INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
DALMIA OCL LIMITED

Report on the Audit of Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of **DALMIA OCL LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2023, and the statement of profit and loss (including other comprehensive income), 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 "financial statements").

We do not express an opinion on the financial statements of the Company. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We refer to note no. 33 of the Financial Statements, related to acquisition of indian refractory business of Dalmia Bharat Refractories Ltd (DBRL). The Board of Directors and Shareholders of the Company in its respective meetings held has approved the acquisition of its indian refractory business from DBRL. Business Transfer agreement (BTA) dated 19th November, 2022 and amendment thereto was executed between DBRL and the Company for total consideration of Rs. 2,191.85 Crore (including working capital), which is settled by way of allotment of 8,24,83,642 equity shares of the Company to DBRL, at issue price of Rs. 207.04 /- per share, aggregating to Rs. 1,707.76 Crore and an cash consideration including the closing adjustments in net working capital and debt adjustments amounting to Rs. 484.09 Crore. As per form no. PAS-3 "return of allotment" filed by the Company [Pursuant to section 39(4) and 42 (9) of the Companies Act, 2013 and rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014], securities allotted for consideration other than cash, it is mentioned that 8,24,83,642 equity shares at issue price of Rs. 207.04 per share is issued as consideration. According to the share swap agreement executed between DBRL, the Company and RHI Magnesita India Ltd ("RHI"), entire shareholding of the Company held by DBRL were swapped against 27,000,000 Equity Shares of RHI at an determined issue price per share of Rs. 632.50 by way of a preferential issue on a private placement basis ("Preferential Issue") as per section 42 of the Companies Act, 2013 and SEBI ICDR Regulations and other applicable laws. For the purpose of calculation of purchase consideration the Company considered, share price of 2,70,00,000 equity shares of RHI of Rs. 877.20 per share i.e. fair value on the closing date of business transfer instead of fair value of 8,24,83,642 equity shares of the Company issued to DBRL, at issue price of Rs. 207.04 /- per share as mentioned above, which has resulted into recognition of excess goodwill amounting to Rs. 660.70 Crore and corresponding increase in other equity by way of credit to deemed equity contribution from the RHI. We are unable to express an opinion on recognition of excess goodwill and crediting of other equity by equal amount and whether the same is as per Generally Accepted Accounting Principles in India. After acquisition, this goodwill has been fully impaired, resulting into higher losses by equivalent amount in the statement of profit and loss and retained earnings and other equity.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 implementation and maintenance of 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 and the Company's Board of Directors 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial statements.

We are independent of the Company in accordance with the Code of Ethics and provisions of the Act that are relevant to our audit of the financial statements in India under the Act, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the Act.

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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 sub-section (11) of section 143 of the Act, and except for the effects, of the matter described in the Basis for Disclaimer of Opinion section 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 **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 Further to our comments in 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) Due to the effects of the matter described in the Basis for Disclaimer of Opinion section, we are unable to state whether 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 Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;

(d) Due to the effects of the matter described in the Basis for Disclaimer of Opinion section, we are unable to state whether the financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;

(e) The matter described in the Basis for Disclaimer of Opinion section may have an adverse effect on the functioning of the Company;

(f) The reservation relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer Opinion section;

(g) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(h) With respect to the adequacy of the internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

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(i) In our opinion, the managerial remuneration for the year ended 31st March, 2023 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

(j) 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 has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 37 to the financial statements.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) (a) Management has represented to us that, to the best of it's knowledge and belief, as disclosed in the financial statements, 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 persons 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 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) Management has represented to us that, to the best of it's knowledge and belief, as disclosed in the financial statements, 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;

(c) Based on our audit procedures 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) (j) (iv) (a) & (b) contain any material misstatement.

(v) The Company has not declared or paid any dividend during the year.

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(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm's Registration No. 101720W/W100355

VNapawaliya

Vijay Napawaliya
Partner
Membership No. 109859
UDIN: 23109859BGXRUE9535

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 30th May, 2023

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its property, plant and equipment:

a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment on the basis of available information.

(B) The Company has maintained proper records showing full particulars of intangible assets on the basis of available information.

b. During the year the Company has acquired refractory business including property, plant and equipment of Dalmia Bharat Refractories Limited. The Company has recorded all property, plant and equipment acquired at the acquisition date fair value based on expert report. Based on the information and explanations provided by the management of the Company, while valuing the property, plant and equipment, the expert along with in-house team of the Company has physically verified the property, plant and equipment and we have been informed that no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and the records examined by us, title deeds in respect of immovable properties disclosed as Property, Plant & Equipment (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) in the financial statements are in the name of the Company, except following properties:

Description of Property	Gross carrying value (Rs. in Crore)	Held in the name of	Whether promoter, director or their relative or Employee	Period held (Closing date)	Reason for not being in the name of Company
Freehold land	14.95	Dalmia Refractories Limited (merged into Dalmia Bharat Refractories Limited)	No	05/01/2023	By virtue of Business transfer agreement dated Nov 19, 2022, the company has acquired Indian refractories business from Dalmia Bharat Refractories Limited.
Freehold land	0.42	GSB Refractories India Private Limited (merged into Dalmia Bharat Refractories Limited)	No	05/01/2023	
Building	24.90	Dalmia Cement Bharat Limited (Refractory division), (merged into Dalmia Bharat Refractories Limited	No	05/01/2023	By virtue of Business transfer agreement dated Nov 19, 2022, the company has acquired Indian refractories business from

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Building	10.45	Dalmia Refractories Limited (merged into Dalmia Bharat Refractories Limited)	No	05/01/2023	Dalmia Bharat Refractories Limited.
Building	6.63	Dalmia Refractories Limited (merged into Dalmia Bharat Refractories Limited)	No	05/01/2023	
Building	28.48	Dalmia Refractories Limited (merged into Dalmia Bharat Refractories Limited)	No	05/01/2023	
Building	2.84	GSB Refractories India Private Limited (merged into Dalmia Bharat Refractories Limited)	No	05/01/2023	

d. According to information and explanations given to us and books of accounts and records examined by us, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

e. According to information & explanations and representation given to us by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) As explained to us and on the basis of the records examined by us, in our opinion, physical verification of the inventories have been conducted at reasonable intervals by the management and having regard to the size and nature of business of the Company and nature of its inventory, the coverage and procedures of such verification by the management is appropriate. As explained to us and on the basis of the records examined by us, the value of the discrepancies noticed on physical verification by management did not exceed 10% or more in aggregate of each class of inventory.

(b) As per the information and explanation given to us and examination of books of accounts and other records produced before us, in our opinion quarterly returns or statements filed by the Company with banks or financial institutions pursuant to terms of sanction letters for working capital limits secured by current assets are in agreement with the books of account of the Company.

(iii) The Company has not made any investments, granted secured/unsecured loans/advances in nature of loans, or guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) 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

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CHARTERED ACCOUNTANTS

parties covered under Section 185 of the Act. The Company has not made any investment or loans, 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) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the records of the Company examined by us, undisputed statutory dues including Goods and Service tax, provident fund, employees' state insurance, income tax, duty of customs, cess and any other material statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of the aforesaid dues, which were outstanding as 31st March, 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) which have not been deposited with the appropriate authority on account of any dispute except as mentioned below:-

Name Of The Statute	Nature Of Dues	Amount Rs. in Crore*	Period to which amount is relate(FY)	Forum where dispute is pending
Goods and service Tax Act, 2017	GST	0.25	2018-19	Joint Commissioner of State Tax, Durg
Finance Act, 1994	Service Tax	1.81	2004-2005 to 2011-12	CESTAT Ahmedabad
Finance Act, 1994	Service Tax	0.93	2012-13 to 2014-15	Commissioner (Appeals), Rajkot
Finance Act, 1994	Service Tax	0.71	2014-15	Assistant Commissioner of Central GST & Central Excise, Jamnagar
Finance Act, 1994	Service Tax	0.44	2015-2016 to 2017-2018	Assistant Commissioner , Rourkela
Value Added Tax, 2005	Sales Tax	0.35	2001-02	High Court, Ahmedabad Gujarat
Central excise Act, 1944	Excise	0.06	2005-06	CESTAT Kolkata
Central excise Act, 1944	Excise	0.17	2015-16	CESTAT Kolkata

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*Net of amount paid

(viii) According to the information and explanations given to us and representation given to us by the management, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessment under the Income Tax Act, 1961 as income during the year. Accordingly, the provision of clause 3(viii) of the Order is not applicable to the Company.

(ix) a) In our opinion and according to the information and explanations given and books of accounts and records examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

b) In our opinion, and according to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) During the year the Company has taken external commercial borrowing of Rs. 225 Crore from RHI Magnesita GMBH for the purpose of working capital. Out of the Rs. 225 Crore the Company has utilised Rs. 35 Crore for working capital purposes and remaining unutilised Rs. 190 Crore are parked with bank as fixed deposit as at Balance Sheet date.

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 that, *prima facie*, funds raised on short-term basis amounting to Rs. 136.38 Crore have been used during the year for long-term purposes by the Company. Subsequent to year end, as mentioned in note no. 48 (iii) to the financial statements, the company has issued shares to the parent company amounting to Rs. 351.38 Crore and the Company has repaid it's short term borrowing.

e) According to the information and explanations given to us and on an overall examination of thc financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associates or joint ventures.

f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any joint ventures or associate companies.

(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 procedures, During the year the Company has acquired india

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refractory business of Dalmia Bharat Refractories Limited against which the Company has made preferential allotment of equity shares on private placement basis as other than cash consideration. The Company has complied with the requirements of section 42 and section 62 of the Companies Act, 2013.

