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RHI Magnesita India Limited (“RHIMIN”)

Arm’s length analysis of transactions proposed to be entered with RHI Magnesita GmbH (“RHIMGMBH”) during FY 2026-27

Common abbreviations

Term	Description
ACETP	ACE TP database
AEs	Associated Enterprises
ALP	Arm's Length Price
Capitaline	Capitaline Corporate Databases
CBDT	Central Board of Direct Taxes
CPM	Cost Plus Method
CUP	Comparable Uncontrolled Price
FAR	Functions, Assets and Risks
FY	Financial Year
FY 2026-27	Financial Year Ending March 31, 2027
IKA	Indoria Kedia & Associates (Formerly known as S.K. Bagla & Co.)
Indian Regulations	Indian Transfer Pricing Regulations as contained in Section 92A to 92F of the Act read with Rules framed thereon
INR	Indian Rupees
IP	Intellectual Property
MAM	Most Appropriate Method
NA	Not Applicable
NCPM	Net Cost Plus Margin
NPM	Net Profit Margin
OC	Operating Cost
OECD Guidelines	OECD (2022), OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022, OECD Publishing, Paris ¹
OP	Operating Profit
OR	Operating Revenue
PLI	Profit Level Indicator
PSM	Profit Split Method
R&D	Research and Development
RHIMIN	RHI Magnesita India Limited, India
RHIMGMBH	RHI Magnesita GmbH, Austria
RPM	Resale Price Method
RPT	Related Party Transactions
SDT	Specified Domestic Transactions
SG&A	Selling, General & Administrative expenses
The Act	Income-tax Act, 1961
The Rules	Income-tax Rules, 1962
TNMM	Transactional Net Margin Method
USD	United States Dollar
WC	Working capital

¹ <https://doi.org/10.1787/0e655865-en>.

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1. Executive summary

1.1 Introduction

RHIMIN has engaged IKA to assist in analysing the arm's length nature of transactions proposed to be undertaken by RHIMIN with its foreign group entity, namely RHIMGMBH, for the period from Apr 01, 2026 to Mar 31, 2027.

This Memorandum ("TP memorandum" or "the Report") comments on whether the proposed inter-company transactions entered into between RHIMIN and RHIMGMBH adhere to the arm's length principle, as required under the provisions of the Income Tax Act, 1961 ("the Act"), and Income Tax Rules, 1962 ("the Rules").

A summary of Indian transfer pricing regulatory framework is provided in **Annexure 1**.

1.2 Summary of transactions with RHIMGMBH² and arm's length approach

The management of RHIMIN has identified various transactions as tabulated below proposed to be entered during FY 2026-27:

Table 1: Summary of identified transactions and arm's length approach

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² The listed transactions and details are as identified and provided by the management. We have neither independently verified nor audited the transactions, values and related party/parties involved. We have only relied on the details shared by the Company. Further, the arm's length range of identified transactions are based on FY 2024-25 TP report of RHIMIN.

Identified transaction	Method	PLI	Tested party	TP Policy	35th – 65th Percentile ³
Sale of products (Category 1) ⁴	TNMM	NPM	RHIMGMBH (trading segment)	3.50% on sales	2.85% to 3.97% (median 3.51%) (Refer section 4.2.5)
Sale of products (Category 2) ⁵	TNMM	NCPM	RHIMIN	Cost + 11%	8.57% to 12.23% (median 9.26%) (Refer section 4.2.6)
Purchase of raw materials ⁶	TNMM	NA	NA	NA	Aggregated approach (Refer section 4.2.7)
Purchase of store consumables and spares ⁷	TNMM	NA	NA	NA	Aggregated approach (Refer section 4.2.8)
Purchase of traded goods	TNMM	NPM	RHIMIN (trading segment)	4% on sales	1.99% (Refer section 4.2.9)
Purchase of fixed assets	TNMM	NA	NA	NA	Aggregated approach (Refer section 4.2.10)
Provision of business support Services	TNMM	NCPM	RHIMIN	Cost + 10%	8.54% to 12.61% (median 11.78%) (Refer section 4.2.11 and 4.2.12)
Provision of global META services ⁸	TNMM	NCPM	RHIMIN	Cost + 10%	

³ Based on management representation, the provisional financial and segmental data of RHIMIN for the year ended FY 2025-26 and FY 2026-27 is not readily available. Accordingly, working capital adjustment cannot be performed. Therefore, for the purpose of comparison, the segment-wise margin expected to be earned by RHIMIN has been compared with the unadjusted operating margins of comparable companies. We recommend that the working capital adjusted margins will be evaluated once the relevant data for FY 2025-26 and FY 2026-27 becomes available in the public domain

⁴ This transaction form part of Category-1, wherein RHIMIN operates as an entrepreneurial manufacturer and involved in manufacturing of refractory products using its developed and owned know-how and technology.

⁵ This transaction form part of Category-2, wherein RHIMIN operates as a contract manufacturer and involved in manufacturing of refractory products using patent, know-how and technology developed and owned by RHIMGMBH.

⁶ Since pricing policy followed by RHIMGMBH for the identified transaction is not readily available, therefore the identified transaction has been analyzed as per TNMM analysis for sale of finished goods (category 2) explained in Section 4.2.7 of this Report.

⁷ Since pricing policy followed by RHIMGMBH for the identified transaction is not readily available, therefore the identified transaction has been and analyzed as per entity wide TNMM analysis explained in Section 4.2.8 of this Report.

⁸ Please note that we have not undertaken fresh benchmarking for provision of META services. The management of the company has represented to place reliance on the benchmarking analysis conducted for business support service (BSS) to benchmark this transaction. Considering the BSS outcome, we observed that cost plus 10% falls within the arm's length range

Identified transaction	Method	PLI	Tested party	TP Policy	35th – 65th Percentile³
Provision of contract R&D services	TNMM	NCPM	RHIMIN	Cost + 15%	9.98% to 25.62% (median 14.48%) (Refer section 4.2.13)
Provision of IT support services	TNMM	NCPM	RHIMIN	Cost + 15%	11.08% to 16.71% (median 15.05%) (Refer section 4.2.14)
Availing of IT support services	TNMM	NCPM	RHIMGMBH	Value added cost - Cost plus 5% Third party charges – cost to cost	3.03% to 9.60% (median 5.67%) (Refer section 4.2.15)
Payment of brand and technical royalty	CUP	NA	RHIMIN	3.25% of net sales	2.5% to 5.0% (median 3.0%) (Refer section 4.2.16)
Reimbursement of expenses	Other Method	NA	NA	NA	Proposed to be undertaken at cost-to-cost basis (refer section 4.2.17)
Recovery of expenses	Other Method	NA	NA	NA	Proposed to be undertaken at cost-to-cost basis (refer section 4.2.18)

2. Identification of related parties and transactions⁹

2.1 List of related parties of RHIMIN

As advised by the management of RHIMIN, RHIMIN has identified RHIMGMBH as the relevant related party for the evaluation of arm's length under this memorandum for FY 2026-27. No other related parties are covered for the purpose of this TP memo.

2.2 List of transactions proposed to be undertaken with RHIMGMBH

As advised by the management of RHIMIN, RHIMIN has identified the transactions below which they propose to undertake with RHIMGMBH, as below:

Table 2: Summary of transactions and TP policy

Particulars	Proposed policy
Sale of products - Category 1 ¹⁰	3.50% on sales
Sale of products - Category 2 ¹¹	Cost + 11%
Purchase of raw materials ¹²	NA
Purchase of store consumables and spares ¹⁰	NA
Purchase of traded goods	4% on sales
Purchase of fixed assets ¹⁰	NA
Provision of business support services	Cost + 10%
Provision of global META services	Cost + 10%
Provision of contract R&D services	Cost + 15%
Provision of IT support services	Cost + 15%
Availing of IT support services	Value added cost - Cost plus 5% Third party cost charges – cost to cost
Payment of brand and technical royalty	3.25% of net sales
Reimbursement of expenses (paid)	Cost-to-cost basis
Recovery of expenses (received)	Cost-to-cost basis

2.3 Analysis of proposed transactions

To benchmark the above proposed international transactions with RHIMGMBH, we have undertaken the analysis using two approaches, as detailed below:

- First, the transactions have been evaluated on an aggregated basis at the entity level, wherein the overall profitability of RHIMIN has been examined by considering the combined results of its manufacturing, trading and service segments.

⁹ Source: Company management

¹⁰ This transaction form part of Category-1, wherein RHIMIN operates as an entrepreneurial manufacturer and involved in manufacturing of refractory products using its developed and owned know-how and technology.

¹¹ This transaction form part of Category-2, wherein RHIMIN operates as a contract manufacturer and involved in manufacturing of refractory products using patent, know-how and technology developed and owned by RHIMGMBH.

¹² The management of RHIMIN has confirmed that the details of the pricing policy followed by RHIMGMBH in proposed transaction is not available.

Under this approach, the profitability earned from these closely linked activities has been assessed in aggregate to determine whether the overall return earned by RHIMIN is consistent with that earned/ expected to be earned generally by the comparable independent entities having similar functional profile.

- Second, we have also performed an analysis on a transaction-by-transaction basis for certain key international transactions, where the nature of the transaction, availability of data, or transactions specific considerations which warrant separate benchmarking.

This dual approach ensures that the arm's length analysis appropriately reflects both the inter-linked nature of certain business activities as well as the specific economic characteristics of individual transactions, thereby providing a robust and comprehensive assessment of the arm's length nature of the proposed transactions. A summary of the arm's length analysis is provided as follows:

Table 3: Summary of arm's length analysis

Transaction	Proposed margin/ policy	Arm's length range
Aggregated basis (entity wide approach) (Refer Table 9 below)	10.50% (entity wide NCPM ¹³)	8.76% to 12.23% (median 9.53%) (Refer section 4.2.4)
Sale of products - Category 1	3.50% on sales	2.85% to 3.97% (median 3.51%) (Refer section 4.2.5)
Sale of products - Category 2	Cost + 11%	8.57% to 12.23% (median 9.26%) (Refer section 4.2.6)
Purchase of raw materials ¹⁴	NA	Aggregated approach (Refer section 4.2.7)
Purchase of store consumables and spares ¹¹	NA	Aggregated approach (Refer section 4.2.8)
Purchase of traded goods	4% on sales	Mean of 1.99% (Refer section 4.2.9)
Purchase of fixed assets ¹¹	NA	Aggregated approach (Refer section 4.2.10)
Provision of business support services	Cost + 10%	8.54% to 12.61% (median 11.78%) (Refer section 4.2.11)
Provision of global META services	Cost + 10%	
Provision of contract R&D services	Cost + 15%	9.98% to 25.62% (median 14.48%) (Refer section 4.2.13)
Provision of IT support services	Cost + 15%	11.08% to 16.71% (median 15.05%) (Refer section 4.2.14)

¹³ The management of RHIMIN has confirmed that its entity level margin during FY 2026-27 is expected to be approximately 10.50%. Accordingly, our clearance is provided on the basis that RHIMIN will achieve a minimum entity-level net margin of 10.50% during FY 2026-27

¹⁴ The management of RHIMIN has confirmed that the details of the pricing policy followed by RHIMGMBH in proposed transaction is not available, therefore the identified transaction has been analyzed as per entity wide TNMM analysis performed, as explained in Section 4.2.4 of this Report

Transaction	Proposed margin/ policy	Arm's length range
Availing of IT support services	Value added cost - Cost plus 5% Third party charges – cost to cost	3.03% to 9.60% (median 5.67%) (Refer section 4.2.15)
Payment of brand and technical royalty	3.25% of net sales	2.5% to 5.0% (median 3.0%) (Refer section 4.2.16)
Reimbursement of expenses (paid)	NA	Proposed to be undertaken at cost-to-cost basis (refer section 4.2.17)
Recovery of expenses (received)	NA	Proposed to be undertaken at cost-to-cost basis (refer section 4.2.18)

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3. Functions, Assets and Risks analysis

3.1 Introduction

For transactions between two independent enterprises, the compensation will usually depend on the functions that each enterprise performs (taking into account assets used and risks assumed). Therefore, in determining whether controlled and uncontrolled transactions or entities are comparable, an analysis of functions, assets and risks ('FAR analysis') is necessary. This functional/ FAR analysis seeks to identify and compare the economically significant activities and responsibilities undertaken, assets used and risks assumed by the parties to the transactions. For this purpose, it may be helpful to understand the structure and organization of the group and how they influence the transactions entered into by the parties and their pricing. It will also be relevant to determine the legal rights and obligations of RHIMIN in performing its functions.

Reliance can be placed on the OECD Guidelines which has highlighted the need to have a more granular review of functions, risks, and assets, to support the transfer pricing policy of RHIMIN. The Indian Regulations, tax authorities and the ITAT rulings also emphasize the importance of the functional analysis in determining the arm's length price and identifying suitable entities for comparison purposes. Attention is invited to clause 1(e) of Rule 10D, which requires RHIMIN to document a description of the functions performed, risks assumed, and assets employed or to be employed by RHIMIN and by RHIMGMBH undertaking the transactions.

This section provides an insight into the functions performed, assets used, and risks assumed by RHIMIN and RHIMGMBH.

3.2 Functional Analysis

Table 4: Summary of functional analysis in relation to the transactions undertaken with RHIMGMBH

Transaction	Description
Sale of Finished Goods – Category 1	RHIMIN will manufacture and sell certain products like refractory bricks, castables, slide gate plates, mortars etc. to RHIMGMBH using its own know-how and technology or commodity knowledge, acting as entrepreneur. The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.
Sale of Finished Goods – Category 2	RHIMIN will manufacture refractory goods using the patents, know-how and technology of RHIMGMBH, and such goods will be supplied to RHIMGMBH under contract manufacturing arrangement. The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.
Purchase of raw materials	RHIMIN will purchase certain raw materials from RHIMGMBH which will be used in the manufacturing of finished goods.

Transaction	Description
	The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.
Purchase of store consumable and spares	<p>RHIMIN will undertake transaction with RHIMGMBH pertaining to purchase of store consumable which will be used in entity wide operations of RHIMIN.</p> <p>The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.</p>
Purchase of traded goods	<p>RHIMIN will procure products from RHIMGMBH for resale to the third-party customers in India. Further, RHIMIN will also purchase refractory materials from RHIMGMBH for resale as a part of its refractories' distribution operations.</p> <p>The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.</p>
Purchase of fixed assets	<p>RHIMIN will undertake transaction with RHIMGMBH pertaining to purchase of fixed assets which will be used in entity wide operations of RHIMIN.</p> <p>The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.</p>
Provision of business support services	<p>RHIMIN will provide services to RHIMGMBH in connection with promotion and sales of the refractory products manufactured and sold by RHIMGMBH. RHIMGMBH is engaged in sale of the refractory items and RHIMIN will assist RHIMGMBH in promotion of certain products in the Indian market.</p> <p>The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.</p>
Provision of global META services	<p>RHIMIN will provide services to RHIMGMBH such as global business transformation support, FP&A support, global risk management support, regional quotation & marketing support, regional commercial and other business support services.</p> <p>Brief description of services are provided as Annexure 2.2 to this memorandum.</p>
Provision of contract R&D services	<p>RHIMIN will render contract R&D services to RHIMGMBH. Herein, RHIMIN will act as captive R&D center for RHIMGMBH.</p> <p>The FAR for the same has been enclosed as Annexure 2.3 to this memorandum.</p>
Provision of IT support services	RHIMIN will render IT services to RHIMGMBH.
Availing of IT support services	<p>RHIMIN will avail IT support services from RHIMGMBH, which will be used in the overall operations of the business. As confirmed by the management of RHIMIN, the services were availed by RHIMIN in the ordinary course of business and have resulted in commensurate economic benefits to RHIMIN.</p> <p>The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.</p>

Transaction	Description
Payment of brand and technical royalty	RHIMIN has been granted the license for the use of trademarks, patents and know-how for the purpose of manufacturing refractories and other goods, for which RHIMIN will pay brand and technical royalty RHIMGMBH. The FAR for the same has been enclosed as Annexure 2.1 to this memorandum.
Reimbursement of expenses (paid)	RHIMGMBH will incur certain expenses and pay to third party vendors on behalf of RHIMIN. These expenses may be in different categories/ nature such as travel expenses, secondment charges and IT charges and others etc.
Recovery of expenses (received)	RHIMIN will incur certain expenses on behalf of RHIMGMBH. These expenses may be the nature of board visit expenses etc., proposed to be incurred by the Company on behalf of RHIMGMBH.

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4. Arm's length analysis of transactions with RHIMGMBH

4.1 Evaluation of the transfer pricing methods¹⁵

This section summarises the economic analysis undertaken to analyse the arm's length nature of the inter-company transactions proposed to be entered between RHIMIN and RHIMGMBH during FY 2026-27.

Section 92C of the Act stipulates the arm's length price of the identified transactions should be determined by following any of the six methods prescribed. The below transfer-pricing methods prescribed in Section 92C of the Act are described in the subsequent section:

- Comparable Uncontrolled Price Method
- Resale Price Method
- Cost Plus Method
- Profit Split Method
- Transactional Net Margin Method
- Other Method, as may be prescribed by the Board

4.2 Determination of arm's length price

This section summarises the economic analysis undertaken for determining the arm's length nature of the identified transactions proposed to be undertaken between RHIMIN and RHIMGMBH during FY 2026-27. The analysis involves selecting the most appropriate method, selecting the tested party, conducting a search for uncontrolled comparable based on the selection of the most appropriate method (to the extent segmental data is available with us), selecting a measure of profitability (where appropriate) and finally determining the arm's length results.

¹⁵ Section 92C of the Act read with Rule 10B(2) and 10C of the Rules.

Brief description of databases and data definition has been provided in **Annexure 3**.

4.2.1 Selection of most appropriate method

The “most appropriate method” is that method which, under the facts and circumstances of the transaction under review, provides the most reliable measure of an arm’s length result.

Comparable Uncontrolled Price Method

The CUP method requires comparison of the price of property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances. In the absence of any differences between the controlled and uncontrolled transactions that affect the price, or only minor differences for which appropriate adjustments can be made, the CUP method will generally be the most direct and reliable measure of an arm’s length price for the controlled transactions.

According to the OECD Guidelines, the CUP method is the most direct way to compare the price in a related party transaction to the price charged in a comparable uncontrolled transaction. The CUP method is a particularly reliable method in cases where an independent entity sells or purchases the same product or services as that between two related entities.

However, the CUP method requires a high degree of comparability of products, services and functions. The factors to be considered while evaluating the comparability between controlled transaction and uncontrolled transaction include functions, contractual terms, risks, economic conditions, geographic markets, property or services, etc. In addition, product/service similarity is another major influencing factor in determining comparability under this method.

Comparability can be achieved by carrying out necessary adjustments, which do not materially affect the comparable price. Adjustments likely to be required include those for differences in product service quality, contractual terms, geographic market, embedded intangibles and currency.

Such price is adjusted to account for differences, if any, between the international transaction / SDT and the comparable uncontrolled transactions or between the enterprises entering into such transactions, which could materially affect the price in the open market.

In practice, there are two types of comparable uncontrolled transactions. The first is known as "Internal Comparable" is a transaction between the tested party and an unrelated party. The second is "External Comparable", a transaction between two unrelated parties.

➤ Applicability for Royalty:

With respect to the payment of brand and technical royalty, an attempt to identify the most appropriate method was made as under:

- RHIMIN has not entered into same or similar transactions with third parties;
- RHIMGMBH has not entered into same or similar transactions with independent third parties on similar terms and in regions with similar market characteristics.

However, based on the review of information available in the public domain, it is determined that there are third parties who enter into agreements with other independent parties involving

the granting of similar rights. Since comparable data to reliably apply the external CUP method is available, the external CUP method has been selected as the MAM for benchmarking the brand and technical royalty.

Transactional Net Margin Method (TNMM)

The TNMM uses net profitability levels from comparable transactions to establish an arm's length result against which the profitability of the tested party is compared. The net profit margin in relation to an appropriate base, i.e., cost, sales, assets, etc., from a controlled transaction is compared with the net profit margin on the similar base from an uncontrolled transaction of the taxpayer, or between two independent third parties. When functional analysis of the parties in controlled transaction and uncontrolled transactions result in any differences, necessary adjustments are required to be made to establish reliable results.

Under TNMM, comparable should be broadly similar. One of the strengths of TNMM is that net margins (e.g., return on assets, operating income to sales, and other possible measures of net profit) are less affected by transactional differences than is the case with price, as used in the CUP Method. The net margins also may be more tolerant to some functional differences between the controlled and uncontrolled transactions than gross profit margins as used in CPM or RPM. Differences in the functions performed between enterprises are often reflected in variations in operating expenses. Consequently, enterprises may have greater variation at the gross profit margins level, but still earn broadly similar level of net profits. TNMM examines the net profit margin relative to an appropriate base (e.g., costs, sales, and assets) realised on the transaction. Comparability standard for applying this method is lower than that for CUP, RPM, or Cost-Plus Method.

One strength of the TNMM is that net margins (e.g. return on assets, operating income to sales, and possibly other measures of net profit) are less affected by transactional differences than is the case with price, as used in the CUP method. The net margins also may be more tolerant to some functional differences between the controlled and uncontrolled transactions than gross profit margins. Differences in the functions performed between enterprises are often reflected in variations in operating expenses. Consequently, enterprises may have a wide range of gross profit margins but still earn broadly similar levels of net profits.

➤ Applicability for manufacturing, trading and services transactions:

Given the facts and circumstances of the case, TNMM provides the most reliable measure of an arm's length result for the related party transactions of RHIMIN (except for transaction for payment of brand and technical royalty and reimbursement/ recovery of expenses). Accordingly, TNMM has been considered as most appropriate method for computation of arm's length price.

Other Method

With the introduction of Rule 10AB(2) of the Rules, it is possible to use "any method" which takes into account (i) the price which has been charged or paid, or (ii) would have been charged or paid for the same or similar uncontrolled transactions, with or between non-AEs, under similar circumstances, considering all the relevant facts. The various data that may be used for comparability purposes could be:

- Third party quotations;
- Valuation reports;

- Tender/Bid documents;
- Documents relating to negotiations;
- Standard rate cards; and
- Commercial and economic business models.

It is relevant to note that the text of Rule 10AB of the Rules does not describe any methodology but only provides an enabling provision to use any method that has been used or may be used to arrive at the price of a transaction undertaken between non- AEs. Hence, it provides flexibility to determine the price in complex transactions where third-party comparable prices or transactions may not exist. The wide coverage of this Rule would provide flexibility in establishing arm's length prices, particularly in cases where the application of the five specific methods is not possible due to reasons such as difficulties in obtaining comparable data. This could be because of the uniqueness of transactions such as intangibles or business transfers, transfer of unlisted shares, sale of fixed assets, revenue allocation/splitting, guarantees provided and received, etc.

However, it would be necessary to analyze and document the reasons for rejection of all other five methods while selecting the "Other Method" as the most appropriate method. The OECD Guidelines also permit the use of any other method and state that the taxpayer retains the freedom to apply methods not described in OECD Guidelines to establish prices, provided those prices satisfy the arm's length principle.

➤ **Applicability for reimbursement and recovery of expenses:**

To determine the arm's length nature of reimbursement and recovery of expenses, a reference has been made to the OECD Guidelines. Para 7.34 of the OECD Guidelines, 2022 in this regard, which states that –

'When an associated enterprise is acting only as an agent or intermediary in the provision of services, it is important in applying the cost-based method that the return or mark-up is appropriate for the performance of an agency function rather than for the performance of the services themselves. In such a case, it may not be appropriate to determine arm's length pricing as a mark-up on the cost of the services but rather on the costs of the agency function itself. For example, an associated enterprise may incur the costs of renting advertising space on behalf of group members, costs that the group members would have incurred directly had they been independent. In such a case, it may well be appropriate to pass on these costs to the group recipients without a mark-up, and to apply a mark-up only to the costs incurred by the intermediary in performing its agency function'.

Considering the above, one of the key attributes of the intra-group services is that the activity performed by one member enterprise for another member enterprise of the same group provides that group member enterprise with economic or commercial value to enhance its commercial position.

Rule 10AB of the rules can also be applied in the present case (Rule 10AB reproduced above). Considering the guidance provided by the Guidance Note issued by ICAI and Para 2.9 of the OECD guidelines, the 'Other Method' can be applied to the international transactions for reimbursement of expenses (paid) and recovery of expenses (received), subject to availability of reliable data. Given that the price that would have been paid/received in case it would have undertaken similar transaction with a third party could be established in the present case, the use of the 'Other Method' can be justified.

Table 5: Transaction wise summary of selection of MAM

Particulars	Most appropriate method
Aggregated approach	TNMM (on an aggregate basis)
Sale of products - Category 1	TNMM
Sale of products - Category 2	TNMM
Purchase of raw materials	TNMM (on an aggregate basis)
Purchase of store consumables and spares	TNMM (on an aggregate basis)
Purchase of traded goods	TNMM
Purchase of fixed assets	TNMM (on an aggregate basis)
Provision of business support services	TNMM
Provision of contract R&D services	TNMM
Provision of IT support services	TNMM
Provision of global META services	TNMM
Availing of IT support services	TNMM
Payment of brand and technical royalty	CUP
Reimbursement of expenses (paid)	Other Method
Recovery of expenses (received)	Other Method

4.2.2 Selection of Tested Party

The arm's length principle requires that the price of a transaction should be computed by comparing that with a transaction between two independent enterprises under uncontrolled conditions. A question arises as to which of the two entities involved in the transaction should be taken for comparison of prices or profit margins with potential uncontrolled comparable enterprises or transactions. The enterprise that is taken up for comparison is called the "tested enterprise". It may be either the local or the foreign enterprise. Thus, the concept of tested party is of paramount importance in transfer pricing examination as it forms the basis of the comparability analysis, which is undertaken for ensuring compliance with the Indian Regulations.

For comparability analysis to be meaningful, economically relevant characteristics of the transaction under scrutiny must be sufficiently comparable. The tested party should normally be the enterprise in respect of which reliable and accurate data for comparison is easily and readily available and to which minimal and most accurate adjustments can be made. The tested party is generally the least complex controlled enterprise of the two parties to the transaction. To make reasonable adjustments, the costs incurred, and revenue earned by the tested party should be easily identifiable and separately available from its financials.

Given the above, the tested party would be the participant engaged in the least complex business operations, i.e., not owning any valuable intangibles or assets and assuming minimal business risks in its business operations. The tested party, thus selected, would facilitate comparability of functions, assets and risks with potential uncontrolled comparable enterprises or transactions.

Table 6: Transaction wise summary of selection of tested party

Particulars	Tested party
Aggregated approach	RHIMIN (on an aggregated basis)
Sale of products - Category 1	RHIMGMBH as distributor
Sale of products - Category 2	RHIMIN as contract manufacturer
Purchase of raw materials	RHIMIN (on an aggregated basis)
Purchase of store consumables and spares	RHIMIN (on an aggregated basis)
Purchase of traded goods	RHIMIN as distributor
Purchase of fixed assets	RHIMIN (on an aggregated basis)
Provision of business support services	RHIMIN as service provider
Provision of contract R&D services	RHIMIN as service provider
Provision of IT support services	RHIMIN as service provider
Provision of global META services	RHIMIN as service provider
Availing of IT support services	RHIMGMBH as service provider
Payment of brand and technical royalty	Not applicable, as CUP is most appropriate method
Reimbursement of expenses (paid)	Not applicable, as Other Method is most appropriate method
Recovery of expenses (received)	Not applicable, as Other Method is most appropriate method

4.2.3 Selection of PLI

Application of TNMM requires the selection of an appropriate PLI, which measures the relationship between (i) profits and (ii) either costs incurred, revenues earned, or assets employed. A variety of PLIs can be used. TNMM aims at arriving at the arm's length operating profit (i.e., profit before financial and non-operating expenses).

A reliable application of the TNMM requires the selection of a PLI that produces the most reliable measure of income the tested party would have earned had it dealt with related parties at arm's length, taking into account all facts and circumstances. A PLI measures a company's return for its investment of resources and its assumption of risk. The reliability of PLIs might be enhanced through a number of adjustments for differences in capital employed and functions performed.

