at 31 March 2023	1,259
Discount Factor	0.94
Operating EV/EBITDA multiple	17.0
Operating Enterprise Value	20,052
Adjustments:	
Expected Investment In FA	-243
Expected Investment In Working Capital	-3,634
51.0% of D7R ¹	855
100% EV (zero debt, zero cash, zero WC)	17,029
Less: Assumed liabilities (Pro-forma) ²	-3,933
100% Equity Value (Pro-forma)	13,096
Number of Equity Shares (on fully diluted basis) ³	82,483,642
Value per Equity Share (in INR)	158.77

Notes:

1. Refer Annexure G for valuation of 51.0% share of D7R.
2. Represents Inter-company payables to the Holding Company. Source: Management of RHIM.
3. Represents total number of equity shares of DOCL after the Slump Sale, i.e., after considering the impact of acquisition of Indlan Refractories Business. Source: Management of RHIM.
4. Minor differences may occur on account of rounding-off of nos.



Annexure – G

**'Market' Approach – Comparable Companies Method based on
EV/EBITDA Multiples (Dalmia Seven Refractories Limited, or 'D7R')**

As on 30th September 2022

Particulars	INR in Mn.
Operating EBITDA as at 31 March 2022	80
Operating EV/EBITDA multiple	23.0
Operating Enterprise Value	1,842
<i>Adjustments:</i>	
Cash & Cash Equivalents	3
Debt	-170
Value for Equity Shareholders	1,676
Value of 51.0% share of D7R	855

Minor differences may occur on account of rounding-off of nos.