(xi) a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations 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 auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

c) As represented to us by the management, there are 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) of the Order is not applicable.

(xiii) The Company has entered into transactions with related parties in compliance with provisions Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) a) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

b) We have considered the internal audit reports of the Company issued till date, for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them. Therefore the provisions of clause 3 (xv) of the order are not applicable to the Company.

(xvi) a) 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.

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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 explanations provided to us, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) In our opinion, and according to the information and explanations provided to us, the Company has incurred any cash losses of Rs. 29.32 Crore in the current financial year and Rs. 0.01 Crore in 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 and representation received by us, 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, the requirements with respect to CSR contribution under section 135 of the Act is not applicable to the Company during the year.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm's Registration No. 101720W/W100355

Vjnapawaliya

Vijay Napawaliya
Partner
Membership No. 109859
UDIN: 23109859BGXRUE9535
Place: Mumbai
Date: 30th May, 2023

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"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls with reference to financial statements of **DALMIA OCL LIMITED** ("the Company") as of 31st March 2023 in conjunction with our audit of the 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to financial statements based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in the Disclaimer of Opinion section below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting with reference to the financial statements of the Company.

Meaning of Internal Financial Controls with reference to financial statements

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

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Continuation sheet...

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.

Disclaimer of Opinion

During the year ended 31st March 2023, the Company has recognised excess goodwill amounting to Rs. 660.70 Crore and corresponding increase in other equity by way of credit to deemed equity contribution from the RHI. After business acquisition, this goodwill has been fully impaired and debited to the statement of profit and loss.

Because of the above reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting with reference to financial statements and whether such internal financial controls were operating effectively as at 31st March, 2023.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer has affected our opinion on the financial statements of the Company and we have issued a Disclaimer of Opinion on the financial statements of the Company.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm's Registration No. 101720W/W100355

VNapawaliya

Vijay Napawaliya
Partner
Membership No. 109859
UDIN: 23109859BGXRUE9535

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 30th May, 2023

Dalmia OCL Limited
Balance Sheet as at March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non - current assets			
(a) Property, plant and equipment	4	245.84	-
(b) Right of use assets	4	107.97	-
(c) Capital work - in - progress	4 (b)	10.37	-
(d) Goodwill	4	841.00	-
(e) Other intangible assets	4	848.89	-
(f) Financial assets			
(i) Investments	5	92.56	-
(g) Non current tax assets (net)	6	0.69	-
(h) Other non-current assets	7	1.67	-
Total non-current assets		**2,148.99**	**-**
Current assets			
(a) Inventories	8	309.06	-
(b) Financial assets			
(i) Trade receivables	9.1	259.25	-
(ii) Cash and cash equivalents	9.2	192.23	0.42
(iii) Bank balances other than (ii) above	9.3	0.12	-
(iv) Other financial assets	9.4	6.70	-
(c) Contract assets	31	0.94	-
(d) Other current assets	10	119.84	-
Total current assets		**888.14**	**0.42**
Total assets		**3,037.13**	**0.42**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11.1	82.48	0.02
(b) Other equity	11.2	1,583.99	0.40
Total equity		**1,666.47**	**0.42**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	12.1	232.53	-
(ii) Lease liabilities	12.2	76.93	-
(b) Provisions	13	2.81	-
(c) Employee benefit obligations	17	9.81	-
(d) Deferred tax liabilities (net)	14	24.06	-
Total non-current liabilities		**346.14**	**-**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15.1	639.68	-
(ii) Lease liabilities	12.2	8.18	-
(iii) Trade payables			
a) Total outstanding dues of Micro Enterprises and Small Enterprises	15.2	21.29	-
b) Total outstanding dues of other than Micro Enterprises and Small Enterprises	15.2	188.06	-
(iv) Other financial liabilities	15.3	124.14	-
(b) Contract liabilities	31	21.70	-
(c) Provisions	16	11.97	-
(d) Employee benefit obligations	17	0.54	-
(e) Other current liabilities	18	8.96	0.00
Total current liabilities		**1,024.52**	**0.00**
Total equity & liabilities		**3,037.13**	**0.42**

The accompanying significant accounting policies and notes are an integral part of the financial statement

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 : 30th May 2023

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

DALMIA OCL LIMITED RHI MAGNESITA

For and on behalf of the Board of Directors

Parmod Sagar
Director
(DIN- 06500871)
Place: Gurugram

Vijaya Gupta
Director
(DIN- 06435747)
Place: Gurugram

Sanjeev Bhardwaj
Chief Financial Officer
Place: Gurugram

Bobby Mehndiratta
Company Secretary
Place: Gurugram
A54443

Dalmia OCL Limited
Statement of Profit and Loss for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from operations	19	207.38	-
II	Other income	20	1.98	-
III	**Total income (I + II)**		**209.36**	-
IV	Expenses			
	Cost of materials consumed	21	114.01	-
	Purchase of stock-in-trade		8.77	-
	Change in inventories of finished goods, work-in-progress and traded goods	22	(12.14)	-
	Employee benefits expense	23	31.24	-
	Finance cost	24	18.58	-
	Depreciation & amortization expense	25	26.78	-
	Impairment loss	26	660.70	
	Other expenses	27	78.22	0.01
	Total expenses		**926.16**	**0.01**
V	**Profit/(Loss) for the year before tax (III-IV)**		**(716.80)**	**(0.01)**
VI	Tax benefit/(expense)	28		
	Current tax		-	-
	Deferred tax		14.20	-
			14.20	-
VII	**Net Profit/(Loss) for the year after tax (V - VI)**		**(702.60)**	**(0.01)**
VIII	Other comprehensive income	29		
	Items that will not be reclassified to profit or loss			
	Re-measurement of defined benefit plans		0.29	-
	Income tax relating to re-measurement of defined benefit obligation		(0.07)	-
	Other comprehensive income/(loss) for the year, net of tax		0.22	-
IX	**Total comprehensive income for the year (VII + VIII)**		**(702.38)**	**(0.01)**
X	**Earning/(Loss) per equity share**	30		
	Nominal value of equity shares (Rs 10.00 each)			
	(1) Basic		(361.24)	(3.71)
	(2) Diluted		(361.24)	(3.71)

The accompanying significant accounting policies and notes are an integral part of the financial statement

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 : 30th May 2023

For and on behalf of the Board of Directors

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Dalmia OCL Limited
Statement of Cash Flows for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
A.	**Cash flow from operating activities :**		
	Profit/(Loss) before taxation	(716.80)	(0.01)
	Adjustments for :		
	Depreciation and amortization expense	26.78	-
	Provision for doubtful debts	1.36	-
	Provision for warranty	1.57	-
	Provision for stamp duty	28.00	-
	Finance cost	18.58	-
	Interest income	(0.52)	-
	Impairment loss	660.70	
	Operating profit before working capital changes	**19.67**	**(0.01)**
B	**Working capital adjustments**		
	Decrease/(Increase) in inventories	47.57	-
	Decrease/(Increase) in trade receivables	(6.78)	-
	Decrease/(Increase) in loans	0.28	-
	Decrease/(Increase) in other financial assets	2.60	-
	Decrease/(Increase) in other assets	(9.15)	-
	(Decrease)/Increase in trade payables	(178.46)	-
	(Decrease)/Increase in other financial liabilities	54.13	-
	(Decrease)/Increase in provisions	(11.15)	-
	(Decrease)/Increase in other liabilities	(17.21)	(0.00)
	Cash generated/(used) from operations	**(118.18)**	**(0.00)**
	Income taxes paid (net)	-	-
C	**Net cash flow generated/(used) from operating activities**	**(98.50)**	**(0.01)**
D	**Cash flow from investing activities**		
	Purchase of property, plant, equipment and intangible assets	(4.61)	-
	Purchase of business*	(393.29)	-
	Net cash flow generated/(used) from investing activities	**(397.90)**	-
E	**Cash flows from financing activities**		
	Proceeds of Non-current borrowings	225.42	-
	Proceeds/(Repayment) of Current borrowings (net)	477.89	
	Repayment of lease liability	(0.22)	-
	Interest paid	(14.88)	-
	Net cash flow generated/(used) from financing activities	**688.22**	-
	Net increase/(decrease) in cash and cash equivalents	**191.81**	(0.01)
	Cash and cash equivalents at the beginning of the year	0.42	0.43
	Cash and cash equivalents at the end of the year	192.23	0.42

Components of cash and cash equivalents	**31 March 2023**	**31 March 2022**
Balances with banks in current accounts	2.23	0.42
Deposits with maturity of less than three months	190.00	-
Net cash and cash equivalent	**192.23**	**0.42**

Reconciliation of Change in Liability Arising from Financing Activities	**1st April 2022**	**Cash flow**	**Non- cash**	**31st March 2023**
Borrowing - Non-Current***	-	225.42	7.11	232.53
Borrowing - Current*	-	477.89	161.79	639.68

* The Non- cash adjustments in the current year are pertaining to slump sale acquisition by the company (Refer Note 33)

** Non- cash adjustment in non-current borrowing is pertaining to effects of change in foreign exchange rate

Note:- 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
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Firm Regn. No.: 101720W/W100355

Vijay Napawaliya
Partner
Membership No.: 109859

Place : Mumbai
Date : 30th May 2023

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Dalmia OCL Limited
Statement of Changes in Equity for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

Equity Share Capital

Balance of Equity Share Capital	As at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2022	Changes during the year	As at March 31, 2023
	0.02	-	0.02	82.46	82.48

Balance of Equity Share Capital	As at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2021	Changes during the year	As at March 31, 2022
	0.02	-	0.02	-	0.02

Other equity

Particulars	Reserves and Surplus		Other Equity	Total
	Securities Premium	Retained earnings		
Balance as at 1 April 2021	**0.43**	**(0.02)**	-	**0.41**
Profit/(loss) for the year	-	(0.01)	-	(0.01)
Balance as at 31 March 2022	**0.43**	**(0.03)**	-	**0.40**
Profit/(loss) for the year	-	(702.60)	-	(702.60)
Other comprehensive income	-	0.22	-	0.22
Deemed contribution by Parent company (Refer Note 33)		-	660.70	660.70
Secuarities premium on shares issued pursuent to slump sale acquisition (Refer Note 33)	1,625.27	-	-	1,625.27
As at 31 March 2023	**1,625.70**	**(702.41)**	**660.70**	**1,583.99**

As per our report of even date
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1 Corporate information

Dalmia OCL Limited ('DOCL' 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, Lalgudi District Tiruchirapalli, Chennai, Tamil Nadu.