The choice of PLIs depends upon a number of factors, including the nature of activities of the tested party, the reliability of the available data with respect to the broadly comparable independent companies, and the extent to which the PLI is likely to produce an appropriate measure of an arm's length result. The table below captures a transaction-wise summary of selection of PLI selected:

Table 7: Transaction wise summary of selection of PLI

Particulars	PLI
Aggregated approach	NCPM (on an aggregated basis)
Sale of products - Category 1	NPM
Sale of products - Category 2	NCPM
Purchase of raw materials	NCPM (on an aggregated basis)
Purchase of store consumables and spares	NCPM (on an aggregated basis)
Purchase of traded goods	NPM

Particulars	PLI
Purchase of fixed assets	NCPM (on an aggregated basis)
Provision of business support services	NCPM
Provision of global META services	NCPM
Provision of contract R&D services	NCPM
Provision of IT support services	NCPM
Availing of IT support services	NCPM
Payment of brand and technical royalty	Not applicable, as CUP is most appropriate method
Reimbursement of expenses (paid)	Not applicable, as Other Method is most appropriate method
Recovery of expenses (received)	Not applicable, as Other Method is most appropriate method

4.2.4 Entity wide analysis under combined TNMM approach

For the purposes of TNMM analysis, in order to benchmark the proposed transactions mentioned above, we have undertaken the analysis using entity level approach. The entity-level profitability of RHIMIN has been provided by the management, and we have been informed that RHIMIN will earn an entity wide net profit margin on costs of 10.50 percent during FY 2026-27. Accordingly, the overall profitability of RHIMIN, on an aggregated basis, has been compared with that of comparable companies engaged in similar operations.

Under this approach, RHIMIN's profitability has been evaluated in aggregate to assess whether its overall return is consistent with that earned by independent comparable entities performing similar functions and assuming comparable assets and risks.

For the purposes of the aggregated approach, we have also indicated the relevant segment below, specifying the segment to which each transaction pertains.

Table 8: Transaction under entity wide analysis (combined TNMM approach)

Particulars	RHIMIN's segment
Sale of products - Category 1	Manufacturing
Sale of products - Category 2	Manufacturing
Purchase of raw materials	Manufacturing
Purchase of traded goods	Distribution
Purchase of store consumables and spares	Manufacturing and/or distribution
Purchase of fixed assets	Manufacturing and/or distribution
Availing of IT support services	Manufacturing and/or distribution
Payment of brand and technical royalty	Manufacturing
Reimbursement of expenses (paid)	Manufacturing and/or distribution
Recovery of expenses (received)	Manufacturing and/or distribution

Computation of Arm's Length Price

As mentioned above, manufacturing and trading are the two primary business activities of RHIMIN. Accordingly, manufacturing has been considered the predominant and economically significant segment for the purpose of this analysis.

Therefore, reliance has been placed on the benchmarking analysis undertaken specifically for manufacturing segment in FY 2024-25 TP report prepared by independent advisor appointed by RHIMIN (enclosed as **Annexure 4** to this memorandum), wherein 18 comparable companies were identified.

Additionally, a corroborative analysis was also performed in the said transfer pricing report, benchmarking the entity-level profitability wherein an external search was conducted by the independent advisor appointed by RHIMIN to identify broadly comparable companies. 10 comparables were identified, out of these, 8 comparables overlap with the manufacturing set of 18 companies.

For the purpose of above analysis, we have relied on the data of 20 comparable companies in relation to entity wide analysis under combined TNMM approach (dated May 15, 2025), wherein two independent searches was performed namely 1) manufacturing and trading of refractory products and 2) manufacturing of refractory products, in order to identify potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN.

Subsequently, we checked the latest available financial information (to the extent available in benchmarking databases/public domain) on March 11, 2026 for comparable companies and accordingly checked the filters and updated the margin computations. Based on the same, 2 companies did not satisfy RPT filter criteria in FY 2024-25 and failed on account of having RPT of more than 25% to sales.

- Mahakoshal Refractories Pvt. Ltd. (RPT as % of sales is 41.12%)
- Vishwakarma Refractories Pvt. Ltd. (RPT as % of sales is 29.96%)

The weighted average NCPM of remaining 18 comparable companies is given below:

Table 9: Financial analysis of comparable companies (Unadjusted)

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NCPM
1	Allied Refractory Products India Pvt Ltd.	AceTP	Entity	11.77%	17.25%	17.51%	15.79%
2	Anant Refractory Products Pvt Ltd	Capitaline	Entity	2.60%	2.16%	NA	2.38%
3	Associated Ceramics Ltd.	AceTP	Entity	13.33%	4.02%	7.09%	8.57%
4	Calderys India Refractories Ltd.	AceTP	Entity	20.95%	23.63%	22.29%	22.34%
5	Carborundum Universal Ltd.- Ceramics	AceTP	Segmental	31.11%	32.75%	30.07%	31.27%
6	Ginni Refractories Pvt Ltd.	AR	Entity	3.88%	3.77%	4.37%	4.08%
7	IFGL Refractories Ltd.	AceTP	Entity	11.11%	8.69%	8.26%	9.26%

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NCPM
8	Jajoo Rashmi Refractories Ltd.	AceTP	Entity	10.27%	10.11%	7.07%	8.89%
9	Maithan Ceramic Ltd.	AceTP	Entity	13.76%	14.51%	9.64%	12.76%
10	Monolithisch India Ltd.	AceTP	Entity	17.99%	21.65%	25.13%	22.48%
11	S K G Refractories Ltd	Capitaline	Entity	6.66%	8.57%	NA	7.77%
12	Shri Valley Refractories Ltd	Capitaline	Entity	3.09%	5.48%	9.57%	6.12%
13	SP Refractories Ltd.	AceTP	Entity	4.76%	9.86%	11.54%	8.76%
14	Special Ceramics Pvt Ltd.	AR	Entity	8.39%	11.04%	NA	9.81%
15	TRL Krosaki Refractories Ltd.	AceTP	Entity	10.91%	12.54%	13.10%	12.23%
16	Vishva Vishal Refractory Ltd	AR	Entity	1.87%	10.65%	20.86%	11.58%
17	Vesuvius India Ltd.	AceTP	Entity	11.14%	18.52%	19.21%	16.62%
18	Zircar Refractories Ltd	Capitaline	Entity	6.06%	8.54%	8.86%	7.87%
Count							18
35 Percentile							8.76%
Median							9.53%
65 Percentile							12.23%

Economic Adjustments

Rule 10B(3)(ii) of the Act, provides that an uncontrolled transaction can be compared to an international transaction if:

- none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or
- reasonably accurate adjustments can be made to eliminate the material effects of such differences.

The broadly comparable independent companies that have been identified are not necessarily exactly comparable to the products offered by RHIMIN. As such, some differences in terms of functions performed and risks borne and assets employed are likely to exist between the comparable companies and the products offered by RHIMIN. Necessary adjustment to financial data, wherever possible, to account for the differences are required to be performed and the effect of these functional and risk differences on the mark-up needs to be adjusted while determining the arm's length price.

Thus, RHIMIN reserves the right to make necessary adjustments, if required.

The relevant details have been provided in **Annexure 5**.

Conclusion

Rule 10CA(4) provides that in case there are six or more comparable companies, the arm's length range would be between thirty-fifth percentile and the sixty-fifth percentile of the dataset. Based on the said rule, the arm's length range of unadjusted weighted average NCPM of the broadly comparable independent companies is 8.76 percent to 12.23 percent and the median of the data set is 9.53 percent.

As per confirmation provided by management of RHIMIN, RHIMIN is expected to earn NCPM of 10.50 percent in FY 2026-27. As the margin that will be earned by RHIMIN falls within the arm's length range of the independent comparable companies, the identified transactions (mentioned in Table 9 below) may be considered to be at arm's length from an Indian Regulations perspective.

We understand that based on management representation, the provisional financial and segmental data of RHIMIN for the year ended FY 2026-27 is not readily available. Accordingly, working capital adjustment cannot be performed. Therefore, for the purpose of comparison, the margin expected to be earned by RHIMIN has been compared with the unadjusted operating margins of comparable companies. We recommend that the working capital adjusted margins will be evaluated once the relevant data for FY 2025-26 and FY 2026-27 becomes available in the public domain.

4.2.5 Sale of products – Category 1

For this transaction, we have relied on the benchmarking analysis conducted during the TP compliances for FY 2024-25 in relation to manufacturing of refractory products by RHIMIN, wherein an independent search was performed for distribution activities in order to identify potential comparable companies that perform similar functions and bear similar risks to that of RHIMGMBH.

The search was originally conducted for the fiscal year ended 31 December 2023 by another independent advisor appointed by RHIMGMBH and the analysis covered the most recent three-years from 2021 to 2023, for which financial data was available at the time of analysis.

As informed to us, there were no significant changes to the operating conditions of RHIMGMBH, and hence the independent advisor appointed by RHIMGMBH reviewed the business descriptions of the companies accepted in the original search for continued comparability and updated their financial results for the period from 2022 to 2024. This approach is broadly in accordance with the OECD Guidelines, which states that a comparable company search can be updated every three years rather than annually¹⁶

Accordingly, an external search was conducted by the independent advisor appointed by RHIMGMBH to identify broadly comparable companies. The search yielded a set of 9 broadly comparable independent companies¹⁷ (please note that we have placed reliance on the benchmarking analysis used in the TP report of RHIMIN for FY 24-25 prepared by independent advisor appointed by RHIMIN and have not reviewed/ verified the margin computation or reviewed the search undertaken by the by such independent advisor):

Table 10: Summary of weightage average margin¹⁸

S.No	Company name	FY 2022	FY 2023	FY 2024	3 Year Weightage Average NPM
1	Abastena - sociedade abastecedora de madeiras, lda	-1.33%	1.43%	0.76%	0.32%
2	Civils store limited	6.78%	4.47%	3.95%	5.03%
3	Cofunco sa	2.50%	6.75%	NA	4.58%
4	Distributeurs associes de la chimie	2.04%	2.34%	NA	2.15%
5	Genetrix s.r.o.	2.05%	1.05%	1.58%	1.60%
6	James latham public limited company	10.70%	7.13%	5.51%	7.89%
7	Schelfhout	7.07%	2.53%	0.29%	3.51%
8	Sezam, s.r.o.	5.14%	0.59%	2.43%	2.85%
9	Unifersa 2006, sociedad anonima	4.48%	3.51%	NA	3.97%
Count					9
35 percentile					2.85%
Median					3.51%
65 percentile					3.97%

NA – Not Available

The detailed search for uncontrolled comparable, accept reject matrix, business description of

¹⁶ OECD Guidelines, paragraph 5.38

¹⁷ The search was originally conducted for the fiscal year ended 31 December 2023 and the analysis covered the most recent three-year from 2021 to 2023, for which financial data was available for 10 companies at the time of analysis. As there were no significant changes to the operating conditions of the LRD, TPI LAB reviewed the business descriptions of the companies accepted in the original search for continued comparability and updated their financial results for the period from 2022 to 2024, wherein 9 comparable companies were selected as final accepts.

¹⁸ For the purposes of selection of comparables, we have placed reliance on the TP report prepared for FY 2024-25

comparable and computation of NPM of related parties has been provided in **Annexure 6**.

Conclusion

Rule 10CA(4) provides that in case there are six or more comparable companies, the arm's length range would be between thirty-fifth percentile and the sixty-fifth percentile of the dataset. Based on the said rule, the arm's length range of weighted average adjusted NPM of the broadly comparable independent companies is 2.85 percent to 3.97 percent and the median of the data set is 3.51 percent.

As represented by the management of RHIMIN, RHIMGMBH is expected to earn a NPM of 3.50 percent from distribution of products procured from RHIMIN for sales in its jurisdiction. As the expected NPM earned by RHIMGMBH during FY 2026-27 falls within the arm's length range, based on the representation by the management of RHIMIN, it can be concluded that the said transaction with RHIMGMBH is consistent with the arm's length standard from an Indian regulations perspective.

4.2.6 Sale of products – Category 2

For this transaction, we have relied on the benchmarking analysis conducted during the TP compliances for FY 2024-25 in relation to manufacturing of refractory products by RHIMIN (search dated May 15, 2025), wherein independent search was performed in order to identify potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN.

For the purpose of above analysis, we have relied on the data of 18 comparable companies used in the TP report of RHIMIN for FY 2024-25, wherein an external search was conducted by the independent advisor appointed by RHIMIN to identify broadly comparable companies.

Subsequently, we checked the latest available financial information (to the extent available in benchmarking databases/public domain) on March 11, 2026 for comparable companies and accordingly checked the filters and updated the margin computations. Based on the same, 1 company (namely Mahakoshal Refractories Pvt. Ltd. (RPT as % of sales is 41.12%)) did not satisfy RPT filter criteria in FY 2024-25 and failed on account of having RPT of more than 25% to sales.

The weighted average unadjusted NCPM of comparable companies is given below:

Table 11: Summary of weighted average unadjusted margin

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	Year Weighted Average unadjusted NCPM
1	Allied Refractory Products India Pvt Ltd.	AceTP	Entity	11.77%	17.25%	17.51%	15.79%
2	Anant Refractory Products Pvt Ltd	Capitaline	Entity	2.60%	2.16%	NA	2.38%
3	Associated Ceramics Ltd.	AceTP	Entity	13.33%	4.02%	7.09%	8.57%

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	Year Weighted Average unadjusted NCPM
4	Calderys India Refractories Ltd.	AceTP	Entity	20.95%	23.63%	22.29%	22.34%
5	Carborundum Universal Ltd.- Ceramics	AceTP	Segmental	31.11%	32.75%	30.07%	31.27%
6	Ginni Refractories Pvt Ltd.	Annual Report	Entity	3.88%	3.77%	4.37%	4.08%
7	IFGL Refractories Ltd.	AceTP	Entity	11.11%	8.69%	8.26%	9.26%
8	Jajoo Rashmi Refractories Ltd.	AceTP	Entity	10.27%	10.11%	7.07%	8.89%
9	Maithan Ceramic Ltd.	AceTP	Entity	13.76%	14.51%	9.64%	12.76%
10	Monolithisch India Ltd.	AceTP	Entity	17.99%	21.65%	25.13%	22.48%
11	S K G Refractories Ltd	Capitaline	Entity	6.66%	8.57%	NA	7.77%
12	Shri Valley Refractories Ltd	Capitaline	Entity	3.09%	5.48%	9.57%	6.12%
13	SP Refractories Ltd.	AceTP	Entity	4.76%	9.86%	11.54%	8.76%
14	Special Ceramics Pvt Ltd.	Annual Report	Entity	8.39%	11.04%	NA	9.81%
15	TRL Krosaki Refractories Ltd.	AceTP	Entity	10.91%	12.54%	13.10%	12.23%
16	Vishva Vishal Refractory Ltd	Annual Report	Entity	1.87%	10.65%	20.86%	11.58%
17	Zircar Refractories Ltd	Capitaline/ Annual Report	Entity	6.06%	8.54%	8.86%	7.87%
Count							17
35 Percentile							8.57%
Median							9.26%
65 Percentile							12.23%

NA – Not Available

Economic Adjustments

Rule 10B(3)(ii) of the Act, provides that an uncontrolled transaction can be compared to an international transaction if:

- none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or
- reasonably accurate adjustments can be made to eliminate the material effects of such differences.

The broadly comparable independent companies that have been identified are not necessarily exactly comparable to the products offered by RHIMIN. As such, some differences in terms of functions performed and risks borne and assets employed are likely to exist between the comparable companies and the products offered by RHIMIN. Necessary adjustment to financial data, wherever possible, to account for the differences are required to be performed and the effect of these functional and risk differences on the mark-up needs to be adjusted while determining the arm's length price.

Thus, RHIMIN reserves the right to make necessary adjustments, if required.

The detailed search for uncontrolled comparable, accept reject matrix, business description of comparable and computation of NCPM of RHIMIN has been provided in **Annexure 7**.

Conclusion

Rule 10CA(4) provides that in case there are six or more comparable, the arm's length range would be between thirty-fifth percentile and the sixty-fifth percentile of the dataset. Based on the said rule, the arm's length range of unadjusted weighted average NCPM of the broadly comparable independent companies is 8.57 percent to 12.23 percent and the median of the data set is 9.26 percent.

As represented by the management of RHIMIN, it is expected to earn NCPM of 11 percent on fully loaded costs i.e. direct cost, indirect cost and allocable overheads in relation to transaction with RHIMGMBH in connection to manufacturing operations. As the proposed margin to be earned by RHIMIN falls within the arm's length range of the independent comparable companies, the identified transaction may be considered to be at arm's length from an Indian regulations perspective.

We understand that based on management representation, the provisional financial and segmental data of RHIMIN for the year ended FY 2026-27 is not readily available. Accordingly, working capital adjustment cannot be performed. Therefore, for the purpose of comparison, the margin expected to be earned by RHIMIN has been compared with the unadjusted operating margins of comparable companies. We recommend that the working capital adjusted margins will be evaluated once the relevant data for FY 2025-26 and FY 2026-27 becomes available in the public domain.

4.2.7 Purchase of raw materials

The transaction in relation to purchase of raw materials is inextricably linked to the manufacturing functions of RHIMIN. As confirmed by the management of RHIMIN, these materials will be used by RHIMIN in the course of undertaking manufacturing functions for category 1, category 2 as well as for third parties manufacturing. Accordingly, we have aggregated these transactions and analyzed it under entity wide TNMM analysis explained in Section 5.2.4 of this memorandum.

Conclusion

As the margin proposed to be earned by RHIMIN is expected to fall within the arm's length range of the result of the independent comparable companies, the identified transactions may be considered to be at arm's length from an Indian regulations perspective.

4.2.8 Purchase of store consumables and spares parts

As the transaction in relation to purchase of store consumables and spare parts is inextricably linked to the manufacturing/ trading operations of RHIMIN and the corresponding payments for purchase by RHIMIN will form part of the operating cost considered for the entity-wide analysis, we have aggregated these transactions and analyzed it as per entity wide TNMM analysis explained in Section 4.2.4 of this memorandum.

Conclusion

As the margin proposed to be earned by RHIMIN is expected to fall within the arm's length range of the result of the independent comparable companies, the identified transactions may be considered to be at arm's length from an Indian regulations perspective.

4.2.9 Purchase of traded goods

For this transaction, we have relied on the benchmarking analysis conducted during the TP compliances for FY 2024-25 in relation to trading of refractory products (search dated May 15, 2025), wherein an independent search was performed in order to identify potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN.

Accordingly, an external search was conducted to identify broadly comparable companies. The search yielded a set of 4 broadly comparable independent companies.

In addition, we have also checked the latest available financial information (to the extent available in benchmarking databases/public domain) during March 2026 for comparable companies and have accordingly updated the margin computations.

The weighted average NPM of comparable companies is given below:

Table 12: Financial analysis of comparable companies (Unadjusted)

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NPM
1	DB Machine Tools Private Limited	ACETP	Entity	0.62%	0.15%	1.40%	0.75%
2	Filtra Consultants and Engineers Limited	ACETP	Entity	4.91%	4.55%	4.39%	4.62%
3	Impel	Annual	Entity	1.36%	2.48%	1.17%	1.69%

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NPM
	Marketing (India) Private Limited	Report					
4	Mahavir Refratech (Gujarat) Private Limited	Annual Report	Entity	0.82%	1.06%	0.80%	0.89%
NPM (Mean)							1.99%

Economic Adjustments

Rule 10B(3)(ii) of the Act, provides that an uncontrolled transaction can be compared to an international transaction if:

- none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or
- reasonably accurate adjustments can be made to eliminate the material effects of such differences.

The broadly comparable independent companies that have been identified are not necessarily exactly comparable to the products offered by RHIMIN. As such, some differences in terms of functions performed and risks borne and assets employed are likely to exist between the comparable companies and the products offered by RHIMIN. Necessary adjustment to financial data, wherever possible, to account for the differences are required to be performed and the effect of these functional and risk differences on the mark-up needs to be adjusted while determining the arm's length price.

Thus, RHIMIN reserves the right to make necessary adjustments, if required.

The detailed search for uncontrolled comparable, accept reject matrix, business description of comparable and computation of NPM of RHIMIN has been provided in **Annexure 8**.

Conclusion

Rule 10CA(7) provides that in case there are less than six comparable, the arm's length price would be determined by computing the arithmetic mean of the dataset. Based on the above dataset, the arithmetic mean of the weighted average unadjusted NPM of the broadly comparable independent companies is 1.99%.

The management of RHIMIN has informed us that during FY 2026-27, RHIMIN's NPM would be 4% as compared to unadjusted arm's length mean of 1.99%. As the margin that will be earned by RHIMIN is higher than the arm's length price of the independent comparable companies, the identified transaction may be considered to be at arm's length from an Indian Regulations perspective.

We understand that based on management representation, the provisional financial and segmental data of RHIMIN for the year ended FY 2026-27 is not readily available. Accordingly, working capital adjustment cannot be performed. Therefore, for the purpose of comparison, the margin expected to be earned by RHIMIN has been compared with the unadjusted operating margins of comparable companies. We recommend that the working capital adjusted margins will be evaluated once the relevant data for FY 2025-26 and FY 2026-27 becomes available in the public domain.

4.2.10 Purchase of fixed assets

As this transaction is inextricably linked to the operations of RHIMIN and the corresponding depreciation on assets purchased by RHIMIN from RHIMGMBH will form part of the operating cost considered for the entity-wide analysis, we have aggregated this transaction and analyzed it as per entity wide TNMM analysis as explained in Section 4.2.4 of the memorandum.

Conclusion

As the margin proposed to be earned by RHIMIN is likely to fall within the arm's length range of the result of the independent comparable companies, the identified transaction may be considered to be at arm's length from an Indian regulations perspective.

4.2.11 Provision of business support services

For this transaction, we have relied on the benchmarking analysis conducted during the TP compliances for FY 2024-25 in relation to provision of business support services (search dated May 15, 2025), wherein an independent search was performed in order to identify potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN.

Accordingly, an external search was conducted to identify broadly comparable companies. The search yielded a set of 16 broadly comparable independent companies.

In addition, we have also checked the latest available financial information (to the extent available in benchmarking databases/public domain) during March 2026 for comparable companies and have accordingly updated the margin computations.

The weighted average unadjusted NCPM of comparable companies is given below:

Table 13: Summary of weighted average unadjusted margin

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NCPM
1	Adfactors PR Pvt Ltd.	AceTP	Entity	34.26%	27.56%	33.13%	31.58%
2	Concept Public Relations India Ltd.	AceTP	Entity	11.27%	4.94%	15.97%	11.13%
3	Deepali Designs & Exhibits Pvt Ltd.	AceTP	Entity	8.89%	7.44%	4.19%	6.48%
4	Exhicon Events Media Solutions Ltd.	AceTP	Entity	23.34%	24.24%	28.31%	25.89%

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NCPM
5	Good Show Events & Exhibitions Private Limited	Annual Report	Entity	7.46%	4.11%	NA	5.42%
6	India Tourism Development Corporation Ltd.	AceTP	Entity	16.47%	21.08%	16.40%	17.93%
7	PR Pundit Public Relations Pvt Ltd	AceTP	Entity	8.55%	6.34%	24.87%	12.02%
8	Shangar Decor Ltd.	AceTP	Entity	3.60%	9.32%	8.72%	7.66%
9	Touchwood Entertainment Ltd.	AceTP	Entity	11.45%	16.35%	11.51%	12.61%
10	Chlorophyll Brand&Communications Consultancy P Ltd	Capitaline	Entity	17.59%	19.60%	1.06%	12.34%
11	MMI India Pvt Ltd	Capitaline	Entity	20.25%	14.45%	31.24%	23.80%
12	Fusion Events Ltd	Capitaline	Entity	4.75%	0.17%	NA	2.94%
13	Simulations Public Affairs Management Ser. Pvt Ltd	Capitaline	Entity	1.63%	3.36%	4.23%	3.05%
14	Global Survey Solutions Pvt Ltd	Capitaline	Entity	30.64%	27.65%	26.24%	27.93%
15	Impetus Research Pvt Ltd	Capitaline	Entity	10.44%	11.82%	12.09%	11.54%
16	Asplor Research Pvt Ltd	Capitaline	Entity	10.23%	7.77%	8.00%	8.54%
Count							16
35 Percentile							8.54%
Median							11.78%
65 Percentile							12.61%

Economic Adjustments

Rule 10B(3)(ii) of the Act, provides that an uncontrolled transaction can be compared to an international transaction if:

- none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or
- reasonably accurate adjustments can be made to eliminate the material effects of such differences.

The broadly comparable independent companies that have been identified are not necessarily exactly comparable to the products offered by RHIMIN. As such, some differences in terms of functions performed and risks borne and assets employed are likely to exist between the

comparable companies and the products offered by RHIMIN. Necessary adjustment to financial data, wherever possible, to account for the differences are required to be performed and the effect of these functional and risk differences on the mark-up needs to be adjusted while determining the arm's length price.

Thus, RHIMIN reserves the right to make necessary adjustments, if required.

The detailed search for uncontrolled comparable, accept reject matrix, business description of comparable and computation of NCPM of RHIMIN has been provided in **Annexure 9**.

Conclusion

Rule 10CA(4) provides that in case there are six or more comparable, the arm's length range would be between thirty-fifth percentile and the sixty-fifth percentile of the dataset. Based on the said rule, the arm's length range of weighted average unadjusted NCPM of the broadly comparable independent companies is 8.54 percent to 12.61 percent and the median of the data set is 11.78 percent. As the margin that will be earned by RHIMIN falls within the arm's length range of the independent comparable companies, the identified transaction may be considered to be at arm's length from an Indian Regulations perspective.

We understand that based on management representation, the provisional financial and segmental data of RHIMIN for the year ended FY 2026-27 is not readily available. Accordingly, working capital adjustment cannot be performed. Therefore, for the purpose of comparison, the margin expected to be earned by RHIMIN has been compared with the unadjusted operating margins of comparable companies. We recommend that the working capital adjusted margins will be evaluated once the relevant data for FY 2025-26 and FY 2026-27 becomes available in the public domain.

4.2.12 Provision of global META services

For this transaction, we have relied on RHIMIN's management representation to place reliance on the benchmarking analysis conducted for provision of business support services, as the benchmarking analysis of provision of META services is currently not available.

Accordingly, reliance has been placed on the benchmarking results mentioned in section 4.2.11.

Based on the same, the arm's length range of weighted average unadjusted NCPM of the broadly comparable independent companies is 8.54 percent to 12.61 percent and the median of the data set is 11.78 percent. As the margin that will be earned by RHIMIN falls within the arm's length range of the independent comparable companies, the identified transaction may be considered to be at arm's length from an Indian Regulations perspective.

We understand that based on management representation, the provisional financial and segmental data of RHIMIN for the year ended FY 2026-27 is not readily available. Accordingly, working capital adjustment cannot be performed. Therefore, for the purpose of comparison, the margin expected to be earned by RHIMIN has been compared with the unadjusted operating margins of comparable companies. We recommend that the working capital adjusted margins will be evaluated once the relevant data for FY 2025-26 and FY 2026-27 becomes available in the public domain.

4.2.13 Provision of contract R&D services

Rule 10CA of the Rules provides that if the application of the most appropriate method results in more than one price, the arm's length price would be determined by constructing a data set. The data set has to be prepared by placing the prices in an ascending order.

In case the current year of data is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the current year as well as the previous two years in which same or similar uncontrolled transactions have been undertaken. On the other hand, if the data of the FY preceding the current year is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the two consecutive FYs preceding the current year in which same or similar uncontrolled transactions have been undertaken.

For the purpose of above analysis, we have relied on the benchmarking analysis conducted for FY 2024-25 in relation to provision of contract R&D services (dated May 15, 2025), wherein an independent search was performed in order to identify potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN.

In addition, we have also checked the latest available financial information (to the extent available in benchmarking databases/public domain) during March 2026 for comparable companies and have accordingly updated the margin computations.

The weighted average unadjusted margin of comparable companies is given below:

Table 15: Summary of weighted average unadjusted margin

Sr. No	Company Name	Database	Entity/ Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 yr Weighted Average unadjusted NCPM
1	Aavanira Biotech Pvt Ltd	Annual Report	Entity	11.90%	9.16%	8.77%	9.98%
2	Accuprec Research Labs Pvt Ltd	Annual Report	Entity	4.51%	6.48%	26.65%	14.48%
3	Anazeal Analyticals & Research Pvt Ltd	Capitaline	Entity	0.26%	1.39%	-3.03%	-0.61%
4	Aragen Life Sciences Ltd	Capitaline	Entity	30.69%	22.37%	23.98%	25.62%
5	Choksi Laboratories Ltd.	AceTP	Entity	15.44%	13.57%	12.45%	13.71%
6	Cliantha Research Ltd.	AceTP	Entity	39.07%	28.51%	27.67%	31.32%
7	JSS Medical Research Asia Pacific Pvt Ltd	Capitaline	Entity	17.28%	1.54%	-1.34%	5.56%
8	Jubilant Biosys Limited	AceTP	Entity	30.43%	9.06%	9.37%	15.87%

Sr. No	Company Name	Database	Entity/ Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 yr Weighted Average unadjusted NCPM
9	Prado Preclinical Research & Devp. Organization Pvt. Ltd.	Capitaline	Entity	40.91%	29.63%	16.37%	27.55%
10	Theraindx Lifesciences Pvt. Ltd.	Annual Report	Entity	11.88%	11.55%	5.93%	9.17%
11	Veeda Clinical Research Ltd	Capitaline	Entity	16.13%	-0.14%	-8.27%	2.19%
12	Vimta Labs Ltd.	AceTP	Entity	25.27%	26.85%	33.85%	28.75%
13	Vivo Bio Tech Ltd.	AceTP	Entity	31.02%	35.65%	33.76%	33.34%
Count							14
35 Percentile							9.98%
Median							14.48%
65 Percentile							25.62%

The detailed search for uncontrolled comparable, accept reject matrix, business description of comparable and computation of NCPM of RHIMIN has been provided in **Annexure 10**.

Economic Adjustments

Rule 10B(3)(ii) of the Act, provides that an uncontrolled transaction can be compared to an international transaction if:

- none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or
- reasonably accurate adjustments can be made to eliminate the material effects of such differences.

The broadly comparable independent companies that have been identified are not necessarily exactly comparable to the products offered by RHIMIN. As such, some differences in terms of functions performed and risks borne and assets employed are likely to exist between the comparable companies and the products offered by RHIMIN. Necessary adjustment to financial data, wherever possible, to account for the differences are required to be performed and the effect of these functional and risk differences on the mark-up needs to be adjusted while determining the arm's length price.

Thus, RHIMIN reserves the right to make necessary adjustments, if required.

Conclusion

Rule 10CA(4) provides that in case there are six or more comparable, the arm's length range would be between thirty-fifth percentile and the sixty-fifth percentile of the dataset. Based on the said rule, the arm's length range of weighted average unadjusted NCPM of the broadly comparable independent companies is 9.98 percent to 25.62 percent and the median of the data set is 14.48 percent.

As confirmed by RHIMIN's management, RHIMIN is expected to earn an NCPM of 15 percent from provision of abovementioned services.

As the margin that will be earned by RHIMIN falls within the arm's length range of the independent comparable companies, the identified transactions may be considered to be at arm's length from an Indian Regulations perspective.

We understand that based on management representation, the provisional financial and segmental data of RHIMIN for the year ended FY 2026-27 is not readily available. Accordingly, working capital adjustment cannot be performed. Therefore, for the purpose of comparison, the margin expected to be earned by RHIMIN has been compared with the unadjusted operating margins of comparable companies. We recommend that the working capital adjusted margins will be evaluated once the relevant data for FY 2025-26 and FY 2026-27 becomes available in the public domain.

4.2.14 Provision of IT support services

Rule 10CA of the Rules provides that if the application of the most appropriate method results in more than one price, the arm's length price would be determined by constructing a data set. The data set has to be prepared by placing the prices in an ascending order.

In case the current year of data is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the current year as well as the previous two years in which same or similar uncontrolled transactions have been undertaken. On the other hand, if the data of the FY preceding the current year is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the two consecutive FYs preceding the current year in which same or similar uncontrolled transactions have been undertaken.

For the purpose of this analysis, we have relied on the benchmarking analysis conducted for FY 2024-25 in relation to provision of IT support services (dated May 15, 2025), wherein an independent search was performed in order to identify potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN.

In addition, we have also checked the latest available financial information (to the extent available in benchmarking databases/public domain) during March 2026 for comparable companies and have accordingly updated the margin computations.

Table 16: Summary of weighted average unadjusted margin

Sr. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 yr Weighted Average Unadjusted NCPM
1	4I Apps Solutions Pvt Ltd.	AceTP	Entity	24.15%	27.36%	19.60%	23.42%
2	Anunta Technology Management Services Ltd.	AceTP	Entity	25.34%	10.48%	-2.89%	10.25%
3	Aumento Technologies & Consulting Services Pvt Ltd	Capitaline	Entity	38.11%	56.03%	NA	48.47%
4	Cache Digitech Pvt Ltd	Capitaline	Entity	1.86%	4.15%	2.50%	2.66%
5	DCM Infotech Ltd.	AceTP	Entity	15.30%	13.98%	16.14%	15.14%
6	Dynacons Systems & Solutions Ltd.	AceTP	Entity	7.08%	8.08%	8.90%	8.15%
7	Happiest Minds Technologies Ltd.	AceTP	Entity	26.26%	21.28%	12.07%	19.36%
8	Highbar Technocrat Ltd	Capitaline	Entity	14.21%	13.70%	19.42%	15.84%
9	Indicosmic Infotech Ltd.	AceTP	Entity	13.48%	11.72%	9.69%	11.08%
10	Kellton Tech Solutions Ltd.	AceTP	Entity	11.68%	11.85%	14.94%	12.85%
11	Microland Ltd.	AceTP	Entity	11.32%	21.34%	26.40%	20.00%
12	Nihilent Ltd.	Capitaline	Entity	9.04%	-99.03%	10.70%	9.70%
13	Orion India Systems Pvt Ltd.	AceTP	Entity	10.48%	15.21%	16.58%	14.19%
14	Paramatrix Technologies Ltd.	AceTP	Entity	15.97%	13.59%	15.42%	15.05%
15	Qualitykiosk Technologies Pvt Ltd.	AceTP	Entity	20.91%	18.35%	11.59%	16.71%
16	TechD Cybersecurity Ltd.	AceTP	Entity	22.45%	42.39%	62.09%	49.21%
17	Velocis Systems Pvt Ltd.	AceTP	Entity	3.76%	4.59%	4.73%	4.41%
Count							17
35 Percentile							11.08%
Median							15.05%
65 Percentile							16.71%

NA – Not Available

The detailed search for uncontrolled comparable, accept reject matrix, business description of comparable and computation of NCPM of RHIMIN has been provided in **Annexure 11**.

Economic Adjustments

Rule 10B(3)(ii) of the Act, provides that an uncontrolled transaction can be compared to an international transaction if:

- none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or
- reasonably accurate adjustments can be made to eliminate the material effects of such differences.

The broadly comparable independent companies that have been identified are not necessarily exactly comparable to the products offered by RHIMIN. As such, some differences in terms of functions performed and risks borne and assets employed are likely to exist between the comparable companies and the products offered by RHIMIN. Necessary adjustment to financial data, wherever possible, to account for the differences are required to be performed and the effect of these functional and risk differences on the mark-up needs to be adjusted while determining the arm's length price.

Thus, RHIMIN reserves the right to make necessary adjustments, if required.

Conclusion

Rule 10CA(4) provides that in case there are six or more comparable, the arm's length range would be between thirty-fifth percentile and the sixty-fifth percentile of the dataset. Based on the said rule, the arm's length range of weighted average adjusted NCPM of the broadly comparable independent companies is 11.08 percent to 16.71 percent and the median of the data set is 15.05 percent.

As confirmed by RHIMIN's management, RHIMIN is expected to earn an NCPM of 15 percent from provision of abovementioned services.

As the margin that will be earned by RHIMIN falls within the arm's length range of the independent comparable companies, the identified transaction may be considered to be at arm's length from an Indian Regulations perspective.

We understand that based on management representation, the provisional financial and segmental data of RHIMIN for the year ended FY 2026-27 is not readily available. Accordingly, working capital adjustment cannot be performed. Therefore, for the purpose of comparison, the margin expected to be earned by RHIMIN has been compared with the unadjusted operating margins of comparable companies. We recommend that the working capital adjusted margins will be evaluated once the relevant data for FY 2025-26 and FY 2026-27 becomes available in the public domain.

4.2.15 Availing of IT support services

For the purpose of above analysis, we have relied on the benchmarking analysis conducted during the TP compliances for FY 2024-25 in relation to availing of IT support services by RHIMIN, wherein an independent search was performed for IT support activities in order to identify potential comparable companies that perform similar functions and bear similar risks to that of RHIMGMBH.

The search was originally conducted for the fiscal year ended 31 December 2023 and the analysis covered the most recent three-year from 2020 to 2022, for which financial data was available at the time of analysis.

As there were no significant changes to the operating conditions of the IT Service Provider, TPI LAB reviewed the business descriptions of the companies accepted in the original search for continued comparability and updated their financial results for the period from 2022 to 2024. This approach is in accordance with the OECD Guidelines, which states that a comparable company search can be updated every three years rather than annually¹⁹

Accordingly, an external search was conducted to identify broadly comparable companies. The search yielded a set of 25 broadly comparable independent companies (benchmarking analysis conducted for FY 2024-25 in RHIMIN's TP report prepared by independent advisor appointed by RHIMIN).

Table 17: Summary of weighted average margin

S. No	Company name	FY 2022	FY 2023	FY 2024	3 Year Weightage Average
1	Axe Gestion Informatique	6.16%	7.74%	NA	6.97%
2	Bearit S.R.L.	3.38%	0.20%	NA	1.59%
3	Bi4All - Consultores De Gestao, Lda	4.73%	8.75%	7.70%	7.16%
4	Bl4Ckswan S.R.L.	0.32%	0.50%	0.37%	0.40%
5	Core Computing As	-0.13%	0.80%	78.65%	24.77%
6	Helphone Servicios Informaticos SI	-2.82%	-0.43%	3.44%	0.18%
7	Inovflow - Business Solutions, S.A.	15.47%	15.96%	11.82%	14.33%
8	Itech Group S.R.L.	8.31%	13.47%	18.18%	13.65%
9	Jelp Servicios Informaticos SI	0.16%	0.14%	0.12%	0.14%
10	Linecom Networks SI	3.40%	1.47%	2.23%	2.29%
11	Mas Project S.R.L.	10.64%	9.65%	11.80%	10.72%
12	Netriver S.R.L.	6.22%	5.80%	13.07%	8.70%
13	Pohjois-Suomen Energiatieto Oy	5.40%	8.66%	3.04%	5.67%
14	Procesia Proyectos Y Servicios SI.	14.86%	8.22%	9.85%	10.39%
15	Proyecta It Sistemas Y Consultoria Sll.	-7.12%	5.13%	10.34%	3.03%
16	Quix Societa' A Responsabilita' Limitata	7.10%	8.19%	17.62%	11.30%
17	Resiltech S.R.L.	29.02%	38.00%	37.43%	34.86%
18	Sarma Digital Oy	0.25%	2.84%	7.04%	3.56%
19	Sigma Informatica S.R.L.	9.77%	15.18%	53.03%	26.10%
20	Skarpe As	-9.23%	2.96%	8.28%	1.44%
21	Software Company Srl Detta Soco Srl	5.61%	2.83%	2.04%	3.45%
22	Styrmand As	7.19%	5.76%	1.91%	4.91%
23	Talea S.R.L.	0.89%	1.75%	3.81%	2.05%
24	Xedis	3.91%	0.62%	2.73%	2.41%
25	Zirak S.R.L.	9.64%	9.40%	9.77%	9.60%
Count					25

¹⁹ OECD Guidelines, paragraph 5.38

S. No	Company name	FY 2022	FY 2023	FY 2024	3 Year Weightage Average
35 percentile					3.03%
Median					5.67%
65 percentile					9.60%

NA – Not Available

The detailed search for uncontrolled comparable, accept reject matrix, business description of comparable and computation of PLI has been provided in **Annexure 12**.

Conclusion

Rule 10CA(4) provides that in case there are six or more comparable, the arm's length range would be between thirty-fifth percentile and the sixty-fifth percentile of the dataset. Based on the said rule, the arm's length range of weighted average adjusted NCPM of the broadly comparable independent companies is 3.03 percent to 9.60 percent and the median of the data set is 5.67 percent.

As represented by the Management of RHIMIN, RHIMGMBH is expected to charge third party cost on a cost-to-cost basis and value-added cost with a 5 percent mark-up.

As represented by management of RHIMIN, RHIMGMBH is expected to earn a NCPM of 5 percent on value added cost on provision of IT support services to RHIMIN. As the expected NPM earned by RHIMGMBH during FY 2026-27 falls within the arm's length range, it can be concluded that said transaction with RHIMGMBH is consistent with the arm's length standard from an Indian Regulations perspective.

4.2.16 Payment of brand and technical royalty

Computation of Arm's Length Price

The selected comparable agreements were used to determine a range of results for the purposes of determining an arm's length royalty rate for the intellectual property by the Licensor to the Licensee.

A license arrangement between the Licensor and the Licensee warrants that the Licensor shall receive from the Licensee a certain percentage of the revenue/sales. Royalty rates receivable as a percentage of revenue/sales by comparable Licensor were selected to determine the arm's length royalty rate.

Revenue/sales means the net amount invoiced by the Licensee on sales made to any third party less taxes, customer discounts, credits for returned or rejected articles, allowances, shipping charges, insurance freight, postage, interest, etc of the products.

Table 17: summary of the computation of the arm's length royalty rate

S. No.	Licensor	Licensee	Royalty (%)
1	Engelhard / ICC	Chung-Hsin Electric & Machinery Manufacturing Corp.	2.50
			5.00

2	Melvin L. Prueitt	Barnabus Energy, Inc.	6.50
			2.00
3	Research Services Corp.; Orlando A. Battista	Suncastle Investments Ltd.	2.00
4	Ceramext, LLC	Golden Bear Ceramics Co., a subsidiary of Emgold Mining Corp.	3.00
5	LightPath Technologies, Inc.	New Hua Guang, Information Materials Co., Ltd.	2.50
6	Altair Nanotechnologies, Inc.	Western Oil Sands, Inc.	2.00
			4.00
7	AuraSource, Inc.	Gulf Coast Holdings, LLC	5.00
8	ASP Isotopes UK Ltd.	Quantum Leap Energy LLC; Quantum Leap Energy Ltd.	10.00
35 Percentile			2.50
Median			3.00
65 Percentile			5.00

The analysis of selecting the most appropriate method, summary of search process and detailed review of agreement is provided in **Annexure 13**.

Conclusion

Rule 10CA(4) provides that in case there are six or more comparable, the arm's length range would be between thirty-fifth percentile and the sixty-fifth percentile of the dataset. Based on the said rule, the arm's length royalty rate ranges from 2.5 percent to 5.0 percent with a median of 3.0 percent.

Based on the representation made by the management of RHIMIN, it is expected to pay royalty of 3.25 percent of its net sales to third parties. Accordingly, the transactions of payment of royalty by RHIMIN to RHIMGMBH will fall within the arm's length range and may be concluded to be adhering to arm's length principle, as required under the Indian Regulations.

4.2.17 Reimbursement of expenses (paid)

Computation of Arm's Length Price

RHIMGMBH will incur certain expenses and pays to third party vendors on behalf of RHIMIN. These expenses may be in the different categories/nature such as travel expenses, secondment charges and IT charges and others etc.

Based on the confirmation provided by management of RHIMIN, such expenses will be recovered by RHIMGMBH from RHIMIN on cost to cost basis without any mark-up element. The transaction will be undertaken purely on a cost-to-cost basis and there will be no service element involved in such transaction.

Conclusion

Considering the availability of reliable data on comparable transaction and prescribed under Indian regulations, Other Method has been selected as the MAM to determine the arm's length nature of the subject identified transaction.

Based on the above, the transaction of reimbursement of expenses by RHIMIN may be concluded to be adhering to arm's length principle in accordance with the Indian Regulations.

4.2.18 Recovery of expenses (received)

Computation of Arm's Length Price

RHIMIN will incur certain expenses on behalf of RHIMGMBH. These expenses may be the nature of board visit expenses etc., incur by the Company on behalf of RHIMGMBH.

Based on the confirmation provided by management of RHIMIN, such expenses will be recovered by RHIMIN from RHIMGMBH on cost to cost basis without any mark-up element. The identified transaction will be undertaken purely on a cost-to-cost basis and there will be no service element involved in such transaction.

Conclusion

Considering the availability of reliable data on comparable transaction and prescribed under Indian regulations, Other Method has been selected as the MAM to determine the arm's length nature of the subject identified transaction.

Based on the above, the identified transactions of recovery of expenses by RHIMIN may be concluded to be adhering to arm's length principle in accordance with the Indian Regulations.

5. Conclusion

Based on the information and data available as well as our analysis, it may be reasonably concluded that the transactions proposed to be undertaken by RHIMIN with RHIMGMBH would be considered to be at arm's length, provided they are executed in accordance with the aforementioned inter-company pricing policies. Accordingly, RHIMIN would be regarded as being in compliance with the provisions of the Indian transfer pricing regulations in respect of the identified transactions referred above.

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6. Disclaimer

1. For the purpose of the assignment, we will rely on information provided by the RHIMIN management as complete and accurate without independent verification from the source document.
2. This report is based upon information, explanations and financial data provided by personnel of RHIMIN. RHIMIN provided data derived from audited financial statements, prepared in accordance with Generally Accepted Accounting Principles in India. IKA has reviewed RHIMIN's financial data for reasonableness and consistency but has not audited or otherwise verified the accuracy of any information provided by RHIMIN.
3. IKA did not audit or verify the accuracy of any segmental information provided by RHIMIN, other than ensuring that such data cumulates to RHIMIN's audited financial statements. The functional analysis and other descriptive elements of this memorandum result from the inputs of RHIMIN and IKA. IKA disclaims any liability for the analysis based on incorrect or inaccurate information provided to us relating to the operations of RHIMIN and pricing of its identified transactions.
4. Maintaining information and documents, as envisaged under the Indian transfer pricing legislation is the responsibility of RHIMIN's management that is responsible for properly recording all transactions in the accounting records and for establishing and maintaining internal control sufficient to permit the appropriate documentation in conformity with the requirements of the relevant regulations.
5. Our views expressed would be based on the facts and assumptions indicated by RHIMIN. No assurance is given that the revenue authorities/ courts will concur with the views that would be expressed. The views would be based on the existing provisions of the law and its interpretation which might be subject to change from time to time. We will not assume responsibility to update the views consequent to such changes.
6. It is understood and agreed that the Services hereunder may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of and made by RHIMIN. Furthermore, RHIMIN shall be solely responsible for, among other things:
 - making all management decisions and performing all management functions;
 - designating a competent employee, preferably within RHIMIN's senior management, to oversee the Services hereunder on behalf of RHIMIN;
 - evaluating on behalf of RHIMIN the adequacy and results of the Services;
 - accepting responsibility for results of the Services; and
 - establishing and maintaining internal controls, including, without limitation, monitoring of ongoing activities. In connection with the Services, IKA shall be entitled to rely on all decisions and approvals of RHIMIN.
7. With respect to the Scope of services agreed with RHIMIN, following services will not be covered:
 - i. Assistance in respect of the compliances which may be applicable under any law not indicated in the Scope of Services.

- ii. Comments on the policy matters unless they appear contrary to statutory requirement; and historical and / or pending disputes / litigations.
 - iii. Issue of any certificate / Valuation Certificate (if any)/opinion as may be required by RHIMIN;
 - iv. Legal advice or participation in the preparation or interpretation of any legal documents, however, if required, we will bring external lawyer on board;
 - v. Approvals, if any, from shareholders, lenders, Central Governments / State Governments etc.
8. Further, IKA undertakes no responsibility to update its deliverables for events and circumstances or change in laws occurring after the date of our implementation services.
 9. The deliverable would be based on discussions with RHIMIN and would not involve:
 - Collation or preparation of the data, information, statement;
 - Independent verification of facts and figures from the source documents;
 - Representation of the Company before any of the judicial /non judicial authorities.
 10. For the purpose of this memorandum, we have placed reliance on benchmarking analysis as provided by the management of RHIMIN/RHIM Group. We have not reviewed/ verified the margin computation or reviewed the search undertaken by the independent advisor.
 11. Since the benchmarking analysis is performed on year-on-year basis, the determination of whether the transaction is at arm's length depends on whether the margins earned by tested party during the relevant financial year fall within the arm's length range determined for that year. Accordingly, our comments and observations in this memo have been provided based on the results currently available for FY 2024-25.

Given that the arm's length range and comparable companies may vary from year to year due to changes in financial data, market conditions, and updates to the comparable set, we recommend that this memo be reviewed and updated annually. This would help ensure that the margins earned in each financial year continue to fall within the applicable arm's length range and that the transfer pricing position remains appropriately supported from a regulatory perspective.

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7. List of enclosures

- Annexure 1: Summary of relevant Transfer Pricing Provisions in India
- Annexure 2: Summary of FAR of the proposed transactions
- Annexure 3: Brief description of database and data definition
- Annexure 4: Transfer Pricing documentation of RHIMIN for FY 2024-25
- Annexure 5: Economic analysis for Manufacturing and trading of refractory products
- Annexure 6: Economic analysis for Sale of finished goods (Category 1)
- Annexure 7: Economic analysis for Sale of finished goods (Category 2)
- Annexure 8: Economic analysis for Purchase of traded goods
- Annexure 9: Economic analysis for Provision of business support services
- Annexure 10: Economic analysis for Provision of contract R&D services
- Annexure 11: Economic analysis for Provision of IT support services
- Annexure 12: Economic analysis for Availing of IT support services
- Annexure 13: Economic analysis for Payment of royalty



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RHI Magnesita India Limited

Payment of royalty by RHI Magnesita India Limited to RHI Magnesita GmbH – Arm's length pricing

Background/ overview of facts

The management of RHI Magnesita India Limited ("RHIMIN") has approached Indoria Kedia & Associates (formerly known as S.K. Bagla & Co.) (IKA or we or our) to perform a high-level peer analysis in connection to payment of royalty being made by RHIMIN to RHI Magnesita GmbH ("RHIMGMBH").

Herein, we understand that RHIMGMBH and RHIMIN entered into agreement on 1 October 2024 through which license has been granted by RHIMGMBH to RHIMIN for the use of trademarks, patents and know-how for manufacturing and selling refractories and other goods. Under this agreement, RHIMIN will pay RHIMGMBH a brand and technical royalty of 3.25% on the revenues arising from sales of manufactured materials to external parties that exploit such Group IP, during FY 2026-27.

Request by RHIMIN

Given that RHIMIN makes royalty payments to RHIMGMBH, the management of RHIMIN has requested to undertake a benchmarking analysis of such payments. Specifically, the objective is to identify comparable peer companies and evaluate their royalty payout trends vis-à-vis RHIMIN over the past three financial years.

Accordingly, we have performed an analysis to identify appropriate peer companies with similar functional profiles and analyze their publicly available financial data to assess the nature and quantum of royalty payments. This analysis will enable comparative assessment of RHIMIN's royalty outflows against market practices, thereby providing a robust basis for evaluating the arm's length nature of the transaction.

Our comments

To determine whether brand and technical royalty paid by RHIMIN to RHIMGMBH satisfies the arm's length criteria, we have relied upon the benchmarking analysis used in RHIMIN's TP report for FY 2024-25 (prepared by independent advisor appointed by RHIMIN), in order to identify external comparable uncontrolled agreements for the licensing of intangibles (i.e., pertaining to trademark and technology).

Based on the search used, 8 third party agreements with 11 observations involving grant of similar rights were identified. As the number of observations were 11, hence, the range based on 35th and 65th percentile can be considered to be at arm's length as per Indian transfer pricing regulations. Based on arrangements of these broadly comparable independent agreements, the

arm's length royalty rate ranges from 2.5% (35th percentile) to 5% (65th percentile) with a median of 3%.

Based on the understanding of the facts shared with us, RHIMIN will pay RHIMGMBH a brand and technical royalty of 3.25% on the revenues arising from sales of manufactured materials to external parties that exploit such Group IP, during FY 2026-27. Accordingly, it is reasonable to conclude that the said transaction is compliant from an arm's length perspective as per the Indian transfer pricing regulations.

In addition to the above primary approach, we undertook an additional corroborative analysis to benchmark the royalty rate of 3.25%. Herein, we undertook a peer benchmarking analysis based on audited annual financial statements of comparable industry players for latest three financial years.

Below criteria was used by us for industry peers analysis:

- a. The peers analysis was performed on the comparable selected in TP report of RHIMIN for FY 2024-25 (prepared by independent advisor appointed by RHIMIN), wherein companies whose financials information is available on public domain was considered and evaluated. For evaluating royalty payouts in the case of comparable companies, reliance was placed on the comparable companies engaged in manufacturing and trading of refractory products (i.e. entity wide analysis under combined TNMM approach) and in manufacturing of refractory products (i.e. sale of finished goods - category II).
- b. Companies operating in the refractory products / high-temperature materials industry were evaluated if the same were also paying royalty to their group entities/third parties.
- c. Using the above, we identified and evaluated a total of 20 comparable companies for determining average royalty payouts for 3 years (i.e. FY 2022-23, FY 2023-24 and FY 2024-25). Out of 20 independent companies, following 4 key peers were considered as royalty is being paid by only 4 out of 20 companies (refer **Annexure 1**).
 - Allied Refractory Products India Pvt Ltd.
 - TRL Krosaki Refractories Ltd.
 - Carborundum Universal Ltd.-Ceramics
 - Vesuvius India Ltd.

Based on our review of audited financial statements of above-mentioned four identified companies for the past three years, we note that the disclosures do not clearly specify the exact nature of the royalty payments (i.e., whether these relate to brand usage, technical know-how, or a combination of both). Additionally, it is not evident whether such royalty payments pertain solely to manufacturing activities or also include trading operations.

In the absence of this level of granularity, and to ensure consistency in our approach, we have considered the total royalty expense and total sales (including both manufacturing and trading) as reported in the profit and loss account of the audited financial statements, for both RHIMIN and the selected peer companies.

The results of the same are depicted below:

S. No	Name of Company	FY 2022-23	FY 2023-24	FY 2024-25	Weightage average of royalty/ total sales for 3 years
1	Allied Refractory Products India Private Limited	4.76%	4.68%	4.72%	4.72%
2	TRL Krosaki Refractories Limited	0.56%	0.57%	0.59%	0.58%
3	Carborundum Universal Limited	0.39%	0.10%	0.12%	0.20%
4	Vesuvius India Limited	2.44%	2.65%	2.82%	2.66%
Mean					2.04%

From the above table, it appears that the weighted average mean¹ of royalty payout of the above peers is 2.04% (detailed working is enclosed as **Annexure 1**). Based on the confirmation provided by management of RHIMIN, the royalty rate as a percentage of the total sales of RHIMIN is expected to be approx. 2%² during FY 2026-27 which is less than the arm's length royalty paid by similar industry peers in India. As a result, the said transaction can be considered to be at arm's length.

Conclusion

Since the royalty proposed to be paid by RHIMIN to RHIMGMBH is less than the arithmetic mean of industry peers analysis, accordingly, it may be reasonable to conclude that the proposed transaction is compliant from an arm's length perspective as per the Indian Transfer pricing Regulations.