The Board of Directors and Shareholders of Dalmia OCL Limited ("DOCL", "the Company") in its meeting held on 19th November, 2022 and extra-ordinary general meeting held on 21st December, 2022, respectively, has approved the acquisition of Indian Refractory Business of Dalmia Bharat refractories Limited. The details of this transaction are as under:

a. The Company has acquired entire Indian refractory business of Dalmia Bharat Refractories Limited ('DBRL') consisting of its 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 at an agreed consideration of Rs. 2,102.00 Crore along with payment of working capital. The above said consideration is settled by way of allotment of 8,24,63,642 equity shares of the Company to DBRL, at a price of Rs. 207.04 /- per share, aggregating to Rs. 1,707.33 Crore and an cash consideration including the closing adjustments in net working capital and debt adjustments

b. As per Share Swap Agreement dated 19th November, 2022, the shares issued by the Company to DBRL were subsequently swapped with RHI Magnesita India Limited at a consideration of 2,700,000 equity shares. Consequently, Dalmia OCL Limited has ceased to be a subsidiary of the DBRL and has become subsidiary of RHI Magnesita India Limited.

The above transaction have been completed on 5th January 2023.

The Financial Statements were approved by the Board of Directors and authorized for issue on 30th May, 2023.

2 Basis of preparation, critical accounting estimates and judgements

This note provides a list of the significant accounting policies adopted in the preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with Ind AS

These Financial Statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

(ii) The Company's acquisition of refractory undertakings through Business transfer agreement as at 5th January 2023, is accounted as business combination using acquisition method. Accordingly, all the balances of assets and liabilities of refractory business as at 5th January 2023 are incorporated in the Financial Statements of the Company.

(iii) Historical cost convention

The Financial statements 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/ amortized cost as required by Ind AS. Assets acquired and liability assumed in business combination are fair valued at closing date & accounted accordingly.

(iv) Functional and presentation currency

Items included in the 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 Financial Statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(v) 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 realized or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realized 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 realization 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 preparation of the Company's Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

a. Property Plant and Equipment/ Intangible Assets

Estimates are involved in determining the cost attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Property, Plant and Equipment/Intangible Assets are depreciated/ amortized over their estimated useful life, after taking into account estimated residual value. Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/ amortization to be recorded during any reporting period. The useful life and residual values take into account anticipated technological and future risks. The depreciation/ amortization for future periods is revised if there are significant changes from previous estimates.

b. Recoverability of Trade Receivables

Judgments 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.

c. Provisions

The timing of recognition and quantification of the liability (including litigations) requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

d. Fair value measurements and valuation processes

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

e. Impairment of Financial and Non-Financial Assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. 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. In case of non-financial assets, assessment of impairment indicators involves consideration of future risks. Further, the company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropirate valuation model is used.

f. Recognition of Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognized for deductible temporary differences and unused tax losses for which there is probability of utilization against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits and business developments.

g. Estimation of Defined benefit obligation

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

h. Classification of Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an options to extend the lease if the Company is reasonably certain to exercise that options; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that options. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

i. Revenue from contracts with customer

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Revenue is recognized 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 recognized to the extent that it is highly probable a significant reversal will not occur.

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On acquisition date 5th January 2023, the Company has accounted at fair value, assets acquired and liabilities assumed as part of business combination; to comply with the reporting requirements of Ind-AS as per Section 133 of the Companies Act 2013 to incorporate effect of slump sale acquisition.

Recent accounting pronouncements - Standards issued but not yet effective

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from April 1, 2023:

i) Ind AS 101 – First-time Adoption of Indian Accounting Standards
ii) Ind AS 102 – Share-based Payment
iii) Ind AS 103 – Business Combinations
iv) Ind AS 107 – Financial Instruments Disclosures
v) Ind AS 109 – Financial Instruments
vi) Ind AS 115 – Revenue from Contracts with Customers
vii) Ind AS 1 – Presentation of Financial Statements
viii) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
ix) Ind AS 12 – Income Taxes
x) Ind AS 34 - Interim Financial Reporting

Application of above standards are not expected to have any significant impact on the company's financial statements

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 recognized 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 recognized 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 recognized 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 recognized in other comprehensive income and accumulated in equity as capital reserve as bargain purchase. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of comprehensive income and is not reversed in the subsequent period.

3.2 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 capitalized on the carrying amount or recognized 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.

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.

The useful lives of the assets acquired as part of business combination, during the year, are determined based on Registered valuer's technical evaluation. The useful lives of the assets acquired as part of business combination is as follows:

Category	Estimated useful life of asset
Building	10- 70 years
Office Equipment	3-5 years
Furniture & Fixtures	5-10 years
Vehicles	5-10 years
Computers	3-5 years
Plant and Machinery	5-25 years
TC Mould (part of Plant and Machinery)	1-2 years
Non TC Mould (Part of Plant and Machinery)	1 year

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Depreciation methods, estimated useful lives and residual value:

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. 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.

3.3 Intangible assets

Identifiable intangible assets are recognized when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

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

Amortization is recognized 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 amortization period and the amortization 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 amortization period is changed accordingly.

Type of asset	Estimated useful life of asset
Customer Relationship	10-20 years
Computer software	1-5 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.

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 recognized as income or expense in the Statement of Profit and Loss.

3.4 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.

3.5 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 amortized 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.

Operating lease payments are recognized 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.

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3.6 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized 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 capitalization.

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

3.7 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 Company has authorized its Managing Director to assess the financial performance and position of the Company, 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.

3.8 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 recognized 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*

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.

c. *Defined benefit plan- Gratuity*

The liability recognized 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. Gratuity liability is funded through Gratuity Fund Trust with an insurance company in the form of a qualifying insurance policy. 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 recognized 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 recognized immediately in profit or loss as past service cost.

d. *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 Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized 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.

3.9 Inventories

Inventories including stores and spares are valued at the lower of cost on weighted average and the net realizable 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 labor and overheads.

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 the estimated cost of completion and the estimated costs necessary to make the sale.

3.10 Revenue recognition and other income:

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 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.

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Sale of Goods

Revenue from the delivery of products is recognized 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.

Sale of Services

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).

Other Operating Revenue

Incentives on exports and other Government incentives related to operations are recognized in the statement of profit or loss after due consideration of certainty of utilization/receipt of such incentives.

Other Income

The quantum of accruals in respect of claims receivable such as from Insurance, Electricity, Customs Excise and the like are accounted for on receipt basis.

Interest Income:

Interest income from a financial asset is recognized 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.

Dividend Income:

Dividend Income is recognized when the right to receive the payment is established.

Contract Balances:

Contract assets

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

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 recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract.

3.11 Foreign currency transactions

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 recognized 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.

3.12 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.

Current income-tax

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.

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 realize the asset and settle the liability simultaneously.

Deferred tax

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 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 realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize 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 and deferred tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

3.13 Provisions, contingent liabilities and contingent assets

a. Provision

Provisions are recognized when the Company 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 recognized 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 recognized 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 nonoccurrence of one or more uncertain future events not wholly within the control of the Company 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 Financial Statements.
A contingent asset is disclosed, where an inflow of economic benefits is probable.

c. 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 capitalized 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 recognized 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 capitalized in property, plant and equipment and are depreciated over the estimated commercial life of the related asset based on the unit of production method.

3.14 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 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.

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 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.

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.

3.15 Financial Instruments

A. Financial Assets

(i) Classification and Initial recognition

Financial assets are recognized 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) and
- Those measured at amortized 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.
However, trade receivables that do not contain a significant financing component are measured initially at transaction price.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial assets at fair value through profit or loss (FVTPL):

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 recognized in other income in the Statement of Profit and Loss.

b. Financial assets measured at amortized 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 amortized cost. Interest income from these financial assets is included in other income in the Statement of Profit and Loss.

CHATURVEDI & SHAH LLP MUMBAI

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 recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

d. Investment in Subsidiaries representing equity interest are carrying as cost in accordance with Ind AS 27.

(iii) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized 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 recognized from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognized 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 assets, 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 derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

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 derecognized 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 recognized 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 are shown in equity as a deduction, net of tax, from the proceeds.

(vi) Income recognition - Interest

Interest income from debt instruments is recognized 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.

B. 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.

(i) Classification, initial recognition and measurement

Financial liabilities are recognized 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 amortized cost.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings: Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 recognized 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 capitalized as a pre-payment for liquidity services and amortized 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 amortized cost using the effective interest rate method.

Financial guarantee contracts: Financial guarantee contracts are recognized as a financial liability at the time when guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model under Ind AS 109 *Financial Instruments* and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 *Revenue from Contracts with Customers.*

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MUMBAI
CHARTERED ACCOUNTANTS

(iii) Derecognition:

A financial liability is derecognized 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 recognized in profit or loss as other income or finance cost.