¹ Range of 35-65 percentile cannot be used as the number of comparables are less than 6 (as per Rule 81 of the Income Tax Rules, 2026)

² Source: Signed financials of RHIMIN for FY 2024-25



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RHI Magnesita India Limited Annexure to the Transfer Pricing Memorandum

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1. Summary of relevant **Transfer Pricing** Provisions in India

The Arm's Length Principle

In commercial parlance, an arm's length principle is the price at which independent enterprises deal with each other, where market forces ordinarily determine the conditions of their commercial and financial relations. Section 173(a) of the Act, however, defines the arm's length price as a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

Associated Enterprises

The definition of AE (refer to Section 162(1) of the Act) is very broad and includes criteria such as direct or indirect participation in management, control or capital of other enterprise or participation by the same persons in such enterprises also includes criteria like equity holding, control over the Board of Directors, loans/ guarantees, influence over supply of raw materials/finished products, or other mutual interest.

International Transactions

An international transaction (refer to section 163(1) of the Act) is defined as a transaction between two or more AEs (one of which is necessarily a non-resident) of purchase, sale, transfer, lease or use of tangible and intangible property, capital financing, lending or borrowing of money, provision of services, business restructuring or reorganization, cost sharing/ cost contribution arrangements. A transaction includes arrangement, understanding or action in concert, and it need not be formal or in writing or even legally enforceable.

Further, any transaction entered into by an enterprise with a person other than an AE ("other person"), shall be deemed to be an international transaction [refer section 163(2) of the Act], if there exists a prior agreement in relation to the relevant transaction between such other person and the AE, or the terms of the relevant transaction are determined in substance between such other person and the AE. The enterprise or the AE or both of them are non-residents, irrespective of whether the other person is a non-resident or not.

Specified Domestic Transactions ("SDT")

The SDT provisions (refer to section 164 of the Act) in the Act provides that the Indian transfer pricing regulations would apply to transactions entered into by a company with its Indian Group companies, subject to an aggregate transactional value exceeding threshold limit of INR 20 crores. The provisions relating to determination of arm's length price will be applicable to the SDT. The SDT covered under provision of section 164 are:

- Transactions which are not international transactions;
- Transactions referred to in section 122; and
- Transfer of goods/ services/ business by the taxpayer covered under the beneficial provisions of 140(13) or under Chapter VIII or section 144 where the provisions of

140(9) or (13) of the Act or section 80IA(8) or (10) of the Income-tax Act, 1961 is applicable; or

- any business transacted between the person referred to in section 205(4);
- any other transaction as may be prescribed,

and where the aggregate of such transactions entered into by the assessee in a tax year exceeds a sum of twenty crore rupees.

Overview of Methodologies and Application of Most Appropriate Method

Section 161 to 177 defining the Transfer Pricing Regulations in the Act with a view to compute income from an international transaction/ SDT between AEs with reference to an arm's length price.

These above-mentioned sections read together with relevant Rules 77 and 98 of the Rules stipulate the maintenance of necessary documents to demonstrate the conduct of the transaction at arm's length price.

Section 165(1) of the Act stipulates that the arm's length price is to be determined by adopting any one of the following methods, which is the most appropriate method, in connection with the transfer of services or products:

- CUP Method;
- RPM;
- CPM;
- PSM;
- TNMM; and
- Such other method as may be prescribed by the CBDT.

Rule 10C of the Rules lays down the general guidelines for selecting the most appropriate method. The rule states that the method to be selected shall be the one best suited to the facts and circumstances of each international transaction/ SDT and which provides the most reliable measure of the arm's length price.

The section below discusses in brief each of the methods prescribed by the CBDT.

Comparable Uncontrolled Price Method

The CUP method compares prices charged on the transfer of goods or services within group transactions, with prices charged in a comparable uncontrolled transaction either between the controlled party and an independent unrelated party or between two independent unrelated parties.

The price so identified is adjusted to account for differences between the functions performed, assets used and risks borne (if any) between the international transaction/ SDT under review and the comparable uncontrolled transactions.

As defined in Rule 79(1)(a), an uncontrolled transaction is comparable to a controlled transaction for purposes of the CUP method if either:

- None of the differences, if any, between the transactions being compared or between the companies could materially affect the price in the open market, or

- Reasonably accurate adjustments can be made to eliminate any material effect of such differences.

The CUP method is generally the most reliable for determining the arm's length price, when either the transactions being compared are identical or there exist only minor quantifiable differences between them. The adjustments likely to be made for the differences in the transactions being compared, if any, include amongst others, product quality, contractual terms, geographic market, embedded intangibles, foreign currency risks, etc.

The typical transactions for which the CUP method may be adopted include:

- Transfer of goods;
- Provision of services;
- Intangibles; or
- Loans or provision of finance.

Resale Price Method

When a resident and a foreign AE enter into a transaction and the purchaser in that transaction resells the product to unrelated parties, the amount calculated by deducting a "normal profit of the purchaser" from that resale price is deemed to be the arm's length price applicable to the transaction between the resident and the foreign AE.

Rule 79(1)(b) describes the RPM as under:

- The price at which property purchased or service obtained by the enterprise from an AE is resold or are provided to an unrelated enterprise is identified.
- Such resale price is reduced by the amount of a normal gross profit margin accruing to the enterprise or to an unrelated enterprise from the purchase and resale of the same or similar property or from obtaining and providing the same or similar services, in a comparable uncontrolled transaction, or a number of such transactions.
- The price so arrived at is further reduced by the expenses incurred by the enterprise in connection with the purchase of property or obtaining of service.
- The price so arrived at is adjusted to take into account the functional and other differences, including differences in accounting practices, if any, between the transactions or between the enterprises which could materially affect the amount of gross profit margin in the open market.

Typical transactions for this method include distribution of finished goods having little or no value addition (either through tangible or intangible property).

Further, OECD Guidelines has observed that the resale method, unlike the CUP method, is applicable even when differences in the products exist as long as the functions performed are similar. However, it is less useful where goods are further processed or incorporated into other products.

Cost Plus Method

As per the OECD, the CPM is applicable when semi-finished goods are sold between associates, where there are long term supply and buy agreements, provision of services, contract manufacturing, particularly where these are of a subsidiary or peripheral nature.

Rule 79(1)(c), describes the CPM as under:

- Direct and indirect costs of production, incurred by the enterprise for property transferred or services provided to an AE, is determined.
- The amount of normal gross profit mark-up to such costs (computed according to the same accounting norms) arising from the transfer or provision of the same or similar property or services by the enterprise, or by an unrelated enterprise, in a comparable uncontrolled transaction, or a number of such transactions.
- The normal gross profit mark-up is adjusted to take into account the functional and other differences, if any, between the transactions or enterprises, which could materially affect such profit mark-up in the open market.

The costs are increased by the adjusted profit mark-up to lead to arm's length price.

Typical transactions where the CPM may be used are transactions involving:

- Provision of services;
- Joint facility arrangements;
- Transfer of semi-finished goods; or
- Long-term buying and selling arrangements.

Profit Split Method

The OECD Guidelines state that the total profits arising out of AEs transactions must be split on an economically valid basis, each reflecting the functions and risks of each party engaged in the transaction.

Further Rule 79(1)(d) defines PSM by which:

- The combined net profit of the AEs arising from the inter-company transaction, in which they are engaged, is determined.
- The relative contribution made by each of the AEs to the earning of such combined net profit is then evaluated on the basis of functions performed, assets employed, or to be employed and risks assumed by each enterprise. Reliable external market data, which indicate how such contribution would be evaluated by unrelated enterprises performing comparable functions in similar circumstances, is identified for the purpose of comparison with AEs.
- The combined net profit is then split amongst the enterprises in proportion to their relative contributions.
- The profit so apportioned to the assessee is considered to arrive at an arm's length price in relation to the transaction.

Further, Rule 79 specifies that the PSM may be applicable mainly in transactions involving transfer of unique intangibles or in multiple transactions that are so interrelated that they cannot be separately evaluated for any one transaction.

The Indian Regulations specify two methods, namely, comparable PSM and residual PSM. The former uses each uncontrolled party's percentage of combined operating profit or loss

to allocate the combined profit or loss for the relevant business transaction between the parties. In the residual PSM, any residual profit arising from the transaction is allocated based on the contribution made by each party to the transaction.

The combined net profit, referred to above, may be partially allocated to each enterprise to provide it with a basic return appropriate for the type of transaction in which it is engaged, with reference to market returns achieved for similar types of transactions by independent enterprises.

The residual net profit remaining after such allocation may be split amongst the enterprises in proportion to their relative contributions. The aggregate of the net profit allocated to the enterprise in the first instance, together with the residual net profit apportioned to that enterprise based on its relative contribution, should be taken to be the net profit arising to that enterprise from the transaction.

Transactional Net Margin Method

In international transactions/ SDT between a taxpayer and its AEs, the arm's length price is determined based upon any of the transactional net margin ratios realized in similar transactions between the taxpayer and an unrelated enterprise or between two unrelated enterprises.

Rule 79(1)(e) specifies the TNMM method by which:

- The net margin realized by the enterprise from a transaction entered into with an AE is computed in relation to the cost incurred, sales effected, assets or any other relevant base identified for both the unrelated party and for the party under consideration.
- The net margin so derived is adjusted for any differences, if any, between the international transaction/ SDT and the comparable uncontrolled transaction, which could materially affect the amount of net profit margin in the open market.
- The margin so established is taken into account to arrive at an arm's length price for the international transaction/ SDT.

Typical transactions where the TNMM may be used are:

- Provision of services;
- Distribution of finished goods where RPM cannot be adequately applied; and
- Transfer of semi-finished goods.

Appropriate comparable ratios (PLIs) are used for applying the TNMM. PLIs are used to compare the performance between companies, through a number of adjustments, for differences in capital employed and functions performed. As per the Indian Regulations, PLIs can be grouped into financial ratios and can be computed based on information from the income statement as well as using both income statement and balance sheet data.

Other Method

As per the Rule 78, it is possible to use "any method" which takes into account (i) the price which has been charged or paid, or (ii) would have been charged or paid for the same or similar uncontrolled transactions, with or between non-AEs, under similar circumstances,

considering all the relevant facts. The various data that may be used for comparability purposes could be:

- Third party quotations;
- Valuation reports;
- Tender/ bid documents;
- Documents relating to negotiations;
- Standard rate cards; or
- Commercial and economic business models.

It is relevant to note that the text of Rule 78 does not describe any methodology but only provides an enabling provision to use any method that has been used or may be used to arrive at the price of a transaction undertaken between non-AEs. Hence, it provides flexibility to determine the price in complex transactions where third party comparable prices or transactions may not exist. The wide coverage of this Rule would provide flexibility in establishing arm's length prices, particularly in cases where the application of the five specific methods is not possible due to reasons such as difficulties in obtaining comparable data. This could be because of the uniqueness of transactions such as intangibles or business transfers, transfer of unlisted shares, sale of fixed assets, revenue allocation/ splitting, guarantees provided and received, etc.

However, it would be necessary to analyze and document the reasons for rejection of all other five methods while selecting the "other method" as the most appropriate method. The OECD Guidelines also permit the use of any other method and state that the taxpayer retains the freedom to apply methods not described in OECD Guidelines to establish prices, provided those prices satisfy the arm's length principle.

Determination of Arm's Length Price/ Range

Section 165(3) states that where more than one price is determined by the most appropriate method, the arm's length price shall be taken to be the arithmetical mean of such prices. A variation of +/-3 per cent is allowed for determining the arm's length price.

In certain other cases, the arm's length price shall be computed in the prescribed manner.

The CBDT has introduced detailed rules for comparability analysis using multiple year data and range concept for determining ALP in respect of all the international transactions and SDT vide Notification dated October 19, 2015. The summary of the amendments introduced by the CBDT is as follows: -

- 1) **Selection of comparable companies** – The comparable companies can be selected by applying quantitative and qualitative filters on current year data (if available) or immediately preceding FY data, in cases where the most appropriate method selected are RPM, CPM or TNMM. However, for CUP method, PSM and other method, only current year data will be used for selection of comparable companies.
- 2) **Data to be used for ALP determination** – Once the comparable companies are selected, the weighted average of the three years data or less (whichever is available) would be used for determining the data values in comparable company

set for determining the arm's length price. Further, multiple year data concept cannot be applied on CUP, PSM and other method.

- 3) **Applicability of range** – If the comparable companies are six or more and the method used is CUP, CPM, RPM or TNMM, the arm's length price shall be determined based on 35th to 65th percentile of the data values in the comparable company set (as computed in the Notification). However, if the comparable companies are less than six or the method used is PSM or other method, the arithmetic mean shall be applied along with +/- 3 per cent variation for determining the arm's length price.

The notification also prescribes that if the current year data, related to the relevant assessment year under consideration, becomes available during the course of assessment proceedings, such data shall be used irrespective of the fact that the same was not available at the time of furnishing the return of income of the relevant assessment year.

Secondary Adjustment

Section 170 in the Act to provide for secondary adjustment in certain cases in order to align the TP provisions with international best practices.

The “secondary adjustment” provision has been introduced to address the collateral consequences arising from a primary TP adjustment, in one of the following circumstances:

- Voluntarily made by the taxpayer in the tax return;
- Made by the tax officer and accepted by the taxpayer;
- Determined by an Advance Pricing Agreements entered into by the taxpayer;
- Made as per the safe harbor rules; or
- Resulted from a Mutual Agreement Procedure resolution.

The proviso to said sub-section provides exemption in cases where the amount of primary adjustment made in any previous year does not exceed one crore rupees.

The primary adjustment, if not repatriated to India within the prescribed time, shall be deemed to be an advance made by the taxpayer to AE. Also, interest on such advance shall be computed in the hands of the taxpayer in such manner as prescribed.

In order to make the secondary adjustment regime more effective and easier to comply with, section 170 include:

- The condition of threshold of one crore rupees;
- The assessee shall be required to calculate interest on the excess money or part thereof;
- The provision of this section shall apply to the agreements which have been signed on or after April 01, 2017; however, no refund of the taxes already paid till date under the pre amended section would be allowed;
- The excess money may be repatriated from any of the associated enterprises of the assessee which is not resident in India;
- In a case where the excess money or part thereof has not been repatriated in time, the assessee will have the option to pay additional income-tax at the rate of 18 per cent on such excess money or part thereof in addition to the existing requirement

of calculation of interest till the date of payment of this additional tax. The additional tax is proposed to be increased by a surcharge of 12 per cent;

- The tax so paid shall be the final payment of tax and no credit shall be allowed in respect of the amount of tax so paid;
- The deduction in respect of the amount on which such tax has been paid, shall not be allowed under any other provision of this Act; and
- If the assessee pays the additional income-tax, he will not be required to make secondary adjustment or compute interest from the date of payment of such tax.

Documentation

Section 171(1) of the Act provides that every person who has entered into an international transaction and SDT must keep and maintain information and documents as may be prescribed by the revenue authorities. The various documents to be maintained include the names of AEs, ownership structure of assessee, profile of multinational Group of assessee enterprise, business overview, nature and terms of the transactions, description of functions, assets and risks assumed, a record of economic and market analysis, commercial agreements, forecasts, functional analysis, the most appropriate method analysis, and so forth.

Further, a constituent entity of an international Group, is also required to keep and maintain such information and document in respect of an international Group.

Accountant's Report in Form No. 48

Under Sections 172 of the Act, every person who has entered into an international transaction and SDT will need to file with the relevant authorities an accountant's report (Form No. 48) on or before the prescribed due date i.e. October 30 of the relevant assessment year.

Penalties

Table 01: Summary of penalties under TP regulations

Section	Nature of Penalty	Quantum of Penalty
439	Penalty for under-reporting and misreporting of income	Under-reporting of income - 50% of amount of tax payable on under-reported income Under-reported income is in consequence of any misreporting thereof - 200% of amount of tax payable on under-reported income
442	Penalty for: failure to maintain documentation prescribed under Section 171 of the Act, failure to report a transaction, or maintaining or furnishing incorrect information/ document	2% of the value of international transaction or SDT

447	Penalty for failure to furnish Accountant's Report in Form no. 48 as required under Section 172	INR 100,000
457	Penalty for failure to furnish documentation prescribed under Section 171 of the Act	2% of the value of international transaction or SDT

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2. Summary of FAR of the proposed transactions

For transactions between two independent enterprises, the compensation will usually depend on the functions that each enterprise performs (taking into account assets used and risks assumed). Therefore, in determining whether controlled and uncontrolled transactions or entities are comparable, a FAR is necessary. This functional analysis seeks to identify and compare the economically significant activities and responsibilities undertaken, assets used and risks assumed by the parties to the transactions.

For the purpose of this memo, we have relied upon the management's representation that there is no change in the FAR analysis as covered in the TP report for RHI Magnesita India Limited ("RHIMIN") for FY 2024-25. The same is produced below:

2.1. Summary of functional analysis in relation to the transactions undertaken with RHIMGMBH

2.1.1. Sale of finished goods – Category 1

RHIMIN is engaged in manufacturing and sale of refractory and other products. During FY 2026-27, RHIMIN will manufacture certain products like refractory bricks, castables, slide gate plates and mortars. For this transaction, RHIMIN develops and owns certain know-how that it uses in its manufacturing process for finished goods. Such finished goods are then sold to customers and AEs (being limited-risk distributors), wherein RHIMIN operates as an integrated entity/ full-fledged manufacturer. As such, RHIMIN either historically owned and/or had developed the required know-how, developed new recipes, or exploited publicly available, unprotected know-how (e.g., shapes for commodity products), or a combination of the above. On the other hand, AEs source the goods from RHIMIN for distributing to third parties or its affiliates.

The significant functions that will be performed by RHIMIN and by its AEs are described in the following paragraphs:

2.1.1.1. Functions Performed

The functions performed by RHIMIN and its AE with respect to the international transaction pertaining to the manufacturing activity in Category 1 are discussed in detail below:

- **Marketing and sales**

Marketing functions involve market planning, marketing-information management, pricing, product positioning, promotion, etc. that focus on understanding customers and making the products they want available to them.

AE is involved in generation of sales and expanding the customer base (both existing and potential) in its territory using different marketing strategies. In this regard, considering the longevity of their presence and extensive marketing efforts, the AE operates as established player in its market. Accordingly, the Group is able to

leverage on the strong distribution network developed by the AE to sell products manufactured by RHIMIN, which are sold under the RHI brand name.

Further, sales management is also the responsibility of the AE with respect to the products imported from RHIMIN. Functions of sales management include business unit management, distribution and administration activities.

- **R&D**

R&D includes activities that companies undertake to innovate and introduce new products and services. It is often the first stage in the development process. The goal is typically to take new products and services to market and add to the Company's bottom line.

RHIMIN is responsible for developing and maintaining the processes, technology, know-how, etc., which is required to manufacture products that cater to the ever-changing and evolving needs of the market. In this regard, RHIMIN has built-up and maintained the required technical know-how for manufacturing of refractories. The R&D activities of RHIMIN comprise of supporting the production of Category 1 materials, such as developing new grades (recipes, as availability of raw materials changes), performing production trials of new Global grades, as well as process improvements. The Global R&D and Product Strategy teams in Austria remain overall responsible and accountable for the Group's R&D efforts and steer RHIMIN R&D activities in alignment with Global policies. R&D plays a key role for the Group to maintain its position as technology leader.

The R&D activities are carried out by RHIMIN at its in-house facility, which is recognized by the Government of India. This R&D center focuses on basic and applied research, such as (i) developing local raw materials; (ii) providing solutions support for customer performance improvement projects; and (iii) supporting local content and manufacturing in each of the Group's plants in India.

- **Demand analysis and forecasting**

Demand analysis is the process of understanding the customer demand for a product or service in a target market. Companies use demand analysis techniques to determine if they can successfully enter a market and generate expected profits to expand their business operations.

Considering the proximity of the AE to the end customers, the AE will be responsible to analyse the volume of goods to be sourced from RHIMIN based on the forecast of demand conducted by the AE. AE carries out the forecast on the basis of key factors like past month sales, sales as per financial planning and budgeting exercise etc., and places orders with RHIMIN.

- **Production scheduling/ Planning**

Scheduling is the process of arranging, controlling and optimizing work and workloads in a production process or manufacturing process. Scheduling is used to allocate plant and machinery resources, plan human resources, plan production processes and purchase materials.

RHIMIN manufactures the products based on the product specifications, quality assurance and quality control procedures agreed with the AE. Once the critical details are shared by the AE with RHIMIN, its production department will be responsible to determine the manufacturing schedules and works accordingly.

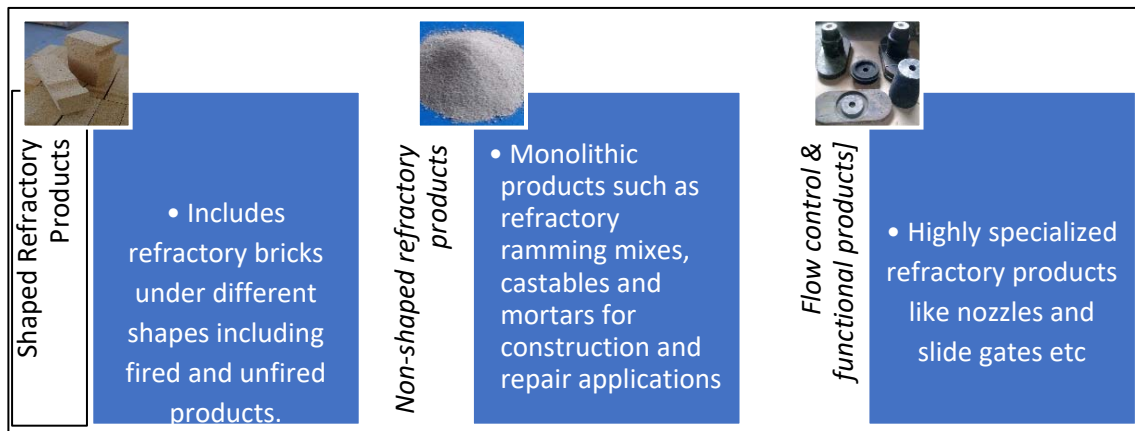
- **Manufacturing function**

The manufacturing function is primarily responsible for implementing and operating the production system in order to produce the product. Manufacturing may also include purchase, distribution, and installation as well as the physical manufacture of the component.

RHIMIN manages four production facilities in India, strategically situated in Bhiwadi (Rajasthan), Jamshedpur (Jharkhand), Visakhapatnam (Andhra Pradesh) and Cuttack (Odisha). RHIMIN manufactures the products based on the results of the production trials and globally reviewed recipes carried out by RHIMIN and the product specifications, quality assurance and quality control procedures specified by the customers or AE. For its manufacturing operations, RHIMIN will procure raw material from AEs as well as third parties, which are based in India and overseas.

The products manufactured by RHIMIN is classified under the below mentioned categories:

Figure: RHIMIN's – Type of Products



The manufacturing process of the products of RHIMIN is described below:

- **Raw material processing and production of mixes:** In this process, raw material is procured and passed through the cleaning process. Subsequently, the purified raw material is crushed, calcined and dried. The resultant material is dry-mixed with other mineral and compounds and is packed and supplied to the customers.
- **Forming refractory products:** Refractory mixes derived after the above process are mixed with molasses to make the mixture into semi solid form. The semi solid fluid is then moulded into desired shapes. The meld is pressed using hydraulic and automated pressing machines.

- **Firing refractory products:** To manufacture the fired refractory products, the moulded product prepared in the above phase is subject to high temperature in a batch or passed through kiln for a continuous period.
- **Final processing of refractory products:** The final processing stage involves milling, grinding, and sandblasting of the finished product to keep the final product in correct shape and size.

- ***Inventory management***

Inventory management includes all functions to keep and manage stock of raw materials, semi-finished products and finished products efficiently to maintain the lowest possible cost levels and effectively to minimize lost orders.

RHIMIN is responsible for its own inventory management, based on the periodic requirements, of both raw material and finished goods. With respect to raw material, inventory levels are maintained by RHIMIN such that no disruption is caused to the production process due to insufficient stock. As far as the inventory of finished goods is concerned, RHIMIN will manufacture finished goods and maintains them in its own storage facilities to the extent it is able to meet all sales commitments in an efficient and timely manner.

- ***Pricing***

Pricing is the strategic process of determining the monetary value (price) for a product, balancing production costs, customer perceived value, competition, and business goals (profit, market share) to ensure financial viability.

The goods procured from RHIMIN are sold by the AEs to independent third parties or its affiliates in their market. As a consideration, an arm's length distributor margin at net level is retained by the AEs on total sales and the residual profit/ loss is transferred to RHIMIN. In some cases, the AEs may be required to undertake assembly functions, which are then undertaken as per their requirements and at their own cost. The pricing of all materials and services, sold through AEs or by RHIMIN directly, will performe in accordance with Global pricing guidelines.

- ***Warehousing and logistics management***

Inbound logistics refers to the functions undertaken to administer the arrival of raw materials, work in progress, or finished goods purchased from vendors.

RHIMIN is responsible to produce and warehouse the manufactured goods till they are dispatched to the AEs under the conditions prescribed by the Group. Subsequently, once the batch of products forming an order is completed, the order placed by the AEs will be shipped by RHIMIN to the AEs using the services of third-party shippers/ transport companies.

Once the goods reach the designated location, the AEs will responsible for freight, custom clearance and logistics of the imported product from the customs border to

their warehouse. For the same, the AEs will take assistance from third party service providers engaged by them.

- **General corporate functions**

General corporate functions that are a part of normal course of business and are indispensable in the economic environment.

In the organizational structure and per the assignment of roles and responsibilities under the Group's Delegation of Authorities, the Executive Management Team plays a central role in steering the Group towards business success and is engaged in all strategic decision-making activities across various key functions in the Group's value chain.

This is further supported by corporate service functions that assist in the day-to-day management of the organization, such as:

- **HR management:** mapping of HR in their respective organization, developing and updating HR policies, analysing and forecasting HR demand in the medium to long term, recruitment and selection of personnel, signing of contractual terms with employees, training of employees hired and outsourcing to or hiring of other specialists/consultants in accordance with the broad guidelines of the Group. The HR function at RHIMIN is coordinated by its management, which is responsible for recruitment, development and training of the personnel including the emolument structure. In this respect, where appropriate, it is guided by the Group's policies.
- **Finance, treasury and budgeting:** the analysis and preparation of detailed cash flows at regular intervals on an entity-wise and project-wise basis, highlight possible cash mismanagement, availability of surplus funds, operation and maintenance of bank accounts, capital requirements, cost of funds and sources of finance, prepare, review and approve financial budgets, etc. in accordance with the guidelines of the Group and specific local requirements. The management in RHIMIN is responsible for managing the finance, treasury, legal and accounting functions for its own operations as well as all statutory compliances, guided by AEs wherever necessary.

2.1.1.2.Assets Employed

The following section discusses the assets owned by RHIMIN vis-à-vis its AEs for performing the aforementioned functions.

Tangible assets

RHIMIN utilizes routine tangible assets to conduct its business like freehold land, vehicles, office equipment, furniture etc. The WDV of fixed assets as on 31st March 2025 are as under:

Table 02: WDV of tangible assets as on 31 March 2025

Particulars	Net Block (INR in lakhs)
Freehold land	3,849.70
Buildings	12,010.86
Plant and	22,361.89
Furniture & fixtures	234.97
Vehicles	806.82
Office equipment	916.46
Capital work in	4,958.81
Total	45,138.81

Intangible assets

For this transaction under Category 1, RHIMIN develops and owns certain know-how that it uses in its manufacturing process for finished goods. Such finished goods are then sold to customers and AEs (being limited-risk distributors), wherein RHIMIN operates as an integrated entity/ full-fledged manufacturer. As such, RHIMIN either historically owned and/or had developed the required know-how, developed new recipes, or exploited publicly available, unprotected know-how (e.g., shapes for commodity products), or a combination of the above.

Further, RHIMIN owns certain intangible assets in the nature of software, customer relationships, etc. As on March 31, 2025, RHIMIN had the following intangible assets:

Table 03: WDV of intangible assets as on 31 March 2025

Particulars	Net Block (INR in lakhs)
Software	526.39
Customer relationships	18,814.93
Goodwill	31,091.69
Total	50,433.01

2.1.1.3.Risk Assumed

The risks assumed by RHIMIN and its AEs with respect to the international transaction pertaining to sale of finished goods – Category 1 is discussed below in detail:

- **Market risk**

Market risk arises when an entity is subject to adverse sales conditions due to increased competition in the marketplace, adverse demand conditions within the market, loss of

name recognition, or the inability to develop markets or position products to service targeted customers.

Volume Risk: The AEs are exposed to this risk as it is engaged in developing the market and selling the products purchased from RHIMIN. On the other hand, as RHIMIN supplies the goods to its AEs, RHIMIN is indirectly exposed to this particular risk as any reduction in the business of the AE will adversely impact RHIMIN's business.

Price Risk: Since AEs operates as distributor with an assured return, they are not exposed to this risk unlike RHIMIN that operates as an entrepreneurial manufacturer. As an entrepreneurial manufacturer, RHIMIN will earn residual return as any fluctuation in the selling price would affect its return. Accordingly, this risk will be vested with RHIMIN.

- **R&D risk**

Represents risk that R&D activities performed by an enterprise may not be successful or lead to other adverse impacts for the entity.

For this transaction, RHIMIN develops and owns certain know-how that it uses in its manufacturing process for finished goods, wherein RHIMIN operates as an integrated entity/ full-fledged manufacturer and is therefore exposed to this risk. RHIMIN also owns the R&D facility and executes the research activities required to manufacture the products covered in the said international transaction. However, through controlling budgets/ investments, setting Global pricing rules, managing Group portfolio and protect IP, ultimately the Global teams in AE will have control over the Group's most significant R&D risks concerning development, exploitation, infringement and health, safety and environmental standards.

- **Product liability risk**

Risks associated with product failures including non-performance to generally accepted or regulatory standards. This could result in product recalls and possible injuries to end-users.

With respect to the goods sold by RHIMIN to its AEs under this arrangement, warranty or liability claims arising due to any manufacturing defect in the product lies with RHIMIN and accordingly, it will bear the product liability risk. Therefore, AE will not exposed to this risk.

- **Inventory risk**

Inventory risk concerns the potential negative impact of poor inventory management due to over-stocking or under-stocking, stock obsolescence and loss due to expiration and spoilage of perishable products due to delay in shipment.

In relation to the inventory levels maintained by RHIMIN with respect to the raw material as well as the manufactured goods, RHIMIN is exposed to inventory risks. Further, as the arrangement requires, the residual profit/ loss after retention of the fixed margin by the AEs is also transferred to RHIMIN. This results in transfer of loss due to inventory to RHIMIN and therefore, it has a higher exposure to this risk.

The AEs will expose to inventory risks associated with its finished goods supplied by RHIMIN. However, as the AEs procures the goods only when they have a reasonable certainty of sale, this risk is largely mitigated.

- **Idle capacity risk**

Idle capacity risk arises due to non-utilization of resources. The idle capacity risk could arise as result of two major factors viz. creating capacities for new businesses or loss of existing client.

RHIMIN is the sole bearer of this risk being the entrepreneurial manufacturer of goods. The AEs will not exposure to this risk as it is engaged in resale of products procured from RHIMIN to the third parties/ its affiliates.

- **Credit and collection risk**

When an entity supplies products or services to a customer in advance of customer payment, the firm runs the risk of default of such payment.

RHIMIN sells manufactured goods to the AEs and the payment in this regard is made by the AEs, irrespective of collections from the end customer. Henceforth, it will not bear this particular risk whilst the risk will vests with the AE as it is responsible for collection of consideration from the end customer.

- **Foreign exchange fluctuation risk**

Foreign exchange risk occurs when purchases of materials, resources, or services are denominated in one currency while sales of finished product are denominated in another currency. It relates to the potential variability of profits that can arise because of changes in foreign exchange rates.

RHIMIN invoices the sales to AEs in foreign currency (USD). As RHIMIN also procures services and materials required for the Sale of finished goods – Category 1, RHIMIN will exposed to foreign exchange fluctuation risk.

Table 04: Summary of functions performed, assets and risks assumed by RHIMIN & AEs:

S.No	Category	RHIMIN	AEs
Functions			
1	Marketing and sales	✓	✓
2	R&D	✓	-
3	Demand analysis and forecasting	✓	✓
4	Production scheduling/ planning	✓	-
5	Manufacturing functions	✓	-

6	Inventory management	✓	✓
7	Quality control	✓	✓
8	Pricing	✓	✓
9	Warehousing and logistics management	✓	-
10	General corporate functions	✓	✓
Assets			
1	Tangible assets	✓	-
2	Intangible assets	✓	-
Risks			
1	Market risk	✓	✓
2	R&D risk	✓	-
3	Inventory risk	✓	✓
4	Idle capacity risk	✓	-
5	Credit and collection risk	-	✓
6	Foreign exchange risk	✓	-

2.1.1.4.Characterization

Based on the facts as presented in the above FAR analysis, RHIMIN can be characterized as a full-fledged/ entrepreneurial manufacturer of goods, bearing types of risks which are typically borne by a full-fledged manufacturer operating in the same industry. The AEs, on the other hand, can be categorized as limited risk distributors.

2.1.2. Sale of finished goods - Category 2

During FY 2026-27, the AEs will purchase manufactured goods from RHIMIN which RHIMIN will manufacture using the intangibles of AE. This category of transaction involves goods manufactured by RHIMIN, using the know-how, technology of AEs, and goods are thereby supplied to AEs under contract manufacturing arrangement. The sales made by RHIMIN under this category can be further categorized on the basis of the know-how being used in the following classes:

- **Class I:** Sales made to AEs by RHIMIN basis the know-how provided by RHIMGMBH; and
- **Class II:** Sales made to AEs by RHIMIN basis the technology provided by RHIMGMBH wherein STOPINC has granted/ (sub-)licensed to RHIMGMBH, the proprietary technology owned by STOPINC.

2.1.2.1. Functions Performed

The functions performed by RHIMIN and its AEs with respect to the international transaction pertaining to sale of finished goods in Category 2 are discussed below in detail:

- ***R&D***

AEs are responsible to undertake continuous R&D activities in order to improve its processes, technology, know-how, etc., which is required to manufacture products that cater to the ever-changing and evolving needs of the market. RHIMGMBH is the Group's main economic IP owner, and engages in the development, enhancement, maintenance, and exploitation of intangibles. In this regard, RHIMIN leverages on the processes, technology, patents and know-how of RHIMGMBH to undertake manufacturing of the refractory and other products. Further, RHIMGMBH has also retrieved a sub-license to the technology, patents and know-how of STOPINC.

- ***Purchase planning/ production scheduling***

RHIMIN manufactures the products based on the product specifications, quality assurance and quality control procedures specified by the AEs. AEs forecast the demand and places order with RHIMIN on need basis. AEs will determine manufacturing schedules for RHIMIN and RHIMIN will work accordingly.

- ***Sourcing of raw material***

RHIMIN procures raw material that is required for manufacturing of refractories. RHIMIN will purchase these raw materials from AEs as well as third parties, which are based in India and overseas.

- ***Manufacturing function***

RHIMIN is engaged in manufacturing and sale of various refractory products, the details of which are given in Section 2.1.1 of the Report.

- ***Other production***

For the purpose of pilot production to test the acceptability of final products in the market, certain goods to be manufactured during FY 2026-27 will supply back (as free of cost samples) to the AEs for testing quality and acceptability in the markets of the AEs. This will done to enhance future sales for the AEs as well as RHIMIN. Further, RHIMIN manufactures moulds for pilot production of new materials, shapes, etc. that will ultimately be produced under the contract manufacturing arrangement. It will recover expenses related to the fabrication of those moulds from RHIMGMBH.

- ***Inventory management***

The AEs are responsible for managing their inventory of Category 2 materials. They carry out sales forecast and demand analysis by considering the key factors like past month's/year's sales, sales as per financial planning and budgeting exercise etc., and accordingly, place orders with RHIMIN in advance.

RHIMIN is responsible for its own inventory management, based on the periodic requirements. RHIMIN manufactures finished goods and maintains them in its own storage facilities. RHIMIN is responsible for obsolescence and deterioration of the inventory of both the raw material and finished goods to the extent its anticipated periodic requirement differs from the actual requirement received. Decisions related to level of inventory maintained and the supply chain process will also be taken by RHIMIN.

Once the finished goods are shipped to the designated markets after clearance from customs, the AEs will be responsible for inventory management and warehousing of the products imported from RHIMIN, keeping in view the expected demand and lead time to procure goods from RHIMIN.

- ***Quality check***

The quality standards for the goods to be manufactured are set by the AEs. RHIMIN will check the quality of goods ready for dispatch for any defects. The AEs are responsible to supervise the production process in order to minimize deviation from the mandated specifications/ quality standards. Further, for the said international transaction, AEs will also perform testing function on the goods received from RHIMIN, on a sample basis.

- ***Marketing and sales***

AEs are involved in generation of sales and expanding the customer base (both existing and potential) in European and other markets worldwide. The AEs develop marketing/ product strategy to enhance the share in the market. In this regard, considering the longevity of their presence and extensive marketing efforts, the AEs will operate as established players in their respective markets. Accordingly, the Group will be able to leverage on the strong distribution network developed by the AEs to sell products manufactured by RHIMIN, which are sold under the RHI brand name.

Further, sales management will also be the responsibility of the AEs with respect to the products imported from RHIMIN. Functions of sales management include business unit management, distribution and administration activities.

- ***Logistics***

Till the customs of the destination market, RHIMIN is required to manage logistics in relation to the manufactured goods. For the same, RHIMIN will work with transporters, freight forwarders, shippers and other third-party service providers/ agents identified on its own as per need. Subsequent to this point (i.e., post custom clearance from the port in the destination country), AEs will be responsible for the freight and logistics of the products imported by them from RHIMIN. For the same, they will take assistance from third party service providers.

- ***Sales contracts and invoicing***

The AEs will be responsible to negotiate and close deals in terms of pricing and other terms and conditions of contract with the third part customers. The AEs will also responsible for invoicing administration, and debtor/ receivable management.

- **General corporate functions**

Refer section 1.1.1.1 of annexure 2 of the memorandum for the functions performed by RHIMIN.

2.1.2.2.Assets Employed

An understanding of the assets employed and owned by an entity provides an insight into the resources deployed by it and its contribution to the business processes/ economic activities.

- **Tangible assets**

Refer section 1.1.1.2 of annexure 2 of the memorandum for the list of tangible assets deployed by RHIMIN for carrying out the manufacturing function. Primarily it consists of manufacturing facilities, office premises, warehousing facilities, etc. On the other hand, the AEs utilizes their distribution infrastructure, office premises, warehousing facilities, etc. for the purpose of their operations.

- **Intangible assets**

For the international transaction under Category 2, all intangibles (product, supply, technology, brand, marketing IP, etc.) and know how are owned and developed by the AEs. RHIMIN does not own any intangible assets for the said international transaction under Category 2.

2.1.2.3.Risks Assumed

The details of risks in relation to the said international transaction between RHIMIN and its AEs are outlined as under:

- **Market risk**

AEs will expose to this risk as they are engaged in developing the market and selling the products purchased from RHIMIN. Further, AEs are also responsible for negotiating and entering into contracts with the ultimate customers. On the other hand, with RHIMIN primarily takes care of the manufacturing of products for the AEs as demanded by them and is not responsible for marketing and selling functions. Hence, RHIMIN will have limited exposure to this risk.

- **R&D risk**

RHIMIN does not perform the R&D part in the said transaction. RHIMIN manufactures goods using the know-how and process provided by the AEs. Hence, RHIMIN is not exposed to this risk. The AEs perform R&D activities with respect to the said transaction,

hence, it will be exposed to technology obsolescence risk, which can affect the revenue earned by the AEs.

- **Product liability risk**

With respect to the manufactured goods to be sold by RHIMIN to the AEs, RHIMIN will bear the product liability risk arising due to any manufacturing defect as a result of the goods not meeting the specification or quality standards specified by the AEs. AEs will be exposed to product liability risk that can arise while procuring the manufactured products from RHIMIN due to reasons other than manufacturing defects.

- **Inventory risk**

RHIMIN is exposed to inventory risks associated with its manufacturing function in relation to both raw material and manufactured goods.

The AEs are responsible to maintain a certain level of inventory for sale of manufactured goods as per demand estimates and lead time requirements. Hence, AEs will be exposed to inventory risks associated with goods procured from RHIMIN.

- **Idle capacity risk**

RHIMIN does not bear any risk as it gets the confirmed order in respect of goods to be manufactured. AEs are engaged in sale of goods procured from RHIMIN. Hence, they will be exposed to risk.

- **Credit and collection risk**

RHIMIN sells finished products to AEs and is remunerated on assured cost-plus basis by the AEs. Further, the payment by AEs to RHIMIN is not contingent upon AEs recovering the same from its customers. Hence, it has limited exposure to this risk. While AEs sell the products to third parties which will make them directly exposed to this risk.

- **Foreign exchange risk**

RHIMIN receives payments from AEs in USD. Hence, it is being exposed to foreign exchange risk but is this is contractually limited and passed-on to the AE and compensated as part of manufacturing remuneration. AEs make payment to RHIMIN in USD and hence they will be exposed to this risk.

Table 05: Summary of functions performed, assets and risks assumed by RHIMIN & AEs:

S.No	Category	RHIMIN	AEs
Functions			
1	R&D	-	✓
2	Purchase planning/ production scheduling	-	✓

3	Sourcing of raw material	✓	✓
4	Manufacturing functions	✓	-
5	Inventory management	✓	✓
6	Quality check	✓	✓
7	Marketing and sales	-	✓
8	Logistics management	✓	✓
9	Sales contract and invoicing	-	✓
10	General corporate functions	✓	✓
Assets			
1	Tangible assets	✓	
2	Intangible assets		✓
Risks			
1	Market risk	-	✓
2	R&D risk	-	✓
3	Product liability risk	✓	✓
4	Inventory risk	Minimal	✓
5	Idle capacity risk	-	✓
6	Credit and collection risk	-	✓
7	Foreign exchange risk	-	-

2.1.2.4.Characterization

Based on the facts as presented in the above FAR analysis, RHIMIN acts as a contract manufacturer and expose to the limited risks as associated with carrying out such functions. RHIMIN undertakes limited manufacturing activities and is entitled to a fixed return. The AEs, on the other hand, can be categorised as entrepreneurial entities bearing majority of the risks.

2.1.3. Purchase of raw materials

During FY 2026-27, RHIMIN will undertake transactions with RHIMGMBH, pertaining to the purchase of raw materials. As confirmed by the management of RHIMIN, these materials will be used by RHIMIN in the course of undertaking overall manufacturing and sale of goods under Category 1, Category 2 as well as the external sale to third-party customers.

The detailed FAR analysis has been elaborated in section 1.1.1 and 1.1.2 of annexure 2 of the memorandum. Further, as this transaction is inextricably linked to the overall operations of RHIMIN and the corresponding payment for purchase of raw materials used during the year by RHIMIN forms part of the operating cost base of RHIMIN.

2.1.4. Purchase of traded goods

During FY 2026-27, RHIMIN will procure refractory bricks from its AEs for resale as a part of composite contracts with the third-party customers in India. Further, RHIMIN will purchase refractory materials from its AEs for resale as part of its refractories' distribution operations. The refractory materials imported include bricks, monolithic masses, mixtures, etc.

The details of the FAR Analysis with respect to this transaction are outlined below.

2.1.4.1. Functions Performed

The functions to be performed by RHIMIN and the AEs for the subject transaction are as follows:

- **Marketing and promotions**

RHIMIN is responsible for local marketing and sales of products imported from AEs. Therefore, RHIMIN carries out marketing and promotion of its products in the Indian market. In this regard, RHIMIN will conduct marketing activities such as performing market research, monitoring market demand, monitoring requirements of its existing customers on regular basis, finding new customers, etc. through implementation of appropriate marketing strategies.

- **Sales**

RHIMIN leverages upon its existing distribution network for selling the finished products procured from the AEs, and these imported products are primarily sold as a part of composite contracts with third party customers in India. Accordingly, it employs and trains the sales force employed by it towards this function. Further, RHIMIN will negotiate prices and other terms and conditions related to the contract with the third-party customers within the bandwidth of Group guidelines. Its teams will be responsible to administer sales orders received and oversee the invoicing and collection process. The composite contracts often include refractory management services, such as how the products needs to be placed, used and time of usage etc.) also supported by teams from AEs.

- **Planning and procurement**

RHIMIN procures the traded goods as well as certain consumables (refer section 1.1.4 of annexure 2 of memorandum) from its AEs for goods that will be resold by it to the third-party customers as a part of composite contracts. RHIMIN is responsible for providing the forecasts of its requirements of refractory materials to its AEs on regular basis via purchase orders. Accordingly, RHIMIN will place firm orders with the AEs based on the demand forecasted in the market for the product, level of inventory already available with it, etc. Based on the purchase projections provided by RHIMIN,

the production department of AEs will perform production planning and undertakes production.

- **Raw material procurement**

AEs' procurement team is responsible for sourcing the raw material used to produce the materials and services covered in this transaction. They will be responsible for placing orders, managing inventory levels, etc. from the identified vendors.

- **R&D**

AEs carry out the R&D activities and owns' the necessary technical know-how in connection to the said transaction.

- **Manufacturing**

The AEs will carry out all the functions related to manufacturing of goods for which order is placed by RHIMIN. Either the goods will be specifically manufactured based on the specifications provided by RHIMIN or they will be exported out of existing stock lying with the AEs in the final packed condition. RHIMIN will not conduct any packaging or labelling activities pursuant to its imports.

- **Quality control**

The AEs that manufacture finished goods will for ensuring that the products adhere to the quality standards laid down by the Group. Their quality control teams will be responsible to undertake quality audit/ inspection of manufacturing premises, warehousing, procurement etc. However, once the goods are received by RHIMIN, it will carry out limited high level inspection exercises to only ensure that goods received are as per its specifications in terms of quantity, any physical damages etc.

- **Inventory management / warehousing**

RHIMIN will responsible for the inventory management and warehousing of products imported (in case goods are not directly shipped to the customer location) from the AEs after clearance of such products from custom borders until finally sold to the end customers.

The AEs will responsible for their own inventory management, based on the demand of its products. AEs will manufacture finished goods and maintain it in its own storing facilities under the conditions prescribed by the Group. These goods will then ship by the AEs to RHIMIN based on the order placed by RHIMIN.

Accordingly, RHIMIN and AEs will be responsible for the obsolescence and deterioration of the inventory of both their respective inventories. However, since RHIMIN is assured of a net return for its trading operations and that it procures orders against confirmations received from end customers, this function will done in limited manner by RHIMIN.

- **Logistics**

RHIMIN will be responsible for the freight and logistics of the products imported by it from the AE after clearance of such products from custom borders until finally sold to the end customers as it usually imports the goods on CIF basis. For the same, it takes assistance of the third party service providers identified by RHIMIN itself.

- **General corporate functions**

Refer section 1.1.1.1 of the Report for the functions performed by RHIMIN.

2.1.4.2.Assets Employed

An understanding of the assets employed and owned by an entity provides an insight into the resources deployed by it and its contribution to the business processes/ economic activities.

Tangible assets

Refer section 1.1.1.2 of annexure 2 of memorandum for the list of tangible assets deployed by RHIMIN for carrying out its business operations. Primarily for this international transaction, RHIMIN utilizes distribution infrastructure, office premises, warehousing facilities, etc. for the purpose of its operations. On the other hand, the AEs utilize its manufacturing facilities, office premises, warehousing facilities, etc.

Intangible assets

For the said international transaction, all intangibles (product, supply, technology, brand, market, etc.) and know how are owned and developed by the AEs. RHIMIN does not own any routine intangible assets for the said international transaction. Further, the distribution channels and customer list of RHIMIN are not unique and therefore, cannot be held as intangibles.

2.1.4.3.Risk Assumed

The risks assumed by RHIMIN and its AE with respect to the international transaction pertaining to purchase of traded goods is discussed below in detail:

- **Market risk**

For the said international transaction, RHIMIN primarily engages in distribution of the goods procured from the AE and is also responsible for marketing and selling of these goods. So, RHIMIN (as the client facing and contracting party) will be exposed to this risk.

Nevertheless, the market risk that will be assumed by RHIMIN as described above will be limited because in return for engaging in distribution activities, RHIMIN will be remunerated with a fixed operating margin. In other words, market risk will be contractually passed on to the AE (primarily RHIMGMBH as the operational hub and principal entity of the Group).

Further, as a reduction in RHIMIN's market impacts the operations of AE indirectly, thus AE will be indirectly exposed to this risk.

- **Product liability risk**

With respect to the goods that will be supplied by RHIMIN to its customers, the AEs will bear product liability risk arising due to any manufacturing defect. RHIMIN will not expose to product liability risk as any risk arising due to manufacturing defects in the product sold by RHIMIN is passed on to AEs. However, instances of imported materials being defective are rare, given the fact that materials are subject to stringent quality standards/ checks before being exported, RHIMIN will compensate by the supplying group entity for any defective material.

- **Inventory risk**

RHIMIN is responsible to maintain a certain level of inventory for sale of goods as per the demand. Hence, RHIMIN will expose to inventory risks associated with its distribution activities. However, considering the fact that RHIMIN procures the product only when it is very certain of the sales and the cost of obsolete inventory is passed on to the AE as it is entitled to an assured return, this risk stands largely mitigated for RHIMIN. RHIMIN will also bear the risk of stock out of materials and the consequent risk of lower sales.

Separately, AE will expose to inventory risks associated with its manufacturing function in relation to both raw material and manufactured goods. Further, the risk of stock out material, consequent risk of lower sales and decline in business of RHIMIN will have a corresponding impact on the AE.

- **Idle capacity risk**

RHIMIN will not bear any risk as it gets the confirmed order in respect of goods to be manufactured. AE is engaged in sale of goods procured from RHIMIN. Hence, they will expose to risk.

- **Credit and collection risk**

RHIMIN will sell the imported products to third parties which makes them directly exposed towards this risk.

AE sells the finished products to its related party i.e., RHIMIN, and the payment by RHIMIN to AE is not contingent upon RHIMIN recovering the same from its customers. Hence, it will have limited exposure to this risk.

- **Foreign exchange fluctuation risk**

The AE invoices RHIMIN in USD. However, foreign exchange loss/gain is passed-on to the AE therefore, RHIMIN is insulated from foreign exchange fluctuation risk. On the other AE will exposed to foreign exchange risk.

Table 06: Summary of functions to be performed, assets and risks assumed by RHIMIN & Group Companies:

S.No	Category	RHIMIN	AEs
Functions			

1	Marketing and promotions	✓	-
2	Sales	✓	-
3	Planning and procurement	✓	-
4	Raw material procurement	-	✓
5	R&D	-	✓
6	Manufacturing	-	✓
7	Quality control	-	✓
8	Inventory management / warehousing	Minimal	✓
9	Logistics	✓	-
10	General management functions	✓	✓
Assets			
1	Tangible assets	✓	✓
2	Intangible assets	-	✓
Risks			
1	Market risk	✓	✓
2	Product liability risk	-	✓
3	Inventory risk	Minimal	✓
4	Idle capacity risk	-	✓
5	Credit and collection risk	✓	Minimal
6	Foreign exchange risk	✓	✓

2.1.4.4.Characterization

Based on the facts as presented in the above FAR analysis, RHIMIN act as a limited risk distributor which bears limited risks in relation to the said international transaction. The AE can be characterized as entrepreneurial entities.

2.1.5. Purchase of store consumable and spares

During FY 2026-27, RHIMIN will undertake transactions with its AE pertaining to purchase of store consumable. As confirmed by the management of RHIMIN, these materials will be used by RHIMIN in the overall operations of manufacturing and trading of refractory products.

The detailed FAR analysis has been elaborated in the above sections of the memorandum. Further, as this transaction is inextricably linked to the overall operations of RHIMIN and the corresponding payment for purchase of store consumable used during

the year by RHIMIN forms part of the operating cost considered for the entity wide analysis.

2.1.6. Purchase of fixed assets

During FY 2026-27, RHIMIN will undertake transactions with its AE pertaining to purchase of assets for overall operations of manufacturing and trading of refractory products. The total depreciation charged on the fixed assets has been allocated and the operating margin for the entity wide segment has been computed after considering the depreciation on such assets.

The detailed FAR analysis has been elaborated in the above sections of the memorandum. Further, as this transaction is inextricably linked to the overall operations of RHIMIN and the corresponding depreciation on assets purchased by RHIMIN from its AEs forms part of the operating cost considered for the entity wide analysis.

2.1.7. Provision of business support services

Based on the discussions with RHIMIN's management, we understand that during FY 2026-27, RHIMIN will engage in the provision of business support services to RHIMGMBH in connection with promotion and sales of the refractory products manufactured and sold by the AE.

The support services will be provided by RHIMIN under the direction and supervision of the AE to cater to the customers of the AE in the Indian market. RHIMIN provides business promotion by passing on the information received from its AE to the users of such products in India, informing them about their uses, availability, terms of sale offered by the AE, execute order processing, administration services, etc.

2.1.7.1. Functions Performed

The functions to be performed by the personnel of RHIMIN and its AE in the context of the said international transaction are as follows: -

- **Core strategic management**

AE will be responsible for undertaking strategic functions such as determining the global sales guidelines, strategic pricing of all Group materials, type/ specification and quality of the products manufactured and supplied by the AEs (product portfolio management), etc.

RHIMIN is not a part of any core strategic decision making rather, it is responsible for executing the strategies determined by its AEs. However, RHIMIN will be responsible for performing operational strategic functions such as determining the number of staff required to be able to successfully execute its functions. This will be undertaken basis the requirements of the AEs and expected business activities of RHIMIN.

- **Market research**

RHIMIN is responsible for carrying out limited market research to provide information related to the potential customers that are available in the market, who can purchase

the products supplied by the AE. RHIMIN will undertake functions such as performing market research, provides business promotion by passing on the information received from its AE to the users of such products in India, informing them about their uses, availability, terms of sale offered by the AE etc. However, RHIMIN will undertake these activities keeping in view the broad guidelines of the Group.

- **Disseminating information to potential and existing customers and customer identification**

RHIMIN will undertake an analysis of the market and assists in creating awareness of the products proposed to be sold by the AE. The data relating to potential customers and their requirements will be communicated to the AE. RHIMIN will also responsible for passing information to the customers (largely steel manufacturers), such as information about new products, new product applications, improved products etc.

- **Execution of orders**

The AE will be free to accept or reject, with or without cause, any offer transmitted through RHIMIN if deviating from Group guidelines. Once a deal is formalized between the AE and Indian customers, the AE enter into separate agreement(s) with the customer(s) post negotiation of the terms and conditions. RHIMIN assists in liaising between the AE and the customer. RHIMIN supports with decisions related to the selection/ rejection of particular customer or negotiations and finalization of terms and conditions of the contract entered into with the identified customer thereof.

Once the sales contract is entered into between the AEs and its Indian customer, RHIMIN liaises with the identified customers for smooth execution of the orders placed by them. The orders placed are directly shipped to the customers. In this process, RHIMIN will oversee the process channels to ensure timely shipments and where needed escalate the matter to the AEs so that the issue is addressed appropriately.

- **Sales**

Sales will made directly by the AE to the customer. In this case, RHIMIN neither takes the title nor stores the products. The products will be shipped to the customer directly and the customers are invoiced directly by the AEs.

- **Quality control**

AE is responsible for ensuring that the products supplied are as per the specifications provided by the customer and overall quality standards determined by the Group. The AE ensures that all appropriate controls are in place during the manufacturing and delivering process. In this regard, the role of the AE is to ensure that any defective/ damaged or below standard products are not shipped to the customers and the AE undertakes pre-shipment inspection of the products. Ultimately, the AE will be responsible for addressing significant penalties/ complaints/ grievances/ warranty claims etc. towards the products sold by it. RHIMIN will act as a communication channel between the AEs and customer in relation to passing on customer feedback/ queries and it does not undertake any significant quality control procedures.