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 reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize 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.

3.16 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 recognized 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 recognized 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.

3.17 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. maximizing 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 Financial Statements are categorized 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.

3.18 Dividend distribution

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in other equity.

3.19 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

• the profit attributable to owners of the Company

• 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

3.20 Non-current assets held for sale

Non-current Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognized in the statement of profit and loss as a separate line item. On classification as held for sale, the assets are no longer depreciated. Assets and liabilities classified as held for sale are presented separately as current items in the Balance Sheet.

3.21 Government grants

Grants from the government are recognized 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.

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

4 Property, Plant and Equipment

Particulars	Tangible Assets							
	Freehold Land	Buildings	Plant and Machinery	Office Equipments	Furniture and Fixtures	Vehicles	Computer Peripherals	Total
Gross Carrying Amount								
Balance as at 1 April 2022	-	-	-	-	-	-	-	-
Acquired through slump sale acquisition	15.37	73.11	160.81	0.26	0.56	0.09	1.48	251.68
Additions	-	0.18	5.47	0.07	0.00	-	0.01	5.73
Disposals/Adjustment	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	**15.37**	**73.29**	**166.28**	**0.33**	**0.56**	**0.09**	**1.49**	**257.41**
Accumulated depreciation, amortization and impairment								
Balance as at 1 April 2022	-	-	-	-	-	-	-	-
Depreciation for the year	-	1.90	9.49	0.02	0.03	0.01	0.12	11.57
Impairment charge**	-	-	-	-	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	**-**	**1.90**	**9.49**	**0.02**	**0.03**	**0.01**	**0.12**	**11.57**
Net Carrying Amount								
As at 31 March 2022	-	-	-	-	-	-	-	-
As at 31 March 2023	**15.37**	**71.39**	**156.79**	**0.31**	**0.53**	**0.08**	**1.37**	**245.84**

Note: Pursuant to the acquisition of business undertaking vide business transfer agreement dated November 19, 2022, in respect of satisfaction of charges, the same is under process by DBRL.

CHATURVEDI & SHAH LLP * CHARTERED ACCOUNTANTS MUMBAI

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

4 Property, Plant and Equipment

Particulars	Right To Use			Intangible Assets				Goodwill
	Vehicle	Leasehold Land*	Total	Computer software	Customer Relationship*	Mining Rights*	Total	
Gross Carrying Amount								
Balance as at 1 April 2022	-	-	-	-	-	-	-	-
Acquired through slump sale acquisition	3.43	105.21	108.64	8.74	852.00	2.70	863.43	1501.70
Additions	-	-	-	-	-	-	-	-
Disposals/Adjustment	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	**3.43**	**105.21**	**108.64**	**8.74**	**852.00**	**2.70**	**863.43**	**1,501.70**
Accumulated depreciation, amortization and impairment								
Balance as at 1 April 2022	-	-	-	-	-	-	-	-
Depreciation for the year	0.17	0.50	0.67	0.55	13.88	0.11	14.54	-
Impairment charge**	-	-	-	-	-	-	-	660.70
Accumulated depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	**0.17**	**0.50**	**0.67**	**0.55**	**13.88**	**0.11**	**14.54**	**660.70**
Net Carrying Amount								
As at 31 March 2022	-	-	-	-	-	-	-	-
As at 31 March 2023	**3.26**	**104.72**	**107.97**	**8.19**	**838.12**	**2.59**	**848.89**	**840.99**

*Pursuant to Business transfer agreement, Company has recorded Customer relationship asset, Mining rights asset and leasehold land at amounting to Rs 852.00 crore, 2.70 crore and Rs 105.21 crore respectively, acquired from Dalmia Bharat Refractories Limited based on the fair valuation carried out by independent valuer, as at the acquisition date 5th January, 2023

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

4 Property, Plant and Equipment

****Impairment Charge**
During the current year, the Company has acquired the Indian refractory business of Dalmia Bharat Refractories Limited (DBRL), resulting in recognition of goodwill amounting to Rs. 1,501.70 crores as the excess of consideration over the fair value of the net assets acquired (refer to note 33 for further details).

The company tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The company including its plants at all locations, has been identified as a single Cash Generating Unit (CGU) under Ind AS 36 which is also the single operating and reportable segment. Hence, for impairment testing, goodwill acquired through business combination is monitored by the management at the company level as the single CGU.
The management is of the view that for determining goodwill on the acquisition date, the management has considered the acquisition date fair value of equity shares issued by RHIM (i.e. the quoted price on the date of acquisition) which is significantly higher than the equity share issue price as agreed in the Business transfer agreement read with share swap agreement dated 19th November 2022, and has resulted in a significant notional increase in the amount of goodwill. Accordingly, based on the conservative view and on comparison of the recoverable amount of CGU with the carrying value as on March 31, 2023, the Company has recognized impairment loss amounting to Rs. 660.79 crores. (Refer note 33 for more details). This loss has been disclosed as a separate line item in statement of profit and loss.

Significant estimate: key assumptions used for value-in-use calculations
For the current financial year, the recoverable amount of the cash generating unit was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a six-year period. Cash flows beyond the six-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each company operates.

The following table sets out the key assumptions used for the estimation:

Paticulars	Percentage
Discount rate (Weighted average cost of capital)	13.50%
Growth rate (for terminal value)	5.00%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Discount rate (Weighted average cost of capital)	The Discount rate (Weighted average cost of capital) of a comapny is the weighted average of the costs of its equity and its debt. Cost of equity is calculated based on the risk-free rate for a ten-year Government bonds benchmark yields adjusted for risk premium to reflect both the increased risk of investing in equities and the systematic risk specific to operations of company. Cost of debt is calculated based on the rate obtained from the market.
Growth rate for terminal value	Growth rate over the six-year forecast period; based on past performance and management's expectations of market development.

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

4 Property, plant and equipment

4 (a) Title deeds of Immovable property not held in the name of the Company as at March 31 2023.

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Property, plant and equipment	Freehold land	14.95	Dalmia Refractories Limited (merged into Dalmia Bharat Refractories Limited)	No	05-01-2023	By virtue of Business transfer agreement dated Nov 19, 2022, the company has acquired Indian refractories business from Dalmia Bharat Refractories Limited.
	Freehold land	0.42	GSB Refractories India Private Limited (merged into Dalmia Bharat Refractories Limited)	No	05-01-2023	
Property, plant and equipment	Building	24.9	Dalmia Cement Bharat Limited (Refractory division), (merged into Dalmia Bharat Refractories Limited)	No	05-01-2023	By virtue of Business transfer agreement dated Nov 19, 2022, the company has acquired Indian refractories business from Dalmia Bharat Refractories Limited.
	Building	10.45	Dalmia Refractories Limited (merged into Dalmia Bharat Refractories Limited)	No	05-01-2023	
	Building	6.63	Dalmia Refractories Limited (merged into Dalmia Bharat Refractories Limited)	No	05-01-2023	
	Building	28.48	Dalmia Refractories Limited (merged into Dalmia Bharat Refractories Limited)	No	05-01-2023	
	Building	2.84	GSB Refractories India Private Limited (merged into Dalmia Bharat Refractories Limited)	No	05-01-2023	

4 (b) Capital work in progress ageing schedule as at March 31 2023, March 31 2022.

As at March 31 2023

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	10.37	-	-	-	10.37
Project temporarily suspended	-	-	-	-	-
Total	**10.37**	**-**	**-**	**-**	**10.37**

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	-	-	-	-	-
Project temporarily suspended	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

*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.

CHATURVEDI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
5	**Non- Current Assets: Financial Assets**		
	Investments in equity instruments- Unquoted		
	Investment in Subsidiaries (At cost)		
	10,200,000 (March 31, 2022: Nil) shares, including 6 shares held by nominees of company, of RHI Magnesita Seven Refractories Limited (formerly known as Dalmia Seven Refractories Limited) of Rs 10 each fully paid up	92.56	-
		92.56	-
6	**Non Current Tax Assets (net)**		
	Advance income tax (net of provision for tax)	0.69	-
		0.69	-
7	**Other Non-current Assets**		
	Prepaid expenses	0.25	-
	Security deposit	1.42	-
		1.67	-
	Current Assets:		
8	**Inventories**		
	Raw materials	164.31	-
	Work - in - progress	29.51	-
	Finished goods	86.32	-
	Stock-in-trade	4.21	-
	Stores and spares	24.71	-
		309.06	-
9	**Current financial assets**		
	9.1 Trade Receivables		
	- Trade Receivable considered good - Secured	-	-
	- Trade Receivable considered good - Unsecured	259.25	-
	- Trade Receivables which have significant increase in Credit Risk	-	-
	- Trade Receivables - credit impaired	41.74	-
		300.99	-
	Less: Allowance for doubtful debts	(41.74)	-
		259.25	-

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022

Particulars	Not Due	Outstanding for following periods from due date of payment*					
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March 2023							
i) Undisputed Trade receivables – considered good	130.18	105.25	14.95	8.83	0.04	-	259.25
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables – credit impaired	-	27.33	2.08	5.75	2.54	0.44	38.14
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
	130.18	**132.58**	**17.03**	**14.58**	**2.58**	**4.04**	**300.99**
Less: Allowance for doubtful debts	-	(27.33)	(2.08)	(5.75)	(2.54)	(4.04)	(41.74)
Total	**130.18**	**105.25**	**14.95**	**8.83**	**0.04**	-	**259.25**
As at 31st March 2022							
i) Undisputed Trade receivables – considered good	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

*For better presentation of trade receivables, ageing for trade receivables acquired under slump sale acquisition is taken from the due date of receivables with transferee company.

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
9.2	**Cash & Cash Equivalents**		
	Balances with banks		
	- in Current Accounts	2.23	0.42
	Deposits with maturity of less than three months	190.00	-
		192.23	**0.42**

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
9.3	**Bank Balances**		
	Margin Money*	0.12	-
		0.12	-

*Includes deposits of Rs. 0.12 crore (31 March 2022: Nil) pledged with banks for the purpose of bank guarantee

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
9.4	**Others Financial Assets**		
	Unsecured, considered good		
	Interest receivable	0.47	-
	Loans and advances to employees	0.54	
	Security deposit	0.01	-
	Other*	5.68	-
		6.70	-

*Includes unrealized fair value gain amounting to 5.67 crore (for FY 21-22: Nil) of derivatives for FY 22-23

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
10	**Other Current Assets**		
	Prepaid expenses*	84.93	-
	Advance to suppliers	8.21	-
	Balance with Statutory authorities		
	- Goods and Services tax input credit recoverable	21.71	-
	- Others	1.80	
	Export incentives receivable - Considered Good	3.19	-
		119.84	-

*According to Business transfer agreement, as part of the purchase consideration for the acquisition of business undertaking, the company has paid consideration for the acquisition of mines and it's related rights which will be transferred to the company, no later than 18 months from the Business transfer agreement, subject to necessary government approvals.
The company has initially measured the assets at fair value amounting to Rs. 82.00 crore Subsequent to the initial recognition upon transfer of mining license to the company, the prepayments shall be reclassified as Intangible assets

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
11	**Equity:**		
	11.1 Equity Share Capital		
	Authorised		
	10,00,00,000 (4,00,00,000 as at 31 March 2022) equity shares of Rs.10 each	100.00	40.00
	Issued, Subscribed & fully paid up		
	8,24,83,642 (20,000 as at 31 March 2022) equity shares of Rs.10 each	82.48	0.02
		82.48	0.02

(i) **Reconciliation of number and amount of equity shares outstanding:**

Particulars	No. of shares
As at 1 April 2021	20,000
Movement during the year	-
As at 31 March 2022	**20,000**
Shares alloted pursant to slump sale acquisition (Refer Note 33)	8,24,63,642
Movement during the year	-
As at 31 March 2023	**8,24,83,642**

(ii) **Rights, restrictions and preferences attached to each class of shares**

The Company has only one class of equity shares having par value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive the assets of the company. The distrib_tion will be in proportion to the number of equity shares held by the shareholders.

(iii) **Details of shareholders holding more than 5% shares in the company**

As at 31st March 2023

Equity shares of ₹ 10 each fully paid	Number	**% Holding**
Rhi Magnesita India Limited	**8,24,83,642**	**100%**

*Includes 6 shares held by nominees of Rhi Magnesita India Limited

As at 31st March 2022

Equity shares of ₹ 10 each fully paid	Number	**% Holding**
Dalmia Bharat Refractories limited*	**20,000**	**100%**

*Includes 6 shares held by nominees of Dalmia Bharat Refractories Limited

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022

(iv) 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, 2023			% Change during the Year
Promoter's Name	No. of Shares	% of total shares	
RHI Magnesita India Limited (including nominee shareholders)	8,24,83,642	100.00%	100.00%
Total	8,24,83,642	100%	

Shares held by promoters at the end of the Year March 31, 2022			% Change during the Year
Promoter's Name	No. of Shares	% of total shares	
Dalmia Bhart Refractories Limited (including nominee shareholders)	20,000	100.00%	0.00%
Total	20,000	100.00%	0.00%

(v) Information regarding issue of shares in the last five years

The Company has not issued any shares without payment being received in cash in last four years. However the company has issued 8,24,63,642 number of shares as fully paid-up in the year immediately preceding the dateat which the Balance Sheet is prepared, without payment being received in cash, as part of purchase consideration for the slump sale acqisition (Refer Note 33)

11.2 Other Equity

		As at 31st March 2023	As at 31st March 2022
a.	**Securities Premium Account**		
	Opening balance	0.43	0.43
	Secuarities premium on shares issued pursuent to slump sale acquisition (Refer Note 33)	1,625.27	-
	Closing balance	1,625.70	0.43
b.	**Retained Earnings**		
	Opening balance	(0.03)	(0.02)
	Profit/(Loss) for the year	(702.60)	(0.01)
	Actuarial gain & losses on defined benefit obligations (net of tax)	0.22	-
	Closing Balance	(702.41)	(0.03)

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
	c. Other Equity		
	Deemed equity contribution by Parent company (Refer Note 33)	660.70	
		660.70	
	Total	**1,583.99**	**0.40**
12	**Financial Liabilities**		
12.1	**Borrowings**		
	Unsecured- at amortised cost		
	External Commercial Borrowings*	232.53	-
		232.53	-

*External commercial borrowing of EUR 2,60,00,000 is taken from the RHI Magnesita GMBH during the current financial year which carries interest at applicable 6 month Euribor plus 230 basis points. It is repayable in 10 half-yearly instalments starting from 30th June, 2025

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
12.2	**Lease Liabilities**		
	Current lease Liabilities (Refer note 32)	8.18	-
	Non- Current lease Liabilities (Refer note 32)	76.93	-
		85.11	-
13	**Provisions**		
	Provision against asset retirement obligation*	2.81	
		2.81	-
	* The movement in provision for asset retirement obligation is as follows:		
	Opening Balance	-	-
	Addition pursuant to slump sale acquisition (Refer Note 33)	2.74	-
	Unwinding of discount (Refer Note 24)	0.07	-
	Payments	-	-
	Closing Balance	**2.81**	-
14	**Deferred tax assets/liabilites (net) (Refer Note 35)**		
	Opening balance	-	
	Net deferred tax liabilites/(assets) on slump sale acquisition (Refer Note 33)	38.19	
	Deferred tax recognized in statement of profit and loss	(14.20)	
	Deferred tax recognized in other comprehensive income	0.07	
	Net closing balance of deferred tax liabilities/(assets)	**24.06**	

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
15	**Financial Liabilities**		
15.1	**Borrowings**		
	__Secured - at amortised cost__		
	Loans from banks repayable on demand*		
	- Cash Credit	46.31	-
	- Buyers Credit	8.37	-
	__Unsecured- at amortised cost**__		
	Short term loan from bank	485.00	-
	Working capital loan	100.00	-
		639.68	-

*Cash credit amounting to Rs.21.40 crore and Buyers credit amounting to Rs.8.37 crore from bank is secured by hypothecation of all current assets and all movable assets by way of first pari passu charge with bank and carries interest rate in the range of 8.5% p.a. to 9.3 % p.a.

*Cash credit amounting to Rs.24.90 crore from bank is secured by hypothecation of all current assets by way of first pari passu charge with bank and carries interest rate in the range of 8.5% p.a. to 9.3 % p.a.

**Short term loan of Rs.485 crore is taken during the current financial year from bank for working capital purpose, which is guaranteed by RHI Magnesite N.V.(Ultimate parent company). The loan carries interest at applicable One Month T-Bill rate plus Margin (range of 8% p.a. to 9 % p.a). It is repayable in single instalment in 12 months.

**Working capital loan of Rs. 100 core is taken during the current financial year from bank . The loan carries interest in the range of 8.5% p.a. to 9.3 % p.a.

*** Out of total sanctioned limits/loan of Rs 1,275 crore; loan from HSBC amounting to Rs 485 crore guaranteed by RHI Magnesite N.V.(Ultimate parent company).

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
15.2	**Trade Payables**		
	(a) Total outstanding dues of Micro and Small Enterprises	21.29	-
	(b) Total outstanding dues of creditors other than Micro and Small Enterprises	188.06	-
	Total	**209.35**	-

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022

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 2023						
MSME	21.29	-				21.29
Others	126.43	55.86	2.88	1.73	1.15	188.06
Disputed dues MSME	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-
Total	**147.72**	**55.86**	**2.88**	**1.73**	**1.15**	**209.35**
As at 31 March 2022						
MSME	-	-	-	-	-	-
Others	-	-	-	-	-	-
Disputed dues MSME	-	-	-	-	-	-
Disputed dues Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

*For better presentation of trade payables, ageing for trade payables acquired under slump sale acquisition is taken from the due date of payables with transferee company.

b) Details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the company is as under:

Particulars	As at 31st March 2023	As at 31st March 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (including payables for purchase of property, plant and equipment as mentioned under note15.3)	21.32	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
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	-	-
Interest accrued and remaining unpaid at the end of the accounting year	-	-
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.	-	-

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
15.3	**Other financial liabilities**		
	Interest accrued but not due	0.69	-
	Employee benefits payable	12.35	-
	Purchase consideration payable (Refer note 33)	90.80	-
	Payables on purchase of property, plant and equipment*	1.49	-
	Others**	18.81	-
		124.14	-

* Includes Rs. 0.03 crore (Nil as at 31st March, 2022) outstanding towards principal on dues of micro enterprises and small enterprises as per MSMED ACT 2006.