- **Logistic & shipping arrangements**

The AE will ultimately be held responsible for achieving delivery schedules, in accordance with the finalized logistics and shipping arrangements, agreed incoterms, customs clearances, and meeting regulatory requirements. RHIMIN in this regard will support the coordination with the AEs and selected customer, and does not store these goods.

- **Invoicing and payment**

The AE will directly invoice to the customer for the orders successfully executed and the AE is responsible for the recovery of the payments. For its services, RHIMIN will invoice the AEs and earns an assured mark-up.

- **Administrative services**

RHIMIN will be responsible for human resources, financial management and routine administration and IT activities related to its own operations, in line with the guidelines and overall policies determined by the Group as covered in section 1.1.1.1 of annexure 2 of memorandum.

2.1.7.2.Assets Employed

Tangible assets

Relevant tangible assets from those listed in section 1.1.1.2 of annexure 2 of memorandum are also deployed by RHIMIN for carrying out the services function.

Intangible assets

For the international transaction, besides trained personnel, intangibles such as know how including list on customers, etc. are owned and developed by AEs. Besides, the AEs owns other significant marketing and technical intangibles for its over-all operations. RHIMIN will have no role in development, enhancement and ownership of any intangibles. The customer list also that would be available with RHIMIN is neither unique, nor could it be considered as an intangible asset.

2.1.7.3.Risks Assumed

The details of risks in relation to the international transaction between the AEs and RHIMIN are outlined as under:

- **Market risk**

RHIMIN is involved in providing assistance in expansion of the customer base of its AEs, who are manufacturing and selling the finished goods to its end customers in India. Therefore, all market risks will be borne by the AE and RHIMIN does not have any direct exposure to market risk. It assumes limited indirect market risk to the extent that a decline in the business of the AE would have a corresponding adverse impact on its revenue from such operations.

- **Product liability risk**

Since the specifications are provided by the customers and agreed to between end-customer and the AE, the responsibility of ensuring that quality products are supplied to end customers lies with the AE. Accordingly, the product liability risk will be borne by the AE.

RHIMIN is responsible to only provide support services to its AE and thus, it will not bear any product liability risk.

- **Service liability risk**

Service liability risk arises when a company's services do not correspond to the accepted or advertised standards. This could result in rework and additional cost.

RHIMIN will expose to limited-service liability risk, to the extent, it is unable to provide services as per the requirement of the AE. However, considering the fact that RHIMIN will undertake its services in accordance with the quality standards laid down by the Group and the international transaction is between related parties, the said risk can be regarded to be low.

- **Contractual risk**

Contract risk is the risk associated with entering contracts with vendors/customers for rendering of services. These risks are mainly linked to the terms of the contract such as termination of contract, delivery schedule, terms of payment, mode of delivery, etc.

Customer that needs to source products from the AE will enter into individual and separate contract with the AE. The terms of agreement, contractual obligations, etc. pertaining to these contracts will be agreed by the AE. Hence, the AE will bear all the contractual risks with respect to third parties. On the other hand, RHIMIN will not exposed to any such contractual risk.

- **Inventory risk**

RHIMIN is not involved in taking title to the goods and/ or maintaining any inventory. Hence, the inventory risk will be borne by the AE.

- **Credit and collection risk**

The credit risk will be borne by the AE since it sells the products to the end customers. RHIMIN provides services to its AE and thus RHIMIN will bear no risk in relation to credit and collection. Further, the payment to RHIMIN will not contingent upon payment being received by the AE from their customers.

- **Foreign exchange risk**

RHIMIN incurs expenditure in its domestic currency i.e., INR. It raises the invoice for the instant transaction in INR and therefore, foreign exchange risk arising from any adverse movement in the exchange rate in relation to the transaction is absent.

Table 07: Summary of functions performed, assets and risks assumed by RHIMIN & AEs:

S.No	Category	RHIMIN	AEs
Functions			
1	Core strategic management	-	✓
2	Marketing research	✓	-
3	Disseminating information to potential and existing customers and customer identification	✓	-
4	Executions of orders	-	✓
5	Sales	-	✓
6	Quality Control	-	✓
7	Logistic and shipping arrangements	-	✓
8	Invoicing and payment	-	✓
9	Administrative services	✓	✓
Assets			
1	Tangible assets	✓	✓
2	Intangible assets	✓	✓
Risks			
1	Market risk	Minimal	✓
2	Product liability risk	-	✓
3	Service liability risk	✓	✓
4	Contractual risk	-	✓
5	Inventory risk	-	✓
6	Credit and collection risk	-	✓
7	Foreign exchange risk	-	✓

2.1.7.4.Characterization

For the international transactions of provision of business support services, from the FAR analysis in the above sections, it clearly indicates that the characterization of RHIMIN will

be that of a limited risk service provider that bears less than normal risks in relation to the said international transactions. On the other hand, the AE operates as entrepreneurial entities (or service providing entities in support of RHIMIN as a limited-risk service provider of business support services) that takes strategic decisions in relation to pricing, contract terms and conditions, etc.

2.1.8. Availing of IT support services

During FY 2026-27, RHIMIN will undertake transactions with RHIMGMBH, pertaining to IT support availed by RHIMIN. As confirmed by the management of RHIMIN, the services will be duly provided to RHIMIN in the ordinary course of business and have resulted in commensurate economic benefits to RHIMIN.

2.1.8.1.Functions Performed

RHIMGMBH entered into an IT service agreement dated January 1, 2022 with RHIMIN to provide IT support services. This entails provision of following services, on need basis:

- Central System Operations – SAP ERP & BI System Provision and SAP HR System Provisions (includes IT systems maintenance & operations, basic services, bug fixing, release upgrade, authorization handling, etc.).
- System Operation Special System - IT systems maintenance & operations, basic services, bug fixing, release upgrade, authorization handling, etc.
- System Development – IT services (SAP and non-SAP) with < 50 man days internal work.
- Project Services – project management, turnkey solution provided as general contractor with > 50 man days internal work.
- End User Workplace Support – installation of standard software and hardware, hardware repair, helpdesk, network usage, usage of central applications.

IT support services that will be availed by RHIMIN comprise of 2 parts provided as follows:

Table 08: Summary of IT support services

S.No	Type of IT support services	Cross charging methodology	Mark-up
1	Use of IT systems (grant of license / use of standard facility)	Third-party cost cross-charged to the Group entities in India on cost-to-cost basis based on usage	Not applicable
2	Availing of IT related/incidental services (involving human efforts)	Cost charge is computed basis detailed methodology and appropriate & reliable allocation keys	5% on total cost

2.1.8.2.Assets Employed

In the said transaction, the primary asset involved in execution of the aforesaid transaction is trained and experienced personnel employed by the AE. Further, for the provision of these services, RHIMGMBH owned routine tangible assets such as office equipment and supplies used in their day-to-day operations.

2.1.8.3.Risk Assumed

- **Market risk**

RHIMGMBH's function is limited to provision of support services to the Group entities including RHIMIN for which it gets remunerated to the extent services are provided in a particular contractual year and it does not have any link to the sales generated by the Group entities or to the outcome that results from the commercial exploitation of these support services by the Group entities. Accordingly, RHIMGMBH will not bear any direct significant market risks. Its risk will only indirect to the extent the need for these services reduces in case of any decrease in operation of a Group entity.

- **Contract risk**

For the international transaction under review, RHIMIN and RHIMGMBH will subject to limited contract risks in accordance with the inter-company agreements for provision of aforesaid services.

- **Service liability risk**

Since the services will be in the nature of IT support services, there will be no service liability risk. However, RHIMGMBH will expect to render its services to RHIMIN as per the prevailing group's policies, industry standards and best practices.

- **Human capital risk**

Human capital risk refers to increase in the employee turnover. It is the risk of additional costs for training new employees who are recruited due to frequent employee turnover ratio.

This risk will be borne by RHIMGMBH in respect of its workforce engaged in the provision of IT support services like any other company operating under similar circumstances would bear. Considering the remuneration model of RHIMGMBH, any additional costs relating to retaining/ developing the resources will be borne by the Group entities. Accordingly, this risk will be mitigated in the hands of RHIMGMBH.

- **Capacity utilisation risk**

Capacity utilisation risk is the risk that a company would not be able to utilise its installed production capacity or to employ the designated team to the optimum which may impact the profitability of RHIMIN.

As RHIMGMBH is engaged in provision of services to its AEs (including RHIMIN), the workforce employed is based on service estimates made by Group entities. Thus, the decisions regarding manpower/ infrastructure employed by RHIMGMBH are inextricably linked to decisions taken by the Group entities. Hence, RHIMIN, along with other group entities together will bear the capacity utilisation risk in relation to the said transaction.

However, from all operational and practical perspective, the Group is well coordinated and ensures that the workforce of RHIMGMBH is fully occupied, therefore having regard to the facts of the case, the capacity utilisation risk of the AE will be regarded to be low.

- **Credit and collection risk**

As RHIMIN paid RHIMGMBH for the provision of IT support services regardless of the recovery by it from the end customers, RHIMGMBH will not expose to credit risk in connection to these services. Further, since the transaction is between related parties, this risk will be low between the transacting entities.

- **Foreign exchange risk**

During FY 2026-27, RHIMGMBH's expenses will be in EURO as well as USD, whereby it will receive income in both currencies as well. In relation to this international transaction, RHIMIN pays and receives in INR as well as in USD. Therefore, any foreign exchange risk with respect to the said transaction will vest both with RHIMGMBH and RHIMIN.

Table 09: Summary of functions performed, assets and risks assumed by RHIMIN and its AEs

S.No	Category	RHIMIN	AEs
Functions			
1	Central system operations	-	✓
2	System operation special system	-	✓
3	System development	-	✓
4	Project services	-	✓
5	End user workplace support	-	✓
Assets			
1	Tangible assets	✓	✓
2	Intangible assets	-	✓
Risks			
1	Market risk	✓	✓
2	Contract risk	✓	✓
3	Service liability risk	-	✓

4	Human capital risk	-	✓
5	Capacity utilisation risk	✓	✓
6	Credit and collection risk	✓	-
7	Foreign exchange risk	✓	✓

2.1.9. Payment of brand and technical royalty

(a) Payment of royalty to RHIMGMBH (effective 1 October 2024)

RHIMGMBH have entered into an agreement on 1 October 2024, wherein REFIPKG being original licensor of trademarks, patents and know-how granted IP rights to RHIMGMBH for the use of trademarks, patents and know-how.

Subsequently, RHIMGMBH and RHIMIN entered into agreement on 1 October 2024, wherein RHIMGMBH (being the licensor) granted its IP rights to RHIMIN for the use of trademarks, patents and know-how.

RHIMGMBH has licensed the registered IP directly to RHIMIN and RHIMIN has paid royalty to RHIMGMBH.

RHIMGMBH acts as one of the main economic owner for the Group and engaged in the development, enhancement, maintenance, and exploitation of such intangibles. REFIPKG owns Group's registered IP and is responsible for the administration, registration, protection, litigation, collection and transfer of licensee fee and related activities of the IP developed by RHIMGMBH.

Accordingly, during FY 2026-27, RHIMIN will pay a royalty of 3.25% of the sales price of the total products manufactured and sold by RHIMIN to its third-party customers by using trademarks, patent and (sub-) licensed know-how, etc. of the AEs.

The products on which royalty is paid by RHIMIN are non-Category 1 products. Thus, on all Category 1 products, no royalty is payable by RHIMIN to any AEs.

2.1.9.1. Functions Performed

The license agreement has been executed between RHIMGMBH and RHIMIN, to grant RHIMIN non-exclusive, non-transferable, non-assignable and non-sub licensable right to use patents, know-how and trademarks for the purpose of manufacturing and selling products. REFIPKG has also granted the non-exclusive, non-transferable and non-assignable right to use information provided by REFIPKG directly or indirectly for the purpose of marketing or distributing the products within the relevant territory (i.e., India, West Asia and Africa).

- **Use of trademarks and tradenames**

In relation to the Trademark, for India to mark, have marked, advertise, offer, distribute, use and sell the products in India labelled with the Trademark and tradenames. Further, the rights have been also granted for the use of tradenames and trademarks

on all relevant material and documentation describing or relating to RHIMIN and to its products and services such as technical literature, plans, handbooks, advertising and promotional material, stationery, packing materials, etc.

- **Upgradations and improvements**

With the ever-changing market conditions and technologies, the AEs continuously invest time, effort and money to make improvements to the future know-how to enhance operational efficiency. Under the said arrangement, RHIMIN is not only granted the rights to receive technical know-how/ expertise at the time of signing the agreement, but also has rights to access all future upgrades/ versions, enhancements, and newly developed technical inputs. Key grants made available under the agreement to RHIMIN are as follows:

- Know-how for the manufacturing (a) flow control refractories, (b) isostatically pressed refractories, and (c) pre-cast shapes;
- Test methods for quality standards;
- Layout of plant and machinery; and
- Sample marketing and sales tools and any other appropriate support featuring the manufacturing and or use of (a) flow control refractories, (b) isostatically pressed refractories, and (c) pre-cast shapes.

- **Technical support**

The Licensor would provide, on need basis, technical support/ assistance to RHIMIN for the implementation of the technology by sending some of the qualified technicians at the site of RHIMIN. Whenever required, the Licensor invites an agreed number of employees from RHIMIN to instruct and train them on new developments. Also, if need be, as per the agreement, the training regarding the use of know-how would also be provided by the Licensor at the manufacturing site of RHIMIN.

Further, the AEs have also assisted with technical support in process technology, product development and usage, market development and obtaining necessary regulatory approvals. The intangibles are used by RHIMIN for carrying out the manufacturing operations of the entity. The manufacturing process has been explained in Section 2.1.2 above.

2.1.9.2.Assets Employed

In the said transaction, the primary asset involved in execution of the aforesaid transaction is the trained and experienced personnel employed by the AEs. On the other hand, RHIMIN would use the intangibles generated over time by the AEs through its technical capabilities, R&D operations, investment in R&D over the years, brand reputation and investment in intangibles.

2.1.9.3.Risks Assumed

The details of risks in relation to the said international transaction between RHIMIN and its AEs are outlined as under:

- **Market risk**

RHIMIN uses the know-how, intangibles, etc. of AEs. Since RHIMIN sells the finished goods to the end customers, RHIMIN bears the related market risk. On the other hand, AE bears reputational risk as it is lending its intangibles including know-how and brand name to RHIMIN. Hence, any sort of poor delivery or not adhering to delivery guidelines or poor account management by RHIMIN can damage the reputation of the AE also. Thereby negatively impacting AE name. Therefore, AE will face the risk of loss of repute in the said arrangement.

- **Product liability risk**

With respect to the goods supplied by RHIMIN to its customers, RHIMIN bears the product liability risk. Further, RHIMIN is required to ensure that all the goods manufactured and sold which exploit the intangibles of the Licensor shall adhere to the agreed quality standards. In case of any non-adherence, the product liability risk would vest with RHIMIN. On the other hand, with AE being only the licensor of rights, it will not be exposed to this risk and shall continue to receive its royalty due.

- **Credit and collection risk**

RHIMIN paid a royalty at 3.25% of sales price the goods manufactured and sold by RHIMIN during each year under consideration, but the payments would be due on a quarterly basis. If there is delay in payments made exceeding 30 days, RHIMIN is liable to pay interest on the overdue amount at a prescribed rate. As RHIMIN pays royalty to its AE regardless of the recovery by it from the end customers, thus AE will not be exposed to this risk.

- **Foreign exchange risk**

RHIMIN primarily receives revenue from selling products in INR from its customers and pays royalty to REFIPKG in USD. Further, since the functional currency of REFIPKG is EURO, both the entities will be exposed to the underlying foreign exchange risk on account of this transaction.

2.2. Provision of global META services

Under the said provision of services, RHIMIN shall provide the following services to RHIMGMBH:

Global Business Transformation Support

- Support for global or non-India related organizational change initiatives, outsourcing transitions and process improvements.
- Ongoing monitoring and enhancement of internal controls and decision-support tools.

FP&A Support Services

- Routine assistance with global financial planning cycles, including budget preparation, forecasting updates, and variance analysis.

- Support in generating standardized management reports, dashboards, and performance tracking tools.
- Executional help with data consolidation, scenario modeling, and coordination of inputs across business units.

Global Risk Management Support

- Support services for global or non-India customer risk management.
- Assistance in implementing standard risk mitigation and compliance procedures.
- Coordination with internal teams to maintain consistent risk management practices.

Regional Quotation & Marketing Support (non-India regions)

- Coordination of required information for the preparation of final (quote) proposals.
- Interpretation of customer requirements, matching products to customer specifications and drawings. Provision of quotes, which are technically compatible as per RFQ requirements.
- Support function for non-India Sales Managers, acting as link between technical Marketing & supply chain management teams.
- Maintenance of in-depth knowledge on designated markets and trends through reading reports, market research, data analysis and financial modeling and analysis.

Regional Commercial Support (non-India regions)

- Administrative assistance for sales teams in managing customer interactions.
- Support for market analysis, reporting, and commercial strategy development.
- Coordination of logistics, pricing, and quotation processes to enable order fulfillment.

2.3. Provision of contract R&D services

Background and overview

In India, currently, RHIMIN has an R&D center in Bhiwadi (supported by other researchers in Cuttack, Gurgaon, Jamshedpur, and Venkatapuram) and the team comprises of 30 FTE / employees. To a minor extent, the team is already undertaking R&D work/ activities for customers in Asia, Turkey, or any other region where RHIMIN supplies its products.

The Group has a global R&D centre in Austria. In addition to the global R&D centre, there are regional R&D hubs in China, Brazil, and the US. It is now expected that, in addition to its current roles, the Bhiwadi R&D center ('India R&D centre') will serve as a

captive¹ R&D center for the group, and its key functions will include adapting global grades for regional applications, formulating local recipes, and support with implementation of knowledge transferred from the Group into local production operations. Generally, such activities will be carried out by India R&D centre with guidance from regional commercial teams as well as the directions from the Group's Global R&D organization in Austria. However, the India R&D team operates within the pre-defined governance framework of "Idea-to-Market", ensuring that its work aligns with the strategic priorities and technical expertise of the global teams and overall parameters set by the Group R&D organization.

Following the organizational restructuring in March 2025, the leadership of India's R&D function will migrate to the Technical Marketing and Solutions organization, similar to other regional R&D hubs in China and US. This transition reflects a shift towards a more commercially driven R&D approach with a regional focus, emphasizing shorter-term, market-oriented developments designed for commercial success. The focus will be on technical marketing driven R&D efforts that align more closely with immediate business needs, ensuring that all initiatives are well-integrated into the Group's broader global R&D and commercial strategies. However, while the India R&D team plays a supporting role, the global R&D team in Austria remain the responsible for Group R&D strategy, overarching process governance, overall portfolio management and monitoring of local initiatives/ activities, thereby providing critical oversight and expertise.

When an R&D initiative or market opportunity arises, it follows the Idea to Market (I2M) governance framework, which categorizes projects into different streams such as basic R&D, applied R&D and quick developments. The decision-making process for each project is established at three roles ('gatekeepers') to ensure alignment with both technical and commercial priorities, as follows:

- A 'requestor area' stakeholder (primarily from Technical Marketing teams) bearing the business area accountability, i.e. benefits delivered, field trials and business success and ensures that the project aligns with broader commercial objectives;
- A R&D gatekeeper (based in India or other jurisdiction, as the case may be) to oversee technical feasibility and innovation aspects. Such a gatekeeper acts as R&D resource owner, i.e. prioritization and assignment of R&D resources, as well as being responsible for opex/project cost decisions;
- A global gatekeeper (based outside India) providing strategic oversight at the group level and is the R&D interface to the global product strategy team. Such a gatekeeper acts as global validator (from portfolio and technical perspective), to safeguard the global perspective on portfolio (e.g. benefiting region but harming Group), challenge/validate technical assumptions & results of projects and 'fit' with other global/regional initiatives.

The gatekeepers are accountable, with decision making at each gate. They challenge and support project team on issues and are three individuals with decisions happening on consensus-basis. This structured approach ensures that decisions will be made systematically, with clear guidelines on the respective entity/ team's responsibilities at each stage.

¹ Captive service provider refers to an entity which provides services exclusively to its group companies under the guidance/ directions from the group companies

The leaders from the Group's Global R&D team play a key role in this governance framework, ensuring that projects undertaken by India R&D team stays aligned with global standards and best practices, Group R&D strategy and portfolio priorities.

The India R&D center is expected to operate as a support/ contract R&D function within the broader group R&D strategy. Its key responsibilities will include adapting and developing formulations to meet specific client needs for the domestic as well as overseas markets, implementing new grades developed by the global team into local production, and providing technical and application development support. However, such activities will be carried out in alignment with Group guidance and decision-making governance, both under the Delegation of Authorities² as well as the I2M-framework. Global teams maintain accountability for the existing know-how/ technology transfer from Global teams to Regional for further development, and responsibility for the knowledge exchange.

Without the active involvement of the group R&D leadership/ team, or without providing continuous support (e.g. setting-up new production lines, transferring grades to India, engineering of shapes, review of trials, root cause analysis of R&D activities), the India R&D team would not be able to independently initiate or execute the R&D projects. The India R&D team is responsible for adhering to the processes defined by the Group R&D team and also responsible to provide technical inputs, which are subsequently reviewed and validated or refined by the Group R&D team.

Work classification

R&D activities in India will be primarily driven by customer demand within and outside the region, as well as the needs of extended business areas. While the primary focus is on serving the Indian market and for which R&D activities are already undertaken by the R&D center in India, it is now expected that the India R&D team will also provide support for customers in Asia, Turkey, South America and Europe, ensuring that developments align with global supply strategies. However, the work in India will be primarily implementation focused rather than pioneering research.

The majority of captive R&D work proposed to be undertaken by the India R&D center can be broadly classified into two categories:

- Applied R&D ("Classical R&D"): This relates to market or operations-driven projects with clear objectives short-term implementation and benefit generation perspectives (NPV). This involves development/ enhancement of products, leveraging the existing portfolio, in response to emerging market trends and requires a limited level of innovation beyond simple product modifications. These projects typically take longer than six months, involve research and extensive testing of new formulations and raw materials.
- Quick Development: This involves modifying existing products to keep pace with changing customer's need. These projects are often completed in a shorter time frame and focus on incremental improvements.

² Global roles in Austria decide on annual regional R&D budgets and all material unbudgeted regional R&D opex. Additional accountability is vested for deciding on any material unbudgeted/ budgeted, Global or Regional R&D capex

Majority of the India R&D team's work will revolve around quick developments, which will involve modifying existing products to meet evolving customer demands in approximately 70-80% of cases. Applied R&D, which will require the development/ enhancement of the products etc., will represent a smaller portion – roughly 20-30%.

In addition to the above two categories, long-term fundamental research (basic R&D) projects are undertaken primarily by the group/ global R&D team and are in the nature of greenfield R&D, innovation projects, new R&D long-term focused projects. However, basic R&D is beyond the scope of India's regional R&D functions/ activities, as such projects involve theoretical and foundational scientific advancements.

Work-flow and global support

In relation to customer request originating from region outside India's designated responsibility (such as Europe etc.), the request will initially be directed to the global/ group R&D team. If the group R&D team decides to proceed, they will form a working group, and the India R&D team will may be assigned to contribute to the project, along with other R&D centers, but under the oversight and guidance from the group R&D teams. For example, a request coming from a customer in Asia, Turkey, or any other region where RHIMIN supplies its products, the technical marketing of RHIMIN team first receives and assesses the request. If the request involves developing a new product or improving an existing one, it will be passed on to the India R&D team for evaluation.

India R&D team then assesses the feasibility of the request under the guidance and supervision of the group R&D team, which provides direction on whether to proceed as well as how to proceed. India R&D team works closely with the local plant and laboratory to analyse existing formulations and determine potential modifications. Possible solutions could include adjusting processing techniques, substituting raw materials, or modifying ingredient proportions to meet the desired product specifications. Once initial solutions are proposed by India R&D team, lab trials will be conducted in India under global oversight. If the idea is approved, it is formalized as a project under the I2M framework. A project manager, typically from India R&D team is assigned to oversee the above steps.

If successful, small-scale production trials will mostly take place at the plants situated in Bhiwadi, Jamshedpur, Dalmiapuram, Cuttack or Rajgangpur in India. The results of these trials will be presented to the gatekeepers, which include representatives from global R&D. If further refinements are needed, additional trials will be conducted before proceeding to full-scale production.

If all criteria are met, a larger production trial will be conducted, typically spanning one or more batches. The final decision to proceed will depend on input from marketing and sales teams, but the approval process will remain governed by the group R&D team. If successful, the product will be sent for field trials. For domestic markets, the India R&D team may visit the customer site along with the marketing team. For international markets, respective jurisdiction's local marketing teams will handle the evaluations and report back to the group R&D leadership. If the field trials meet the required performance standards, the product will be approved by group R&D leadership for regular production and commercialization.

Conclusion

For the captive operations, India R&D centre will operate within a structured global governance framework, ensuring that all its initiatives are aligned with the Group's broader technical and commercial objectives. The group/ global team will actively support India, providing guidance, technical expertise, and strategic direction.

In summary, while the India R&D team will play a crucial role in implementing and adapting solutions for local and regional markets, all activities will be governed and directed by the group/ global R&D leadership especially for the captive part of R&D activities. The team will operate within a structured framework, ensuring that all research and development efforts align with the group's overall strategy, technical standards, and commercial objectives.

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3. Brief Description of Databases and Data Definition

The publicly available databases viz., ACETP and Capitaline, (updated as of 15 May 2025) have been used to identify potential comparable uncontrolled companies for determining the arm's length price. A brief summary of the main databases used for identification of comparable companies is presented below:

3.1. Accord Fintech Limited – ACETP

ACETP is a database of large and medium Indian firms. It contains detailed information on over 42,481 companies (as on 15 May 2025). Extensive data and analysis on every company for more than 15-year, more than 25,000 products/services and 1,750 unique financial data fields, are available. Profit & Loss a/c, Balance Sheet and Cash flows are directly linked with annual report to ensure authenticity of "as reported" data taken from company's annual report. ACETP classifies companies into various industries based on the balance sheet abstract and products. The database is thus equipped with a powerful search tool to search the comparable companies based on keywords. Some of the features of ACETP are:

- Key Financial Filter - In Built in database.
- Search tool options - Query Module, activity name, companies added / removed, etc.
- Product details
- Business activity
- NIC – activity
- Different industry specific format
- Industry Classification
- Comprehensive coverage of financial Data Fields
- Easy access to Company Annual Reports in PDF form
- Financial data
- Business Description

3.2. Capital Market Publishers India Private Limited- Capitaline

Capitaline provides fundamental and market data on 75,271 companies (as on 15 May 2025) Indian listed and unlisted companies, classified under several industries, along with powerful analytic tools. Extensive data and analysis on every company profile, directors, more than 10-year financials (P&L, balance sheet, cash flow, consolidated financial data, segment data, Forex data, R&D data, ratios, etc.), quarterly results, ownership pattern, finished products, raw materials, share price data, Directors' Report, Management discussion, Notes to account, Business news, Corporate events, etc. are available. The database classifies companies into various industries based on the function or service that the company is engaged in. Some of the features of Capitaline are:

- **Company** - Company section of Capitaline database has extensive financial and non-financial information on Indian companies.

- **Industry** - The industry module in Capitaline database contains aggregate data of all companies in one industry on one screen for easy comparison. For instance, along with data on Tata Motors, you can also see financials and ratios of Ashok Leyland, Eicher Motors, etc., in the same screen.
- **Capital Market - Live News** - Capitaline database package has a Live News section, which gives a wide range of news story updates including market commentary, price movements of stocks, all market reports, corporate happenings, results, IPOs, politics, economy, quarterly performance, research reports, etc.
- **Fact Sheets** - Powerful aggregation screens displaying scoreboards of companies classified under different catalogs like Industry, House, State, Country, Product, Stock Exchange, Index, etc.
- **Screeener** - The Screeener in Capitaline database is a very powerful, yet is an easy-to-use, analysis screen. Fundamental research and analysis techniques assist users in identifying companies that meet specific performance criteria. Capitaline database data are uniquely positioned to initiate rigorous company analysis at the highest quantitative level.