**The amount mainly pertains to net payables due to transferee (DBRL) on account of shared service agreement

Note No.	Particulars	As at 31st March 2023	As at 31st March 2022
16	**Provisions**		
	Provision for warranty	11.97	-
		11.97	-
17	**Employee benefit obligations**		
	Non- Current Provision for employee benefits (Refer Note 34)		
	- Gratuity	8.71	
	- Leave Encashment	1.10	
		9.81	
	Current Provision for employee benefits (Refer Note 34)		
	- Leave Encashment	0.09	-
	- Gratuity	0.45	-
		0.54	-
18	**Other current liabilities**		
	Security deposits	3.77	-
	Statutory liabilities	2.75	-
	Deferred revenue	2.42	-
	Other payables	0.02	0.00
		8.96	**0.00**

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
19	**Revenue from operations (Refer Note 31)**		
	A. Sale of products		
	Refractories	188.32	-
	Traded goods	10.44	-
		198.76	-
	B. Sale of Services	**7.39**	-
	C. Other Operating Revenue		
	Export incentives	0.97	-
	Scrap Sales	0.26	-
		1.23	-
		207.38	-
20	**Other income**		
	Interest income on financial assets on amortised cost:		
	- Interest income on bank deposits	0.50	-
	- on others	0.02	-
	Miscellaneous Income	1.46	-
		1.98	-
21	**Cost of Materials consumed**		
	Raw material consumed	114.01	-
		114.01	-

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
22	**Change in inventories of finished goods and work-in-progress**		
	Inventories at the beginning of the year		
	Work-in-Progress	-	-
	Traded goods	-	-
	Finished Goods	-	-
	Additions pursuant to Slump sale acquisition (Refer Note 33)		
	Work-in-Progress	41.85	-
	Traded goods	2.52	-
	Finished Goods	63.53	-
		107.90	-
	Less: Inventories at the end of the year		
	Work-in-Progress	29.51	-
	Traded goods	4.21	-
	Finished Goods	86.32	-
		120.04	-
	Change in inventories of finished goods, work-in-progress and traded goods	**(12.14)**	-
23	**Employee benefits expense**		
	Salaries, wages, allowances & commission	28.72	-
	Contribution to provident & other funds	0.79	-
	Gratuity & Pension	0.48	-
	Staff welfare expense	1.25	-
		31.24	-

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
24	**Finance costs**		
	Interest expense:		
	- on external commercial borrowings	0.67	-
	- on short term loan	11.85	-
	- on cash credit & working capital loan	2.75	-
	- on bills discounting	0.01	-
	- unwinding Discount	0.07	-
	- other	0.23	-
	Interest expenses on lease liabilities	1.56	-
	Net exchange differences on foreign currency borrowings	1.44	-
		18.58	**-**
25	**Depreciation expense**		
	Depreciation of tangible assets	11.57	-
	Depreciation charge of right-of-use assets	0.67	-
	Amortization of intangible assets	14.54	-
		26.78	**-**
26	**Impairment loss**		
	Impairment loss on Goodwill	660.70	
		660.70	
27	**Other expenses**		
	Consumption of stores & spare parts	2.04	-
	Power and fuel	16.13	-
	Packing Expenses	2.51	-
	Freight & transport	5.51	-
	Commission	0.80	-
	Rent	0.25	-
	Repairs to machinery	3.80	-
	Repairs others	0.03	-

CHATURVEDI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
	Insurance	0.36	-
	Rates and taxes	28.73	-
	Payment to the auditors		
	- Statutory Audit fees	0.35	0.01
	Advertising and other expenses	0.05	-
	Provision for expected credit loss	1.36	-
	Foreign Exchange Fluctuations	2.08	-
	Travelling & Conveyance	1.00	-
	Professional & Legal Fees (net of reimbursement of expenses)	2.37	-
	Brick lining expenses	6.69	-
	Director Fees	0.02	-
	Warranty expenses	1.57	-
	Communication costs	0.08	-
	Printing and stationery	0.02	-
	Bank Charges	0.16	-
	Information & technology expenses	1.11	-
	Miscellaneous expenses	1.20	-
		78.22	**0.01**
28	**Tax benefit/(expense) (Refer Note 35)**		
	Current tax	-	-
	Deferred tax	14.20	-
		14.20	-

CHATURVEDI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(Amounts are ₹ in crore, except otherwise stated)

Note No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
29	**Other Comprehensive Income**		
	Item that will not be reclassified to profit or loss		
	- Actuarial gain on defined benefit obligation	0.29	-
	- Income Tax relating to Actuarial gain	(0.07)	-
	Total Other Comprehensive Income	**0.22**	**-**
30	**Earnings per Share**		
	Net profit/ (loss) for the year attributable to Shareholders	(702.60)	(0.01)
	Number of equity shares at the beginning of the year	20,000	20,000
	Weighted average number of equity shares in lieu of purchase consideration for the acquisition	1,94,29,790	-
	Number of equity shares considered for calculation of basic and diluted earning per share	1,94,49,790	20,000
	Basic and Diluted Earnings/(Loss) per share of Rs. 10 each (in Rs.)	**(361.24)**	**(3.71)**

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

31 Revenue from Contracts with Customers

Revenue streams

The Company generates revenue primarily from manufacture and sale of refractory material such as refractory bricks, castables, pre-cast shapes like lances, snorkels, other refractory products.

Particulars		Year ended 31 March 2023	Year ended 31 March 2022
Revenue from contract with customers	**(A)**	**206.15**	-
Sale of finished goods		188.32	-
Sale of traded goods		10.44	-
Sale of services		7.39	-
Other operating revenues	**(B)**	**1.23**	-
Export incentives		0.97	-
Scrap Sales		0.26	
Total revenue from operations (A+B)		**207.38**	-

Disaggregation of revenue from contracts with customer

In the following table, revenue from contracts with customers is disaggregated by primary geographical market:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Primary geographical markets		
India	201.29	-
Outside India	4.86	-
	206.15	-

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

31 Revenue from Contracts with Customers

Reconciliation of revenue recognised with contract price

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue as per contracted price	206.27	-
Adjustments for:		
Claims & Rebates	0.12	-
Revenue from contracts with customers	**206.15**	**-**

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.
The Company has applied practical expedient in Ind AS 115. Accordingly it has not disclosed information about remaining performance obligations wherein the Company 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.

Contract Balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Revenue from contract with customers	-	-
	-	-
Movement in Contract Assets		
Opening balance at the beginning of the year	-	-
Add: Contract assets acquired under slump sale acquisition	2.42	
Add: Revenue recognized during the year	206.15	-
Less: Invoiced during the year	(207.63)	-
Closing balance at the end of the year	**0.94**	**-**
Movement in Contract Liabilities		
Opening balance at the beginning of the year	-	-
Add: Contract liabilities acquired under slump sale acquisition	17.11	
Add: Collection during the year	54.41	-
Less: Gross Sales	(49.82)	-
Closing balance at the end of the year	**21.70**	**-**

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Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

32 Leases and ROU

This note provides information for leases where the company is a lessee. The company has taken land and vehicles on lease. There is no case where the company is acting as a lessor.

Amount recognised in balance sheet	Note No.	As at March 31, 2023	As at March 31, 2022
Right-of-use assets	4	107.97	-
Lease Liabilities- current	12.2	8.18	-
Lease Liabilities- Non-current	12.2	76.93	-

Amount recognised in Profit and Loss	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on ROU	25	0.67	-
Interest expense on lease liabilities	24	1.56	-

Following is the movement in lease liabilities:

Particulars	Amount
Balance as at April 1, 2021	-
Additions for the year	-
Interest accretion during the year	-
Payment of Lease Liabilities	-
Balance as at March 31, 2022	-
Additions for the year	-
Addition pursuant to slump sale acquisition	83.77
Interest accretion during the year	1.56
Payment of Lease Liabilities	(0.22)
Balance as at March 31, 2023	**85.11**

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

Following is the movement in right-of-use assets:

Particulars	Amount
Balance as at 1 April 2021	-
Additions	-
Deletions	-
Depreciation	-
Balance as at 31 March 2022	-
Additions	-
Addition pursuant to slump sale acquisition*	108.64
Deletions	-
Depreciation	(0.67)
Balance as at 31 March 2023	107.97

The following is the contractual maturity profile of lease liabilities:	Amount
Not Later than 1 year	8.18
Later than 1 year and not later than 5 year	76.93

*As per the terms of the lease agreement for Dalmiapuram plant, DOCL shall pay yearly lease rent of Rs.1 per year. Accordingly, component of lease liability and right-of use assets can be considered as de minimis. However, considering the commercial economic substance of overall business transfer arrangement, the portion of payment made with respect to acquisition of lease hold right, for a period of 30 years extendable further up to 30 years, is included in purchase consideration. Hence the Right of use amounting to Rs. 24.87 Crores has been recognized based on technical evaluation.

As per the terms of the lease agreement for Rajgangpur plant, DOCL shall pay yearly lease rent of Rs.1.00 per year. However, company have to pay Rs. 6.13 crore per year as a rent to Orissa state government on account of sub-lease of land from DBRL to company. Hence the company has recognised Lease Liabilty and Right of use amounting to Rs. 80.34 Crores based on technical evaluation for the lease obtained for a period of 30 years extendable further uo tp 30 years.

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33 Business combinations
Acquisitions during the year ended 31 March 2023:

Acquisition of Indian Refractory Business of Dalmia Bharat Refractories limited ("DBRL", the erstwhile parent of the company)
On January 05, 2023, Dalmia OCL Limited (DOCL) acquired Indian refractory business of Dalmia Bharat Refractories Limited (DBRL), incorporated in India. Indian refractory business constitutes refractory business undertaking of DBRL along with its 51% equity shareholding of Dalmia Seven Refractories Limited (DSRL). DBRL is 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 acquisition took place via business transfer agreement and share swap agreement dated 19th November 2022, entered into between DOCL, DBRL and RHI Magnesita India Limited (RHIM), wherein the purchase consideration for such acquisition is settled via-
(i) Cash consideration amounting to Rs. 484.09 crore (including working capital consideration)
(ii) 8,24,63,642 equity shares of DOCL to DBRL at an issue price of Rs. 207.04
Pursuant to the share swap agreement, 100 % shareholding of DOCL i.e., 8,24,83,642 equity shares held by DBRL were exchanged against 27,000,000 Equity Shares of RHIM at an issue price of Rs. 632.5.
For the purpose of calculation of purchase consideration in accordance with Ind AS 103 Business combinations on fair value at acquisition date, quoted share price of 2,70,00,000 equity shares of RHI Magnesita India Limited i.e. Rs. 877.20, exchanged against 100% shareholding of Dalmia OCL Limited, has been considered. The total purchase consideration is calculated as the sum of the cash consideration of Rs. 484.09 crore and acquisition date fair value of 2,70,00,000 equity shares of RHI Magnesita India Limited. The differential portion of issue price and fair value as determined in accordance with IND AS 103 Business combination is disclosed as deemed contribution by Parent company.

Particulars	Amount in Rs. Crore
Purchase consideration in form of equity shares	1,707.76
Base cash purchase consideration	393.29
Working capital consideration	90.80
Base Purchase Consideration	2,191.85
Deemed contribution by Parent company (RHI Magnesita India Limited)	660.70
Total Purchase Consideration	**2,852.55**

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(Amounts are ₹ in crore, except otherwise stated)

Assets acquired and liabilities assumed:

The fair values of the identifiable assets and liabilities of Dalmia Bharat Refractories Limited as at the date of acquisition were:

		Fair value recognised on acquisition
Assets Acquired:		
Property, Plant & Equipment		251.68
Right to use assets		108.64
Capital work - in - progress		11.49
Other intangible assets		863.43
Investments		92.56
Other non-current assets		0.46
Total non-current assets		1,328.26
Inventory		356.63
Trade receivables		253.83
Bank balances (Fixed deposit)		0.12
Loans		0.28
Other financial assets		3.79
Other current assets		112.84
Total current assets		727.49
Total Assets [A]		**2,055.75**
Liabilities Assumed:		
Lease liabilities		83.77
Provisions		12.31
Deferred tax liabilities (net)		38.19
Total non-current liabilities		**134.27**
Borrowings		161.79
Trade payables		360.23
Other current liabilities		36.57
Provisions		12.04
Total current liabilities		**570.63**
Total Liabilities [B]		**704.90**
Net Assets take over [C]	**A-B**	1,350.85
Purchase consideration [D]		2,852.55
Goodwill	**D-C**	1,501.70

CHATURVEDI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI

(Amounts are ₹ in crore, except otherwise stated)

34 Employee benefit obligations

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee benefit expenses consists of the following:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, incentives and allowances	28.72	-
Contributions to provident and other funds	0.79	-
Staff welfare expenses	1.25	-
	30.76	-

Defined contribution plans

The Company 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 Company 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 2023	Year ended 31 March 2022
Contribution to provident and other funds:		
Contribution to Employee state insurance	0.04	-
Contribution to Provident fund	0.72	-
Contribution to Superannuation fund	0.03	-
	0.79	-

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. Gratuity liability is funded through Gratuity Fund Trust with an insurance company in the form of a qualifying insurance policy.

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(Amounts are ₹ in crore, except otherwise stated)

Gratuity - Funded

(A) Changes in Defined Benefit Obligation

	As at 31 March 2023	As at 31 March 2022
Defined benefit obligation as at the beginning of the year	-	-
Defined benefit obligation acquired as part of slump sale acquisition	15.78	-
Current service cost	0.31	-
Interest cost	0.29	-
Benefit paid	(0.21)	-
Actuarial gain on obligation	(0.30)	-
Defined benefit obligation as at the end of the year	**15.87**	**-**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	-	-
Fair value of plan assets acquired as part of slump sale acquisition	6.59	-
Expected return on plan assets	0.12	-
Fair value of plan assets at end of the year	**6.71**	**-**
Category of assets		
Insurer managed funds	100%	
	100%	**-**
Net defined benefit (asset)/liability		
Present value of obligation at the end of the year	15.87	-
Fair value of plan assets at the end of the year	6.71	-
Unfunded liability/provision in Balance Sheet	**9.16**	**-**
Total expense recognised in the statement of profit and loss		
Current service cost	0.31	-
Interest cost	0.29	-
Interest income	(0.12)	-
Total Expense recognised under employee benefits expense (refer note 23)	**0.48**	**-**
Total expense recognised in OCI		
Actuarial (Gain) on defined benefit obligation arising from experience adjustment	(0.30)	-
Actuarial Loss of plan assets	0.01	-
Unrecognised actuarial loss/(gain) at the end of year	**(0.29)**	**0.00**

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

(B) Actuarial Assumptions:

	As at 31 March 2023	As at 31 March 2022
i) Discounting Rate	7.38%	NA
ii) Future Salary Increase	8.00%	NA
iii) Retirement Age (Years)	60	NA
iv) Ages	**Withdrawal Rate %**	
Up to 30 Years	3.00	NA
From 31 to 44 years	2.00	NA
Above 44 years	1.00	NA

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 12 months		
i) Service cost	1.43	-
ii) Net Interest cost	0.68	-
iii Expected contribution for the next 12 months	**2.11**	-

(D) The weighted average duration of the defined benefit obligation is 12.08 years as at 31st March, 2023. The expected maturity analysis of undiscounted gratuity benefit is as follows:

Maturity profile of Defined Benefit Obligation		
Years :		
i) 0 to 1 Year	0.77	-
ii) 1 to 2 Year	0.85	-
iii 2 to 3 Year	1.72	-
iv 3 to 4 Year	1.85	-
v) 4 to 5 Year	1.10	-
vi 5 to 6 Year	1.26	-
vii 6 Year onwards	8.32	-
Total	**15.87**	**0.01**

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(Amounts are ₹ in crore, except otherwise stated)

(E) Sensitivity analysis on defined benefit obligation

Discount rate	
a. Discount rate - 0.5% - the liability to increase by	0.68
b. Discount rate + 0.5% - the liability to decrease by	-0.63
Salary increase rate	
a. Rate - 0.5% - the liability to decrease by	-0.63
b. Rate + 0.5% - the liability to increase by	0.67

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 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 and 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 endeavours 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.

Other benefits - Compensated absences

The compensated absences cover the Company's liability for earned leaves.
The company has a policy on compensated absences which is accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date.

Particulars	As at 31 March 2023	As at 31 March 2022
Defined benefit obligation - Compensated absence	1.18	-
Total	1.18	-

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

35 Income taxes

Income tax expense in the Standalone Statement of profit and loss comprises:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Income Tax Expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	**0.00**	**0.00**
Deferred tax		
Deferred tax benefit/(expense)	14.20	-
Total deferred tax benefit/(expense)	**14.20**	**0.00**
Total Income tax benefit/(expense)	**14.20**	**0.00**

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Profit/(Loss) before income taxes	-716.80	-0.01
Enacted rates in India	25.17%	31.20%
Computed expected tax benefits/(expense)	180.40	-
Tax benefit on impairment loss (permanent difference) recognized in statement of profit & loss	(166.28)	-
Others	0.08	-
Total Income tax benefit/(expense)	14.20	0.00

CHATURVEDI & SHAH LLP * CHARTERED ACCOUNTANTS * MUMBAI

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(Amounts are ₹ in crore, except otherwise stated)

The movement in gross deferred income tax assets and liabilities (before set off) for the year ended 31 March 2023 is as follows:

Particulars	Carrying vale as of 1 April 2022	Deferred income tax assets/(liabilities) through slump sale acquisition	Changes through profit and loss	Changes through OCI	Carrying value as of 31 March 2023
Deferred income tax assets/(liabilities)					
Property, plant and equipment	-	(37.23)	5.41	-	-31.82
Intangible assets	-	-	(23.52)	-	-23.52
Right to use assets	-	(27.34)	0.17	-	-27.17
Lease liabilities	-	21.08	0.34	-	21.42
Trade receivables	-	-	0.33	-	0.33
Compensated absences	-	0.27	0.03	-	0.30
Provisions	-	5.00	0.59	-	5.59
Others	-	0.03	5.72	(0.07)	5.68
Deferred income tax assets on carried forward tax loses and unabsorbed depreciation	-	-	25.13	-	25.13
Total deferred income tax assets/(liabilities)	-	**(38.19)**	**14.20**	**(0.07)**	**(24.06)**

The movement in gross deferred income tax assets and liabilities (before set off) for the year ended 31 March 2022 is as follows:

Particulars	Carrying vale as at 1st April 2021	Deferred income tax assets/(liabilities) through slump sale acquisition	Changes through profit and loss	Changes through OCI	Carrying value as at 31st March 2022
Deferred income tax assets/(liabilities)					
Property, plant and equipment	-	-	-	-	-
Intangible assets	-	-	-	-	-
Right to use assets	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Trade receivables	-	-	-	-	-
Compensated absences	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Provisions	-	-	-	-	-
Others	-	-	-	-	-
Deferred income tax assets on of carried forward tax loses and unabsorbed depreciation	-	-	-	-	-
Total deferred income tax assets/(liabilities)	-	-	-	-	-

In assessing the reliability of deferred income tax assets, the management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Dalmia OCL Limited
Notes forming part of Financial Statements for the year ended March 31, 2023
(Amounts are ₹ in crore, except otherwise stated)

36 Capital Commitments

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for.	17.06	-

37 Contingent Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Claims against the company not acknowledged as debt and being contested before the appropriate authorities.		
Industrial and Labour Laws disputes	2.72	-
Service tax matters	3.89	-
Goods & Service tax matters	0.25	-
others (Excise and Sales tax matters)	0.58	-

38 Segment Information

The company is primarily engaged in the business of manufacturing and selling of refractories and other related material.. 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.