3.3. RoyaltyStat

- **General**

The RoyaltyStat database is an online database of royalty rates and license agreements compiled from the U.S. Securities and Exchange Commission (SEC) EDGAR Archive. The RoyaltyStat database contains agreements from U.S. publicly traded companies. Besides license agreements, RoyaltyStat provides the SEC filing in which the license agreement is attached to determine if the license agreement constitutes the entire agreement. The RoyaltyStat database contains information on, amongst others, the effective date and duration of the license agreement, the royalty rate and royalty base of the agreement, the agreement type and the territory for which the agreement is specified. There are various search criteria, including the U.S. Standard Industrial Classification (SIC) code and full-text queries. The RoyaltyStat Database which is an online directory containing details of over 24,000 license agreements and over 12,000 commission agreements compiled from the U.S. Securities and Exchange Commission's EDGAR – Electronic Data Gathering, Analysis, and Retrieval – archive.

- **Use**

The RoyaltyStat database provides information to be used for multiple purposes. It provides information useful in complying with tax laws requiring arm's length inter-company transactions because it supports in finding industry or comparable royalty rates. RoyaltyStat can also be used for determining buy-in payments for cost-sharing arrangements under Indian Regulations. Furthermore, it can be used in valuing intangible property for mergers, acquisitions, divestitures, or other transactions.

- **Source**

Data is collected from the SEC EDGAR Archive. EDGAR (Electronic Data Gathering, Analysis, and Retrieval) is created and maintained by the SEC to collect, validate, index, accept and forward submissions by companies and others required by U.S. law to file forms with the SEC. However, not all documents filed by U.S. publicly traded companies with the SEC are available on EDGAR. All U.S. publicly traded companies are required to make their filings on EDGAR, except for filings made on paper because of a hardship exemption.

A high frequency of the license agreements submitted to EDGAR has the form of compensation (i.e. royalty rate) and other sensitive information deleted from the exhibit before filing it into EDGAR. To update the RoyaltyStat database, RoyaltyStat attempts to retrieve all the EDGAR filings in which the royalty rate is not excluded by reviewing the license agreements.

3.4. Bureau van Dijk's TP Catalyst

TP Catalyst is a platform that combines company information, royalty rates, lending margins, and commodity modules. It is powered by Orbis, which contains qualitative and financial information on more than 41 million public and private companies.

Orbis in TP Catalyst classifies companies according to the NACE used by European countries for their industry classifications.

The NACE is a system of business classification, used to designate the statistical classifications of products and economic activities. The code is subdivided into a hierarchical structure with four levels. The first two numbers of a code indicate the division, the third number indicates a group, and the fourth number indicates the class.

Table 10: Summary of penalties under TP regulations

Database: ACETP	Data definition
Line Items	Formula
Net Sales	Sales Turnover + Commission, exchange and brokerage + Export Incentives + Sale of Scrap – Other Income + Service Fee + Bad debts recovered + Commission Received + Sale of Power + Discounts – Subsidy / Grants / Incentives – Lease Income / Rentals – Income from Trading in Securities – Income from other investments – Surplus from deployment in Cash mgmt. – Income from of Mutual Funds – Translation / Actual Exchange Gain – Sale of Shares / Units – Income From Investment in Properties – Dividend Income – Interest Earned – Interest/Discount on advances/Bills – Interest on balances with Reserve Bank of India and other inter-bank funds – Income on investments – Inter

	divisional transfers – Sales Returns + Provision Written Back – Excise
Raw Material Consumed	Raw Material Consumed + Packing Material Consumed
Increase/ Decrease in Stock	Increase/ Decrease in Stock
Input Cost	Raw Materials Consumption + Change in Stock
Power & Fuel Cost	Power & Fuel Cost
Employee Cost	Employee Cost
Depreciation	Depreciation + Depreciation (including lease equalization) on Leased Assets
Selling & Distribution Expenses	Selling and Distribution Expenses
Operating & Manufacturing Expenses	Operating & Manufacturing Expenses – Packing Material Consumed – Stock Exchange Membership and Subscription
Cost of Software Development	Cost of Software Development
General and Administration Expenses	General and Administration Expenses – Wealth Tax – Depreciation (including lease equalization) on Leased Assets
Bad Debts	Bad Debts/ Advances Written off + Provision for Doubtful debts
Value Added Expenditure (VAE)	Power & Fuel Cost + Employee Cost + Depreciation + Selling & Distribution Expenses + Operating & Manufacturing Expenses + Cost of Software Development + General & Administrative Expenses + Bad Debts + Bank Charges etc. + Other Miscellaneous expenses
Total Cost	Input Cost + Value Added Expenditure
Operating Profit	Net Sales – Total Cost
Non - Operating Income	Other Income – Commission, exchange and brokerage – Export Incentives – Sale of Scrap : Other Income – Service Fee – Bad debts recovered – Commission Received – Sale of Power – Discounts + Subsidy / Grants / Incentives + Lease Income / Rentals + Income from Trading in Securities + Income from other investments + Surplus from deployment in Cash mgmt. + Income from of Mutual Funds + Translation / Actual Exchange Gain + Sale of Shares / Units + Income From Investment in Properties + Dividend Income + Interest Earned + Interest/Discount on advances/Bills + Interest on balances with Reserve Bank of India

	and other inter-bank funds + Income on investments – Provision Written back
Non – Operating Expenses	(Interest – Bank Charges etc.) + (Miscellaneous Expenses – Bad Debts/ Advances Written off + Provision for Doubtful debts – Other Miscellaneous expenses) + Wealth Tax + Stock Exchange Membership and Subscription – Expenses Capitalized
Reco With Profit before Tax	Operating Profit + Non-Operating Income – Non-Operating Expenses – PBT
Forex Earnings	Revenue in Forex – Dividend Received (in forex) – Interest Earnings (in forex)
Manufacturing Sales	Manufacturing Sales
Trading Sales	Trading Sales
Service Income	Services Sales

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4. Transfer Pricing documentation of RHIMIN for FY 2024-25



RHI Magnesita India
Limited_TP Report_FY

5. Economic analysis for manufacturing and trading of refractory products

In order to benchmark the entity wide business operations of RHIMIN using combined TNMM approach, wherein manufacturing and trading are the two primary business activities of RHIMIN. Accordingly, manufacturing activity has been considered the predominant and economically significant segment for the purpose of this analysis.

In this regard, a reliance has been placed on the benchmarking analysis undertaken for manufacturing and trading of refractory products performed for entity-level benchmarking, in RHIMIN TP report o FY 2024-25 (enclosed as annexure 4), wherein 10 comparables were identified. The benchmarking analysis for the same has been discussed as section 5.1 below.

Additionally, a corroborative analysis was also performed in the said transfer pricing report for manufacturing segment in FY 2024-25 TP, wherein 18 comparable companies were identified. Out of these 18 comparable companies, 8 comparables are also common companies selected in manufacturing and trading search under entity wide TNMM analysis above.

The both benchmarking analysis are provided in section 5.1 and 5.2 below.

5.1. Benchmarking analysis for manufacturing and trading of refractory products (entity wide analysis)

Search process

A search for the companies comparable to RHIMIN was conducted using the publicly available databases, ACETP and Capitaline, having large number of Indian companies. A brief description of the databases is available at annexure 2. The search for comparable companies was carried out using the version updated as on 15 May 2025.

ACETP and Capitaline classify companies into various industries based on the function or service that RHIMIN is engaged in. All companies under these industry classification were downloaded for the purpose of quantitative screening. Based on the quantitative screens, the companies were segregated into three sets, namely Manufacturing, Trading and Services.

The activities performed by RHIMIN are in the nature of manufacturing and trading of refractory products. For identifying potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN, we selected the 'Manufacturing and Trading set'.

Number of years used for analysis

Based on the Rule 10B(5) of the Rules, we have included the comparable companies having data for the current year (i.e. FY 2024-25) or the year immediately preceding the current year (i.e. FY 2023-24) while applying the primary quantitative criteria.

The table below outlines the criteria applied for selecting companies based on the data available:

Table 11: Financial year data coverage

FY 2024-25	FY 2023-24	Accept / Reject
Yes	Yes	Accept
Yes	No	Accept
No	Yes	Accept
No	No	Reject

Further, while analysing financial results, where data for the year ended 31 March 2025 is available, the same has been considered along with the data for the year ended 31 March 2024 and 31 March 2023.

Financial year alignment

In the database, we observed that the accounting period for all the companies listed in the databases is not uniform. For the purpose of this analysis, we aligned the financial data of the companies based on the end-date of the FY in the following manner:

Table 12: Summary of financial year data

Financial year end-date falling between	Considered as the data for the FY
01 April 2022 to 31 March 2023	2022-23
01 April 2023 to 31 March 2024	2023-24
01 April 2024 to 31 March 2025	2024-25

Application of primary quantitative filters

The financial information viz., the profit and loss statements and the balance sheet data of the companies, as reported in the respective databases, was used for application of the primary quantitative filters. A standard definition for each line item was arrived at to have consistency in usage of the data from databases. Annexure 3 outlines in detail the method used for classifying the various line items.

Following primary quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

1. **Minimum turnover:** Accepted companies that reported net sales equal to or greater than INR 1 crore
2. **Positive net worth:** Accepted companies that reported net worth greater than or equal to zero. The net worth value as provided by the databases was used for applying this filter

3. **AMP Filter:** Accepted companies having AMP expenses less than 3% of their total sales in the latest year
4. **R&D Filter:** Accepted companies having R&D expenses less than 3% of their total sales in the latest year
5. **Segment data:** Accepted companies that had segment data for more than 1 segment even where they were failing manufacturing income filter at the entity level

Selection of keywords

The companies which satisfied the aforementioned primary quantitative filters were selected at the initial stage. Thereafter, the keywords available in the following categories in ACETP and Capitaline databases were used to identify potential comparable companies:

- a. Database industry
- b. NIC Activity
- c. Products details
- d. Segments details

Table 13: Keywords selected

Database industry	Engineering - Industrial Equipments
	Cement & Construction Materials
	Castings/Forgings
	Forgings
	Refractories
	Ceramics/Marble/Granite/Sanitaryware
	Compressors / Pumps
	Fasteners
	Abrasives
	Cement - Mini - North India
	Abrasives and Grinding Wheels
	Ceramics - Sanitaryware / Others
	Ceramics - Tiles
	Cement - Mini - South India
	Refractories / Intermediates
	Castings - Steel / Alloy
	Electric Equipment - Gensets / Turbines
	Construction - Factories / Offices / Commercial
	Cement Products
Forgings - Medium / Small	

	Castings - Grey Iron
	Cement - Major - South India
NIC Activity	Mining/Quarrying Of Limestone; Limeshell; 'Kankar' And Other Calcareous Minerals Including Calcite; Chalk And Shale
	Mining Of Clays (Kaolin; Ball Clay; Wollastonite; Bentonite; Fuller'S Earth; Fire Clay Etc.)
	Manufacture Of Portland Cement; Aluminous Cement; Slag Cement And Similar Hydraulic Cement
	Manufacture Of Other Electrical Equipment
	Casting Of Iron And Steel
	Other Non-Specialised Wholesale Trade N.E.C.
	Casting Of Non-Ferrous Metals
	Casting Of Metals
	Manufacture Of Articles Articles Of Concrete; Cement Or Artificial Stone (Tiles; Bricks Etc.)
	Manufacture Of Electrical Equipment
	Manufacture Of Cement; Lime And Plaster
	Manufacture Of Ceramic Products N.E.C.
	Manufacture Of Refractory Bricks; Blocks Tiles And Similar Refractory Ceramic Constructional Goods
	Manufacture Of Parts And Accessories For Machinery/Equipment Used By Construction And Mining Industries
	Manufacture Of Machinery For Mining; Quarrying And Construction
	Manufacture Of Metal Frameworks Or Skeletons For Construction And Parts Thereof ((Towers; Masts; Trusses; Bridges Etc.)
	Manufacture Of Other Electronic And Electric Wires And Cables (Insulated Wire And Cable Made Of Steel; Copper; Aluminium)
	Manufacture Of Clinkers And Cement
	Manufacture Of Other Iron And Steel Casting And Products Thereof
	Manufacture Of Articles Of Concrete; Cement And Plaster

	Wholesale Of Machinery; Equipment And Supplies
	Manufacture Of Millstones; Sharpening Or Polishing Stones And Natural Or Artificial Abrasive Products; Including Abrasive Powder Or Grain On A Base Of Textile Material; Paper; Paper Board Or Other Material
	Manufacture Of Concrete And Mortar Mixers; Piledrivers And Pile-Extractors; Mortar Spreaders; Bitumen Spreaders; Concrete Surfacing Machinery
	Manufacture Of Other Cement And Asbestos Cement Products N.E.C.
	Manufacture Of Refractory Ceramic Products
	Quarrying Of Stone; Sand And Clay
	Manufacture of refractory products
	Wholesale Of Construction And Civil Engineering Machinery And Equipment
	Manufacture Of Other Porcelain And Ceramic Products
	Manufacture Of Other Clay Building Materials
	Wholesale Of Other Machinery; Equipment And Supplies N.E.C. Including Computer-Controlled Machine Tools And Computer-Controlled Sewing And Knitting Machines
	Manufacture Of Electrical Insulators And Insulating Fittings Of Ceramics
	Manufacture Of Other Refractory Articles N.E.C.
	Other Manufacturing N.E.C.
	Manufacture Of Asbestos Sheets
	Manufacture of other electrical equipment n.e.c.
	Manufacture of cement, lime and plaster
	Manufacture of cement in the form of clinkers
	Manufacture of ceramic building material, other th
	Manufacture of refractory bricks, blocks tiles and
	General construction (including alteration, additi

	Quarrying of stone, sand and clay
	Manufacture of portland cement, aluminous cement,
	Wholesale of machinery and equipment for the texti
	Manufacture of other electrical equip ment n.e.c.
	Mining of clays (kaolin, ball clay, wollastonite,
	Construction
	Wholesale of machinery, equipment and supplies
	Refractory bricks
	Mining of other non-ferrous metal ores, n.e.c (tit
	Manufacture of other cement and asbestos cement pr
	Manufacture of articles of concrete, cement and pl
	Wholesale of building materials
	Manufacture of asbestos cement
	Manufacture of ceramic tableware and other article
	Wholesale of construction and civil engineering m
	Manufacture of other refractory ceramic products n
	Non-Specialized Wholesale Trade
	Wholesale Of Electrical Machinery; Equipment And Supplies; N.E.C.
	Wholesale Of Construction Materials (Sand; Gravel Etc.)
	Wholesale Of Hardware And Sanitary Fittings And Fixtures And Flat Glass Including Tools Such As Hammers; Saws; Screwdrivers And Other Hand Tools
	Wholesale Of Electronic Valves And Tubes; Semiconductor Devices; Microchips; Integrated Circuits And Printed Circuits
	Trade in other manufactured goods
	Operation of sand or gravel pits, basalt / porphyr
Product/Segment (Keywords)	Construction Material
	Castables

	Slide Gate Plates
	Mortars
	Steel
	Glass
	Mines
	Abrasive
	Alumina Silicate Bricks
	Block
	Brick
	Calderys Product
	Castable
	Ceramic
	Clay
	Dolomite
	Flow Control Product
	Gunning Material
	High Alumina
	Monolithic
	Mortar
	Nozzle
	Refractor
	Refractor
	Self-Flowing Castable
	Shotcreting Material
	Silica
	Slide Gate Plate
	Tap Hole Clay
	Casting
	Cement
	Asbestos
	R.C.C Brick
	Block Tile
	Non-Clay
	Tundish
	Nozzle
	Bearing Rings
	Cast & Alloy
	Thermal Insul.Prods
	Tools/Dies & Moulds
	Valves

	Forged
	Abrasives
	Sheet Metal Press Parts
	Fly Ash
	Rods
	Billets

Application of qualitative filters and detailed qualitative review

The business descriptions of the set of companies obtained from the database were reviewed in detail. Where the companies are found to be comparable to the business of the tested party, the same are analyzed in detail from the annual report or website of the comparable companies or other sources available on the internet.

Further, in this step, the companies are rejected on the following qualitative criteria:

- Business description of the companies not available in the database;
 - Companies having significantly different functions / providing different services or products (e.g. service, trading, or diverse activities);
 - Insufficient information (with regard to the business) or financial data to analyse the companies or annual reports are not available;
 - Inadequate business segment information;
 - Companies having ownership of more than 50% by any Government body; and
6. Companies having extraordinary events during the year or years under study (e.g. mergers, acquisitions, or restructuring) that would impact the comparability of RHIMIN.

Application of additional quantitative filter based on Annual Report / Database

Following additional quantitative filter were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Segment income less than INR 1 crore** – Income from the relevant segment is less than INR 1 crore.
- **RPT to total income ratio** – Accepted companies having ratio of related party transaction to total income less than 25%.
- **Persistent losses** – Rejected companies reporting persistent losses in the years of study.
- **Abnormal margins** – Rejected companies reporting abnormal fluctuations in margins or abnormal margins in the years of study.

Summary of search process

The results of the above analysis carried out are tabulated herein below:

Table 14: Set obtained from ACETP

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in AceTP classified under 'All Industries' as on 15 May 2025	41,909	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	27,058	15,423
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,310	11,113
b)	Accepted companies that reported net sales greater than or equal to 1 crore	507	10,606
c)	Accepted companies that reported net worth greater than or equal to 0	645	9,961
d)	Accepted companies having AMP expenses less than 3% of their total sales in the latest year.	1,491	8,470
e)	Accepted companies having R&D expenses less than 3% of their total sales in the latest year.	102	8,368
f)	Accepted companies having more than one segment data even where companies failed AMP expense & R&D expense filter at the entity level		306
g)	Companies to be analysed (sum of d + e)		8,674
4	Accepted companies based on application of keywords	7,274	1,400
5	Accepted companies based on qualitative filters	1,390	10
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	10
b)	Accepted companies having ratio of RPT to total income less than 25%	3	7
c)	Rejected companies reporting persistent losses in the years of study	0	7

d)	Rejected companies reporting abnormal margins in the years of study	0	7
7	Companies that passed through all the above filters	7	

Table 15: Set obtained from Capitaline

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in Capitaline classified under 'All Industries' as on 15 May 2025	75,217	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	48,179	27,038
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,974	22,064
b)	Accepted companies that reported net sales greater than or equal to 1 crore	1,818	20,246
c)	Accepted companies that reported net worth greater than or equal to 0	1,467	18,779
d)	Accepted companies having AMP expenses less than 3% of their total sales in the latest year.	1,813	16,966
e)	Accepted companies having R&D expenses less than 3% of their total sales in the latest year.	101	16,865
	Rejected companies already analysed in AceTP	7,352	9,513
f)	Accepted companies having more than one segment data even where companies failed AMP expense & R&D expense filter at the entity level		45
h)	Companies to be analysed (sum of e + f)		9,558
4	Accepted companies based on application of keywords	8,569	989
5	Accepted companies based on qualitative filters	985	4
6	Application of additional quantitative filters		

a)	Segment income less than INR 1 crore	0	4
b)	Accepted companies having ratio of RPT to total income less than 25%	1	3
c)	Rejected companies reporting persistent losses in the years of study	1	2
d)	Rejected companies reporting abnormal margins in the years of study	0	2
7	Companies that passed through all the above filters	2	

Further, the following company was identified as comparable in the previous year, however, it failed filters applied during the search process. Given that the annual report for the same is currently available in the public domain, the company passes all the filters applied and is functionally comparable, it is added to the final list of comparables.

- **Special Ceramics Pvt Ltd.**

5.2. Benchmarking analysis for manufacturing of refractory products (Sale of finished goods – category 2)

Database used

A search for the companies comparable to RHI Magnesita India Limited was conducted using the publicly available databases, ACETP and Capitaline, having large number of Indian companies. A brief description of the databases is available at annexure 2. The search for comparable companies was carried out using the version updated as on 15 May 2025.

ACETP and Capitaline classify companies into various industries based on the function or service that RHIMIN is engaged in. All companies under these industry classification were downloaded for the purpose of quantitative screening. Based on the quantitative screens, the companies were segregated into three sets, namely Manufacturing, Trading and Services.

The activities performed by RHIMIN are in the nature of contract manufacturing of refractory products. For identifying potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN, we selected the 'Manufacturing set'.

Number of years used for analysis

Based on the Rule 10B(5) of the Rules, we have included the comparable companies having data for the current year (i.e. FY 2024-25) or the year immediately preceding the current year (i.e. FY 2023-24) while applying the primary quantitative criteria.

The table below outlines the criteria applied for selecting companies based on the data available:

Table 16: Financial year data coverage

FY 2024-25	FY 2023-24	Accept / Reject
Yes	Yes	Accept
Yes	No	Accept
No	Yes	Accept
No	No	Reject

Further, while analysing financial results, where data for the year ended 31 March 2025 is available, the same has been considered along with the data for the year ended 31 March 2024 and 31 March 2023.

Financial year alignment

In the database, we observed that the accounting period for all the companies listed in the databases is not uniform. For the purpose of this analysis, we aligned the financial data of the companies based on the end-date of the FY in the following manner:

Table 17: Financial year data coverage

Financial year end-date falling between	Considered as the data for the FY
01 April 2022 to 31 March 2023	2022-23
01 April 2023 to 31 March 2024	2023-24
01 April 2024 to 31 March 2025	2024-25

Application of primary quantitative filters

The financial information viz., the profit and loss statements and the balance sheet data of the companies, as reported in the respective databases, was used for application of the primary quantitative filters. A standard definition for each line item was arrived at to have consistency in usage of the data from databases. Annexure 3 outlines in detail the method used for classifying the various line items.

Following primary quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Minimum turnover:** Accepted companies that reported net sales equal to or greater than INR 1 crore;
- **Positive net worth:** Accepted companies that reported net worth greater than or equal to zero. The net worth value as provided by the databases was used for applying this filter;

- **Manufacturing income:** Accepted companies that had majority of their revenue from manufacturing activities i.e., the ratio of manufacturing sales to net sales more than 75%;
- **AMP Filter:** Accepted companies having AMP expenses less than 3% of their total sales in the latest year;
- **R&D Filter:** Accepted companies having R&D expenses less than 3% of their total sales in the latest year; and
- **Segment data:** Accepted companies that had segment data for more than 1 segment even where they were failing manufacturing/AMP/R&D filter at the entity level.

Selection of keywords

The companies which satisfied the aforementioned primary quantitative filters were selected at the initial stage.

Thereafter, the keywords available in the following categories in ACETP and Capitaline databases were used to identify potential comparable companies:

- Database industry
- NIC Activity
- Products details
- Segments details

Table 18: Keywords selected

Database industry	Cement & Construction Materials
	Refractories
	Ceramics/Marble/Granite/Sanitaryware
	Abrasives
	Cement - Mini - North India
	Abrasives and Grinding Wheels
	Ceramics - Sanitaryware / Others
	Ceramics – Tiles
	Cement - Mini - South India
	Refractories / Intermediates
	Electric Equipment - Gensets / Turbines
	Construction - Factories / Offices / Commercial
	Cement Products
	Cement - Major - South India
NIC Activity	Mining/Quarrying Of Limestone; Limeshell; 'Kankar' And Other Calcareous Minerals Including Calcite; Chalk And Shale

	Mining Of Clays (Kaolin; Ball Clay; Wollastonite; Bentonite; Fuller'S Earth; Fire Clay Etc.)
	Manufacture Of Portland Cement; Aluminous Cement; Slag Cement And Similar Hydraulic Cement
	Manufacture Of Other Electrical Equipment
	Manufacture Of Articles Articles Of Concrete; Cement Or Artificial Stone (Tiles; Bricks Etc.)
	Manufacture Of Electrical Equipment
	Manufacture Of Cement; Lime And Plaster
	Manufacture Of Ceramic Products N.E.C.
	Manufacture Of Refractory Bricks; Blocks Tiles And Similar Refractory Ceramic Constructional Goods
	Manufacture Of Parts And Accessories For Machinery/Equipment Used By Construction And Mining Industries
	Manufacture Of Machinery For Mining; Quarrying And Construction
	Manufacture Of Metal Frameworks Or Skeletons For Construction And Parts Thereof ((Towers; Masts; Trusses; Bridges Etc.)
	Manufacture Of Other Electronic And Electric Wires And Cables (Insulated Wire And Cable Made Of Steel; Copper; Aluminium)
	Manufacture Of Clinkers And Cement
	Manufacture Of R.C.C. Bricks And Blocks
	Manufacture Of Articles Of Concrete; Cement And Plaster
	Manufacture Of Millstones; Sharpening Or Polishing Stones And Natural Or Artificial Abrasive Products; Including Abrasive Powder Or Grain On A Base Of Textile Material; Paper; Paper Board Or Other Material
	Manufacture Of Other Cement And Asbestos Cement Products N.E.C.
	Manufacture Of Refractory Ceramic Products
	Quarrying Of Stone; Sand And Clay
	Manufacture of refractory products

	Manufacture Of Other Porcelain And Ceramic Products
	Manufacture Of Other Clay Building Materials
	Manufacture Of Electrical Insulators And Insulating Fittings Of Ceramics
	Manufacture Of Other Refractory Articles N.E.C.
	Other Specialized Construction Activities
	Manufacture of other electrical equipment n.e.c.
	Manufacture of cement, lime and plaster
	Manufacture of cement in the form of clinkers
	Manufacture of ceramic building material, other th
	Manufacture of refractory bricks, blocks tiles and
	General construction (including alteration, additi
	Quarrying of stone, sand and clay
	Manufacture of portland cement, aluminous cement,
	Mining of clays (kaolin, ball clay, wollastonite,
	Construction
	Manufacture of other non-structural ceramic ware n
	Refractory bricks
	Manufacture of other structural metal products n.e
	Manufacture of other cement and asbestos cement pr
	Manufacture of articles of concrete, cement and pl
	Manufacture of asbestos cement
	Manufacture of ceramic tableware and other article
	Manufacture of other refractory ceramic products n
	Forging, pressing , stamping and roll-forming of m
	Mining Of Other Non-Ferrous Metal Ores; N.E.C. [Titanium (Ilmenite And Rutile)

	;Niobium; Tantalum; Vanadium Or Zirconium Ores; Tin Bearing Ores; And; Nickel; Cobalt; Tungsten; Molybdenum; Antimony And Other Non-Ferrous Metal Ores]
	General construction (including alteration)
	Operation of sand or gravel pits, basalt / porphy
Product/Segment (Keywords)	Abrasive
	Alumina Silicate Bricks
	Asbestos
	Bearing Rings
	Billets
	Block
	block tile
	Brick
	Calderys Product
	Cast & Alloy
	Castable
	Casting
	Cement
	Ceramic
	Clay
	Construction Material
	Dolomite
	Flow Control Product
	Fly Ash
	Forged
	Glass
	Gunning Material
	High Alumina
	Mines
	Monolithic
	Mortar
	non-clay
	Nozzle
	R.C.C brick
	Refactor
	Refractor
	Rods
	Self-Flowing Castable

	Sheet Metal Press Parts
	Shotcreting Material
	Silica
	Slide Gate Plate
	Steel
	Tap Hole Clay
	Thermal Insul.Prods
	Tools/Dies & Moulds
	Tundish
	Valves

Application of qualitative filters and detailed qualitative review

The business descriptions of the set of companies obtained from the database were reviewed in detail. Where the companies are found to be comparable to the business of the tested party, the same are analyzed in detail from the annual report or website of the comparable companies or other sources available on the internet.