The analysis of geographical segment is based on the geographical location of the customers. The company 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 company has assessed that they carry same risk and rewards. The company 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:

Entity-wide disclosure required by IND AS 108 are made as follows:

a) Revenues from external sales and services

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
India	201.29	-
Outside India	4.86	-
Total Revenue as per statement of profit and loss	**206.15**	-

b) Segment Assets

All Non- Current Assets of the company are located within India only and are used to cater to both the categories of customers (within India and outside India)

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39 Related Party Disclosures

As per Ind AS 24, the disclosures of transactions with the related parties are given below:

A. Relationships

i. Parent and ultimate controlling party

Name	Relationship
RHI Magnesita India Limited	Parent company
RHI Magnesita N.V., Austria	Ultimate controlling party

W.e.f. 5th January, 2023, all of the Company's shares were acquired by RHI Magnesita India Limited from Dalmia Bharat Refractories Limited. The previous Parent company was Dalmia Bharat Refractories Limited. Refer Note 33

ii. Subsidiaries of the Company

RHI Magnesita Seven Refractories Limited- W.e.f. 5th January, 2023 (formerly known as Dalmia Seven Refractories Limited)

iii. Fellow- subsidiaries of the Company

Intermetal Engineers (India) Private Limited- W.e.f. 5th January, 2023

iv. Key Managerial Person

Name of Related Party	Upto/w.e.f.	Relationship
Mr. Parmod Sagar	w.e.f. 5th January, 2023	Managing Director & CEO
Mr. Sanjeev Bhardwaj	w.e.f. 30th January, 2023	Chief Financial Officer
Ms. Bobby Mehndiratta	w.e.f. 30th January, 2023	Company Secretary

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

(Amounts are ₹ in crore, except otherwise stated)

B. The following transactions were carried out with the related parties in the ordinary course of business (Net of taxes):

Name of Related Party	Relationship	Nature of Transaction	For the year 31 March 2023	For the year 31 March 2022
RHI Magnesita India Ltd	Parent company	Purchase	0.44	-
RHI Magnesita India Ltd	Parent company	Sales	1.58	-
RHI Magnesita Seven Refractories Limited	Subsidiary company	Sales	0.50	-
RHI Magnesita Seven Refractories Limited	Subsidiary company	Commission Income	0.33	-
RHI Magnesita Seven Refractories Limited	Subsidiary company	Rental Income	0.20	-
RHI Magnesita Seven Refractories Limited	Subsidiary company	Royalty Income	0.01	-
RHI Magnesita GMBH	Fellow Subsidiary	Interest Expenses	0.67	-
Dalmia Bharat Refractories Limited	Earstwhile parent company	Loan taken	0.45	-
Dalmia Bharat Refractories Limited	Earstwhile parent company	Shares issued for acquisition of refractories business (Refer Note 33)	1,707.76	-
Dalmia Bharat Refractories Limited	Earstwhile parent company	Cash paid for acquisition of refractories business (Refer Note 33)	393.29	-

Note that pursuant to the share swap agreement, 100 % shareholding of DOCL i.e., 8,24,83,642 equity shares held by DBRL were exchanged against 27,000,000 Equity Shares of RHIM at an issue price

C. Balances outstanding at year end:

Particulars	Relationship	As at 31 March 2023	As at 31 March 2022
Outstanding receivable			
RHI Magnesita India Ltd	Parent company	0.73	-
RHI Magnesita Seven Refractories Limited	Subsidiary company	0.78	-
Outstanding payable			
RHI Magnesita India Ltd	Parent company	0.52	-
Loan taken			
External Commercial Borrowings from RHI Magnesita GMBH	Fellow Subsidiary	232.53	-
Interest accrued on External Commercial Borrowings from RHI Magnesita GMBH	Fellow Subsidiary	0.67	-
Investment in subsidiaries			
RHI Magnesita Seven Refractories Limited	Subsidiary company	92.56	-
Other transactions			
Guarantee given to Bank by RHI Magnesita N.V.	Ultimate parent company	625.00	-

40 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.

41 Disclosure in respect of Corporate social responsibility expenses

The provisions of Section 135 of the Companies Act, 2013 were not applicable on to the Company for the Financial Year ended March 31, 2023. Therefore no amount was required to be spent by the Company and resultantly was required to be approved by the Board of the Company towards CSR activities.

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

(Amounts are ₹ in crore, except otherwise stated)

42 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 datę is the carrying value of each class of financial assets disclosed in note 43. 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 2023		As at 31 March 2022	
	Upto 6 months	More than 6 months	Upto 6 months	More than 6 months
Gross carrying amount (A)	262.76	38.23	-	-
Expected Credit Losses (B)	(27.33)	(14.41)		-
Net Carrying Amount (A-B)	**235.43**	**23.82**	-	-

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, 2023 and March 31, 2022 is the carrying amounts as illustrated in note 43

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(Amounts are ₹ in crore, except otherwise stated)

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).

The table below summarises the maturity profile of the Company's 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
As at 31 March 2023					
Borrowings	639.68	-	23.25	209.28	872.21
Trade Payables	209.35	-	-	-	209.35
Lease Liabilities	0.87	13.13	7.00	350.81	371.81
Interest accrued but not due	0.69	-	-	-	0.69
Employee Benefits payable	12.35	-	-	-	12.35
Payables on purchase of property, plant and equipment	1.49	-	-	-	1.49
Other financial liabilities	109.59	-	-	-	109.59
As at 31 March 2022					
Borrowings	-	-	-	-	-
Trade Payables	-	-	-	-	-
Lease Liabilities	-	-	-	-	-
Interest accrued but not due	-	-	-	-	-
Employee Benefits payable	-	-	-	-	-
Payables on purchase of property, plant and equipment	-	-	-	-	-
Other financial liabilities	-	-	-	-	-

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:

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(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 and long term borrowings obligations in the form of cash credit and buyer's credit, term loans and external commercial borrowing carrying floating interest rates.

Particulars	Floating Rate Borrowing
As at March 31, 2023	872.21
As at March 31, 2022	-

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 2023	For the year ended 31 March 2022
Interest rate increase by 1%	0.12	0.00
Interest rate decrease by 1%	-0.12	0.00

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	As at FY 2022-23 (in crore)		As at FY 2021-22 (in crore)	
		In FC	In Rs.	In FC	In Rs.
Unhedged Foreign Currency					
Trade Payables					
	USD	0.40	32.85	-	-
	EUR	0.12	11.17	-	-
	GBP	0.00	0.02	-	-
Trade Receivable					
	USD	0.10	9.38	-	-
	EUR	0.00	0.00	-	-
	GBP	0.08	6.51	-	-
Hedged Foreign Currency					
ECB Loan	EUR	2.60	232.53		

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(Amounts are ₹ in crore, except otherwise stated)

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 2023	For the year ended 31 March 2022
USD Sensitivity	+1%	(0.23)	-
	-1%	0.23	-
EUR Sensitivity	+1%	0.11	-
	-1%	(0.11)	-
GBP Sensitivity	+1%	(0.06)	-
	-1%	0.06	-

* Holding all other variable constant

43 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, 2023		As at March 31, 2022	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	**Financial assets designated at amortised cost**	A	Level-2				
	Current						
a)	Trade receivables*			259.25	259.25	-	-
b)	Cash & Cash Equivalents*			192.23	192.23	0.42	0.42
c)	Other Bank Balances*			0.12	0.12	-	-
d)	Other financial assets*			6.70	6.70	-	-
2	**Investment in subsidiaries**	B	Level 2	92.56	92.56	-	-
				550.86	**550.86**	**0.42**	**0.42**

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Dalmia OCL Limited

Notes forming part of Financial Statements for the year ended March 31, 2023

(Amounts are ₹ in crore, except otherwise stated)

48. Other Information

(i) The company has acquired a new subsidiary in current year named, RHI Magnesita Seven Refractories Limited. The Company has claimed exception given in the Rule 6 of the Companies (Account) Rules, 2014 and therefore has not prepared the consolicated financial statements.

(ii) The figures of comparative year are not comparable with the figures of current year since the company has acquired Indian refractories business of Dalmia Bharat refractories limited as mentioned in note no. 33

(iii) As at 31st March 2023, the current liabilities of the Company are higher than the current assets by Rs. 136.38 crore. The following matters are considered by the management in determining payment of current liabilities that exists as on balance sheet date and the Company will be capable of meeting its liabilities at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date:-

(a) Current borrowings includes Rs. 485 crore short term loan from HSBC bank. This loan has been subsequently repaid on 8th May, 2023

(b) The company has issued & alloted 1,69,75,051 Equity shares ahving face value of Rs. 10 each at issue price of Rs. 207 per share to RHI Magnesita India Limited on Right basis.

(c) The entity expects that the net cash flows from operating activities in conjunction with working capital limits will be sufficient to cover the net current assets deficiency of near future. The management is confident that the entity will be able to meet its working capital liabilities through the normal cyclical nature of receipts and payments

(iv) In current year the company has created first pari pasu charge to the bank on its current assets and all movable assets for bank borrowings.

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 : 30th May 2023

For and on behalf of the Board of Directors

Parmod Sagar
Director
(DIN- 06500871)
Place: Gurugram

Vijaya Gupta
Director
(DIN: 06435747)
Place: Gurugram

Sanjeev Bhardwaj
Chief Financial Officer
Place: Gurugram

Bobby Mehndiratta
Company Secretary
Place: Gurugram
A54443