Further, in this step, the companies are rejected on the following qualitative criteria:

- Business description of the companies not available in the database;
- Companies having significantly different functions / providing different services or products (e.g. service, trading, or diverse activities);
- Insufficient information (with regard to the business) or financial data to analyse the companies or annual reports are not available;
- Inadequate business segment information;
- Companies having ownership of more than 50% by any Government body;
- Companies having extraordinary events during the year or years under study (e.g. mergers, acquisitions, or restructuring) that would impact the comparability of the company; and
- Application of additional quantitative filter based on Annual Report / Database

Following additional quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Segment income less than INR 1 crore** – Income from the relevant segment is less than INR 1 crore.
- **RPT to total income ratio** – Accepted companies having ratio of related party transaction to total income less than 25%.

- **Persistent losses** – Rejected companies reporting persistent losses in the years of study.
- **Abnormal margins** – Rejected companies reporting abnormal fluctuations in margins or abnormal margins in the years of study.

Summary of search process

The results of the above analysis carried out are tabulated herein below:

Table 19: Set obtained from ACETP

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in AceTP classified under 'All Industries' as on 15 May 2025	42,481	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	27,058	15,423
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,310	11,113
b)	Accepted companies that reported net sales greater than or equal to 1 crore	507	10,606
c)	Accepted companies that reported net worth greater than or equal to 0	645	9,961
d)	Accepted companies that reported manufacturing income to net sales as more than 75%	5,293	4,668
e)	Accepted companies having AMP expenses less than 3 of their total sales in the latest year.	500	4,168
f)	Accepted companies having R&D expenses less than 3% of their total sales in the latest year.	78	4,090
g)	Accepted companies having more than one segment data even where companies failed manufacturing income filter at the entity level		838
h)	Companies to be analysed (sum of d + e)		4,928
4	Accepted companies based on application of keywords	4,191	737

5	Accepted companies based on qualitative filters	723	14
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	14
b)	Accepted companies having ratio of RPT to total income less than 25%	3	11
c)	Rejected companies reporting persistent losses in the years of study	0	11
d)	Rejected companies reporting abnormal margins in the years of study	0	11
7	Companies that passed through all the above filters		11

Table 20: Set obtained from Capitaline

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in Capitaline classified under 'All Industries' as on 15 May 2025	75,217	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	48,179	27,038
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,974	22,064
b)	Accepted companies that reported net sales greater than or equal to 1 crore	1,818	20,246
c)	Accepted companies that reported net worth greater than or equal to 0	1,467	18,779
d)	Rejected companies already analysed in AceTP	8,344	10,435
e)	Accepted companies that reported manufacturing income to net sales as more than 75%	7,096	3,339
f)	Accepted companies having AMP expenses less than 3% of their total sales in the latest year.	239	3,100

g)	Accepted companies having R&D expenses less than 3% of their total sales in the latest year.	16	3,084
h)	Accepted companies having more than one segment data even where companies failed manufacturing income filter at the entity level		382
i)	Companies to be analysed (sum of e + f)		3,466
4	Accepted companies based on application of keywords	3,176	290
5	Accepted companies based on qualitative filters	287	3
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	3
b)	Accepted companies having ratio of RPT to total income less than 25%	0	3
c)	Rejected companies reporting persistent losses in the years of study	0	3
d)	Rejected companies reporting abnormal margins in the years of study	0	3
7	Companies that passed through all the above filters		3

Further, the following companies were identified as comparable in the previous year, however, they failed filters applied during the search process. Given that annual reports for the same are currently available in the public domain, the companies pass all the filters applied and are functionally comparable, they are added to the final list of comparables.

- Ginni Refractories Pvt Ltd.
- Special Ceramics Pvt Ltd.
- Vishva Vishal Refractory Ltd
- Zircar Refractories Ltd

Conclusion

As mentioned above, we have relied on the data of 20 comparable companies in relation to entity wide analysis under combined TNMM approach (dated May 15, 2025) considering 2 benchmarking sets namely 1) manufacturing and trading of refractory products and 2) manufacturing of refractory products, for potential identification of comparable companies that perform similar functions and bear similar risks to that of RHIMIN.

Subsequently, we checked the latest available financial information (to the extent available in benchmarking databases/public domain) on March 11, 2026 for comparable companies and accordingly checked the filters and updated the margin computations. Based on the

same, 2 companies did not satisfy RPT filter criteria in FY 2024-25 and failed on account of having RPT of more than 25% to sales.

- **Mahakoshal Refractories Pvt. Ltd. (RPT as % of sales is 41.12%)**
- **Vishwakarma Refractories Pvt. Ltd. (RPT as % of sales is 29.96%)**

The weighted average NCPM of remaining 18 comparable companies is given below:

Computation of Arm's Length Price

Rule 10CA of the Rules provides that if the application of the most appropriate method results in more than one price, the arm's length price would be determined by constructing a data set. The data set has to be prepared by placing the prices in an ascending order.

In case the current year of data is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the current year as well as the previous two years in which same or similar uncontrolled transactions have been undertaken. On the other hand, if the data of the FY preceding the current year is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the two consecutive FYs preceding the current year in which same or similar uncontrolled transactions have been undertaken.

The weighted average NCPM of the 18 comparable companies is given below:

Table 21: Financial analysis of comparable companies (Unadjusted)

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NCPM
1	Allied Refractory Products India Pvt Ltd.	AceTP	Entity	11.77%	17.25%	17.51%	15.79%
2	Anant Refractory Products Pvt Ltd	Capitaline	Entity	2.60%	2.16%	NA	2.38%
3	Associated Ceramics Ltd.	AceTP	Entity	13.33%	4.02%	7.09%	8.57%
4	Calderys India Refractories Ltd.	AceTP	Entity	20.95%	23.63%	22.29%	22.34%
5	Carborundum Universal Ltd.- Ceramics	AceTP	Segmental	27.63%	32.20%	29.98%	29.90%
6	Ginni Refractories Pvt Ltd.	AR	Entity	3.88%	3.77%	4.37%	4.08%

7	IFGL Refractories Ltd.	AceTP	Entity	11.11%	8.69%	8.26%	9.26%
8	Jajoo Rashmi Refractories Ltd.	AceTP	Entity	10.27%	10.11%	7.07%	8.89%
9	Maithan Ceramic Ltd.	AceTP	Entity	13.76%	14.51%	9.64%	12.76%
10	Monolithisch India Ltd.	AceTP	Entity	17.99%	21.65%	25.13%	22.48%
11	S K G Refractories Ltd	Capitaline	Entity	6.66%	8.57%	NA	7.77%
12	Shri Valley Refractories Ltd	Capitaline	Entity	3.09%	5.48%	9.57%	6.12%
13	SP Refractories Ltd.	AceTP	Entity	4.76%	9.86%	11.54%	8.76%
14	Special Ceramics Pvt Ltd.	AR	Entity	8.39%	11.04%	NA	9.81%
15	TRL Krosaki Refractories Ltd.	AceTP	Entity	10.91%	12.54%	13.10%	12.23%
16	Vishva Vishal Refractory Ltd	AR	Entity	1.87%	10.65%	20.86%	11.58%
17	Vesuvius India Ltd.	AceTP	Entity	11.14%	18.52%	19.21%	16.62%
18	Zircar Refractories Ltd	Capitaline	Entity	6.06%	8.54%	8.86%	7.87%
Count							18
35 Percentile							8.76%
Median							9.53%
65 Percentile							12.23%

Economic Adjustments

Rule 10B(3)(ii) of the Act, provides that an uncontrolled transaction can be compared to an international transaction if:

- none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or
- reasonably accurate adjustments can be made to eliminate the material effects of such differences.

The broadly comparable independent companies that have been identified are not necessarily exactly comparable to the products offered by RHIMIN. As such, some differences in terms of functions performed and risks borne and assets employed are likely to exist between the comparable companies and the products offered by RHIMIN. Necessary adjustment to financial data, wherever possible, to account for the differences are required to be performed and the effect of these functional and risk differences on the mark-up needs to be adjusted while determining the arm's length price.

Thus, RHIMIN reserves the right to make necessary adjustments, if required.

Business description of comparable companies

1. Carborundum Universal Ltd.

The company is engaged in the manufacturing and selling of abrasives, ceramics (industrial ceramics, refractories) and electro minerals.

(AR 2024 pdf pg 307)

2. Associated Ceramics Ltd.

The company is engaged in the manufacturing of refractory items.

(AR 2024 pdf pg 84, 103)

3. Maithan Ceramic Ltd.

The company is engaged in the business of refractory bricks and unshaped and shaped refractory.

(AR 2024 pdf pg 67)

4. TRL Krosaki Refractories Ltd.

The company is engaged in the manufacturing and trading of refractories. Its product range includes refractories like basic, dolomite, high alumina, monolithic, silica, flow control, tap hole clay, alumina graphite and providing refractories engineering and management services.

(AR 2024 pdf pg 67)

5. Calderys India Refractories Ltd.

The company is engaged in the business of providing refractory solutions.

(AR 2024 pdf pg 18)

6. IFGL Refractories Ltd.

The company is primarily engaged in the manufacturing, trading and selling of refractory items and its related equipment and accessories.

(AR 2024 pdf pg 173)

7. Allied Refractory Products India Pvt Ltd.

The company is engaged in manufacturing and trading of monolithic refractories.

(AR 2024 pdf pg 31)

8. SP Refractories Ltd.

The company is engaged in the manufacturing and supplying of refractory material using hydrated lime, calcined alumina and other raw materials.

(AR 2024 pdf pg 113)

9. Jajoo Rashmi Refractories Ltd.

The company is engaged in manufacturing of fine silica ramming mass, ferro alloys, casting powder, nozzle filling compound, calcined petroleum coke and other refractory products.

(AR 2024 pdf pg 2)

10. Monolithisch India Ltd.

The company is engaged in the manufacturing of refractories, ceramics and all chemical formulations such as organic and inorganic descriptions.

(AR 2024 pdf pg 27)

11. S K G Refractories Ltd

The company is engaged in the manufacturing and trading of refractory bricks.

(AR 2024 pdf pg 32)

12. Shri Valley Refractories Ltd

The company is engaged in the manufacturing of refractory bricks.

(AR 2024 pdf pg 37)

13. Anant Refractory Products Pvt Ltd

The company is engaged in the manufacturing, marketing and exporting of refractory products.

(AR 2024 pdf pg 11)

14. Ginni Refractories Pvt Ltd.

The company is engaged in the manufacturing of refractories. Its product range includes calcined magnesia carbon lumps and calcined magnesia carbon dust & grains.

(<https://ginnirefractories.com/about-us/>)

15. Special Ceramics Pvt Ltd.

The company is engaged in the manufacturing and trading refractory products.

(AR 2024 pdf pg 30)

16. Vishva Vishal Refractory Ltd

The company is engaged in the manufacturing of refractory items for different industries.

(AR 2024 pdf pg 55)

17. Zircar Refractories Ltd

The company is engaged in the manufacturing of crucibles and other refractory items. Its product range includes clay graphite refractory components, Continuous Casting Refractories (“CCR”) and Slide Gate Refractories (“SGR”) & monolithic etc.

(AR 2024 pdf pg 25, 83)

18. Vesuvius India Ltd.

The company is engaged in the manufacturing and trading of refractory goods. It is also engaged in the provision of services in relation to refractory goods.

(AR 202412 pdf pg 74)

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6. Economic analysis for sale of finished goods – Category 1

To obtain a robust set of comparable companies for purposes of the benchmark analysis, the Group engaged TPI LAB to conduct a search for independent distribution companies in the European region that perform functions and bear risks similar to the low risk distributor (“LRD”).

The search was originally conducted for the fiscal year ended 31 December 2023 and the analysis covered the most recent three-year from 2021 to 2023, for which financial data was available at the time of analysis.

As there were no significant changes to the operating conditions of the LRD, TPI LAB reviewed the business descriptions of the companies accepted in the original search for continued comparability and updated their financial results for the period from 2022 to 2024. This approach is in accordance with the OECD Guidelines, which states that a comparable company search can be updated every three years rather than annually³. What follows below is the description of the original search strategy.

The following source was used to conduct the original search:

- **Bureau van Dijk’s TP Catalyst:** TP Catalyst is a platform that combines company information, royalty rates, lending margins, and commodity modules. It is powered by Orbis, which contains qualitative and financial information on more than 41 million public and private companies.

Orbis in TP Catalyst classifies companies according to the NACE used by European countries for their industry classifications. A brief description of the databases is available at annexure 3.

The following core NACE 2.0 codes were used to conduct the original search:

Table 22: NACE codes

NACE codes	Codes description
461	Wholesale on a fee or contract basis
466	Wholesale of other machinery, equipment, and supplies
467	Other specialized wholesale
469	Non-specialized wholesale trade

To better focus on the research, TPI LAB further refined the search by applying the following automated screens:

- **Geography screen:** The countries selected for the search include those in the European Union [27], Iceland, Norway, South Africa, Switzerland, Turkey, and the

▪ ³ OECD Guidelines, paragraph 5.38

United Kingdom.

- **Activity screen:** The search was limited to active companies to exclude companies that are in liquidation, bankruptcy proceedings, or going through a merger process.
- **Incorporation screen:** The search was limited to companies that were incorporated in 2017 or before to eliminate recently established companies that often have substantial start-up costs in their initial years of trading.
- **Independence screen:** To ensure that the companies identified through the automated screening process were independent, an independence screening criterion based on information contained in the database was included. In this regard, companies that were classified in the database under the independence codes "A+, A, A-: No shareholders recorded with more than 24.9% direct or total ownership⁴ during the three-year period from 2020 to 2022 were accepted.
- **Financial screens:** To ensure that financial information was available for the analysis, the search screened for (i) companies that reported operating revenue data of at least EUR 1 million in one of the years during the three-year period from 2020 to 2022; (ii) companies that reported a known operating revenue value for at least one year during the three-year period from 2020 to 2022; and (iii) companies that were on average profit-making during the three-year period from 2020 to 2022 were accepted.
- **Keyword screen:** A keyword screen was applied to identify companies with the following keywords in the text fields available in the database (i.e., description and history; full overview; product and services; primary or secondary business lines; main activity; main customers; and primary or secondary national activity classifications): "ore*" or "brick*" or "ceramic*" or "component*" or "furnace*" or "glass*" or "high-temperature" or "mineral*" or "mold" or "refractor*" or "wear part*" or "material*". Further, the search excluded companies with the following keywords in the trade description text field: "manufac*" or "fabricat*" or "retail*".

The application of the automated screens resulted in an initial set of 343 companies. Each of the companies was screened for functional comparability. Short business descriptions and financial data provided by the database, public filings (e.g., annual reports), and/or company websites were reviewed to assess whether the companies performed functions and assumed risks that appeared to be sufficiently similar to those of the LRD.

Based on this review, 329 companies were rejected for one or more of the reasons listed below:

- The company engages in non-comparable functions (e.g., construction, manufacturing, recycling, rental, retail, or waste removal services);
- The company is engaged in the sale of non-comparable products (e.g., consumer

⁴ The logic behind these qualifiers is that the probability of having missed an ownership percentage over 25% is the lowest when the greatest number of shareholders is known, so that the company's degree of independence is more certain. The qualification A+ is also attributed to A companies in which the summation of direct ownership links (all categories of shareholders included), all of which being under 25%, is 75.01% and higher. The database also gives an A notation to a company that is mentioned by a source (Annual Report, Private Communication or Information Provider) as being the Ultimate Owner of another company, even when its shareholders are not mentioned.

products, such as consumer electronics or perishable items, or products sold under its own brand); or

- Other (e.g., the company has reported insufficient qualitative or financial information, is not independent, is a non-profit organization or cooperative, or has unconsolidated account and active subsidiaries⁵).

The following 14 companies were determined to engage in activities sufficiently comparable to the LRD.

Table 23: Summary of accepted companies along with country of incorporation

S.No	Company name	Country
1	Abastena - sociedade abastecedora de madeiras, lda	Portugal
2	Civils store limited	United Kingdom
3	Clever chem s.r.l.	Italy
4	Cofunco sa	Spain
5	Distributeurs associes de la chimie	France
6	F. reyher nchfg. gmbh & co. kg	Germany
7	Ft tradecom srl	Italy
8	Ga - k overseas co. limited	Cyprus
9	Genetrix s.r.o.	Czech Republic
10	James latham public limited company	United Kingdom
11	N.t.e. marmi s.r.l.	Italy
12	Schelfhout	Belgium
13	Sezam, s.r.o.	Slovakia
14	Unifersa 2006, sociedad Anonima	Spain

TPI LAB reviewed the business descriptions of the originally accepted comparable companies by applying the same search criteria used in the original search strategy. This process included a validation of the functions performed by the previously accepted companies. The following companies were rejected:

Table 24: Rejected companies

Sr. No.	Company name	Reason for rejection
1	Clever chem s.r.l	Not independent

⁵ A company is deemed to have a subsidiary if its holding in the subsidiary is greater than 25%. If no information is available on the percentage holding or the holding is less than or equal to 25%, we have not considered such companies to be subsidiaries. Information on subsidiaries has been obtained from the "Subsidiaries (roll-up structure)" section of the TP Catalyst company reports

2	F. reyher nchfg. gmbh & co. kg	Unconsolidated accounts and active subsidiary
3	Ft tradecom srl	Not independent
4	Ga - k overseas co. limited	Not independent
5	N.t.e. marmi s.r.l.	Unconsolidated accounts and active subsidiary

As a result of this process, TPI LAB determined that 9 previously comparable companies remained comparable.

Financial analysis of comparable companies has been tabulated below:

Table 25: Summary of weightage average margin as

S.No	Company name	FY 2022	FY 2023	FY 2024	3 Year Weightage Average NPM
1	Abastena - sociedade abastecedora de madeiras, lda	-1.33%	1.43%	0.76%	0.32%
2	Civils store limited	6.78%	4.47%	3.95%	5.03%
3	Cofunco SA	2.50%	6.75%	NA	4.58%
4	Distributeurs associes de la chimie	2.04%	2.34%	NA	2.15%
5	Genetrix s.r.o.	2.05%	1.05%	1.58%	1.60%
6	James latham public limited company	10.70%	7.13%	5.51%	7.89%
7	Schelfhout	7.07%	2.53%	0.29%	3.51%
8	Sezam, s.r.o.	5.14%	0.59%	2.43%	2.85%
9	Unifersa 2006, sociedad anonima	4.48%	3.51%	NA	3.97%
	Count				9
	35th percentile				2.85%
	65th percentile				3.51%
	Median				3.97%

Business description of comparable companies

1. Abastena - Sociedade Abastecedora De Madeiras, Lda

The company purchases woods from forestry suppliers and wholesale delivers to wood sawmill manufacturing centers.

2. Civils Store Limited

The company supplies third-party branded civil engineering and groundwork materials, such as drainage, ducting, reinforcement products, as well as block paving, paving flags, curb stones, and natural stones. It operates from 7 depots.

3. Cofunco SA

The company is an exclusive distributor of products manufactured by Funosa, a foundry specializing in duct and cast iron parts.

4. Distributeurs Associes De La Chimi

The company distributes a range of chemical products (e.g., magnesium oxide, solvents, zinc sulphate) sourced from suppliers.

5. Genetrix S.R.O.

The company distributes chemical raw materials, specialty chemicals, rubbers, and plastic products sourced from manufacturers for a wide range of industries, especially dyeing, glass, pyrotechnics, but also rubber, armaments (military), pharmaceutical, and automotive. It handles consignment warehouses and logistics.

6. James Latham Public Limited Company Schelfhout

The company purchases wood-based products (e.g., timber, panels and doors, and decorative surfaces such as laminates) from forestry suppliers and wholesale distributes to contractors, merchants, construction professionals, and designers.

7. Schelfhout

The company sources its tiles from manufacturers for sale to customers. It also specializes in the sale of real parquet flooring. It operates a showroom.

8. Sezam, S.R.O.

The company supplies chipboards, construction lumber, worktops, furniture-edges, furniture, fiber boards, plywood, wooden tiles, etc. It operates various depots.

9. Unifersa 2006, Sociedad Anonima

The company is a wholesale company dedicated to the distribution of professional hardware and industrial supplies.

7. Economic analysis for sale of finished goods – Category 2

Database used

A search for the companies comparable to RHI Magnesita India Limited was conducted using the publicly available databases, ACETP and Capitaline, having large number of Indian companies. A brief description of the databases is available at annexure 2. The search for comparable companies was carried out using the version updated as on 15 May 2025.

ACETP and Capitaline classify companies into various industries based on the function or service that RHIMIN is engaged in. All companies under these industry classification were downloaded for the purpose of quantitative screening. Based on the quantitative screens, the companies were segregated into three sets, namely Manufacturing, Trading and Services.

The activities performed by RHIMIN are in the nature of contract manufacturing of refractory products. For identifying potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN, we selected the 'Manufacturing set'.

Number of years used for analysis

Based on the Rule 10B(5) of the Rules, we have included the comparable companies having data for the current year (i.e. FY 2024-25) or the year immediately preceding the current year (i.e. FY 2023-24) while applying the primary quantitative criteria.

The table below outlines the criteria applied for selecting companies based on the data available:

Table 26: Financial year data coverage

FY 2024-25	FY 2023-24	Accept / Reject
Yes	Yes	Accept
Yes	No	Accept
No	Yes	Accept
No	No	Reject

Further, while analysing financial results, where data for the year ended 31 March 2025 is available, the same has been considered along with the data for the year ended 31 March 2024 and 31 March 2023.

Financial year alignment

In the database, we observed that the accounting period for all the companies listed in the databases is not uniform. For the purpose of this analysis, we aligned the financial data of the companies based on the end-date of the FY in the following manner:

Table 27: Financial year data coverage

Financial year end-date falling between	Considered as the data for the FY
01 April 2022 to 31 March 2023	2022-23
01 April 2023 to 31 March 2024	2023-24
01 April 2024 to 31 March 2025	2024-25

Application of primary quantitative filters

The financial information viz., the profit and loss statements and the balance sheet data of the companies, as reported in the respective databases, was used for application of the primary quantitative filters. A standard definition for each line item was arrived at to have consistency in usage of the data from databases. Annexure 3 outlines in detail the method used for classifying the various line items.

Following primary quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Minimum turnover:** Accepted companies that reported net sales equal to or greater than INR 1 crore;
- **Positive net worth:** Accepted companies that reported net worth greater than or equal to zero. The net worth value as provided by the databases was used for applying this filter;
- **Manufacturing income:** Accepted companies that had majority of their revenue from manufacturing activities i.e., the ratio of manufacturing sales to net sales more than 75%;
- **AMP Filter:** Accepted companies having AMP expenses less than 3% of their total sales in the latest year;
- **R&D Filter:** Accepted companies having R&D expenses less than 3% of their total sales in the latest year; and
- **Segment data:** Accepted companies that had segment data for more than 1 segment even where they were failing manufacturing/AMP/R&D filter at the entity level.

Selection of keywords

The companies which satisfied the aforementioned primary quantitative filters were selected at the initial stage.

Thereafter, the keywords available in the following categories in ACETP and Capitaline databases were used to identify potential comparable companies:

- Database industry
- NIC Activity
- Products details
- Segments details

Table 28: Keywords selected

Database industry	Cement & Construction Materials
	Refractories
	Ceramics/Marble/Granite/Sanitaryware
	Abrasives
	Cement - Mini - North India
	Abrasives and Grinding Wheels
	Ceramics - Sanitaryware / Others
	Ceramics – Tiles
	Cement - Mini - South India
	Refractories / Intermediates
	Electric Equipment - Gensets / Turbines
	Construction - Factories / Offices / Commercial
	Cement Products
	Cement - Major - South India
NIC Activity	Mining/Quarrying Of Limestone; Limeshell; 'Kankar' And Other Calcareous Minerals Including Calcite; Chalk And Shale
	Mining Of Clays (Kaolin; Ball Clay; Wollastonite; Bentonite; Fuller'S Earth; Fire Clay Etc.)
	Manufacture Of Portland Cement; Aluminous Cement; Slag Cement And Similar Hydraulic Cement
	Manufacture Of Other Electrical Equipment
	Manufacture Of Articles Articles Of Concrete; Cement Or Artificial Stone (Tiles; Bricks Etc.)
	Manufacture Of Electrical Equipment
	Manufacture Of Cement; Lime And Plaster
	Manufacture Of Ceramic Products N.E.C.
	Manufacture Of Refractory Bricks; Blocks Tiles And Similar Refractory Ceramic Constructional Goods

	Manufacture Of Parts And Accessories For Machinery/Equipment Used By Construction And Mining Industries
	Manufacture Of Machinery For Mining; Quarrying And Construction
	Manufacture Of Metal Frameworks Or Skeletons For Construction And Parts Thereof ((Towers; Masts; Trusses; Bridges Etc.)
	Manufacture Of Other Electronic And Electric Wires And Cables (Insulated Wire And Cable Made Of Steel; Copper; Aluminium)
	Manufacture Of Clinkers And Cement
	Manufacture Of R.C.C. Bricks And Blocks
	Manufacture Of Articles Of Concrete; Cement And Plaster
	Manufacture Of Millstones; Sharpening Or Polishing Stones And Natural Or Artificial Abrasive Products; Including Abrasive Powder Or Grain On A Base Of Textile Material; Paper; Paper Board Or Other Material
	Manufacture Of Other Cement And Asbestos Cement Products N.E.C.
	Manufacture Of Refractory Ceramic Products
	Quarrying Of Stone; Sand And Clay
	Manufacture of refractory products
	Manufacture Of Other Porcelain And Ceramic Products
	Manufacture Of Other Clay Building Materials
	Manufacture Of Electrical Insulators And Insulating Fittings Of Ceramics
	Manufacture Of Other Refractory Articles N.E.C.
	Other Specialized Construction Activities
	Manufacture of other electrical equipment n.e.c.
	Manufacture of cement, lime and plaster
	Manufacture of cement in the form of clinkers
	Manufacture of ceramic building material, other th

	Manufacture of refractory bricks, blocks tiles and
	General construction (including alteration, additi
	Quarrying of stone, sand and clay
	Manufacture of portland cement, aluminous cement,
	Mining of clays (kaolin, ball clay, wollastonite,
	Construction
	Manufacture of other non-structural ceramic ware n
	Refractory bricks
	Manufacture of other structural metal products n.e
	Manufacture of other cement and asbestos cement pr
	Manufacture of articles of concrete, cement and pl
	Manufacture of asbestos cement
	Manufacture of ceramic tableware and other article
	Manufacture of other refractory ceramic products n
	Forging, pressing , stamping and roll-forming of m
	Mining Of Other Non-Ferrous Metal Ores; N.E.C. [Titanium (Ilmenite And Rutile) ;Niobium; Tantalum; Vanadium Or Zirconium Ores; Tin Bearing Ores; And; Nickel; Cobalt; Tungsten; Molybdenum; Antimony And Other Non-Ferrous Metal Ores]
	General construction (including alteration)
	Operation of sand or gravel pits, basalt / porphyr
Product/Segment (Keywords)	Abrasive
	Alumina Silicate Bricks
	Asbestos
	Bearing Rings
	Billets
	Block
	block tile

	Brick
	Calderys Product
	Cast & Alloy
	Castable
	Casting
	Cement
	Ceramic
	Clay
	Construction Material
	Dolomite
	Flow Control Product
	Fly Ash
	Forged
	Glass
	Gunning Material
	High Alumina
	Mines
	Monolithic
	Mortar
	non-clay
	Nozzle
	R.C.C brick
	Refactor
	Refractor
	Rods
	Self-Flowing Castable
	Sheet Metal Press Parts
	Shotcreting Material
	Silica
	Slide Gate Plate
	Steel
	Tap Hole Clay
	Thermal Insul.Prods
	Tools/Dies & Moulds
	Tundish
	Valves

Application of qualitative filters and detailed qualitative review

The business descriptions of the set of companies obtained from the database were reviewed in detail. Where the companies are found to be comparable to the business of the tested party, the same are analyzed in detail from the annual report or website of the comparable companies or other sources available on the internet.

Further, in this step, the companies are rejected on the following qualitative criteria:

- Business description of the companies not available in the database;
- Companies having significantly different functions / providing different services or products (e.g. service, trading, or diverse activities);
- Insufficient information (with regard to the business) or financial data to analyse the companies or annual reports are not available;
- Inadequate business segment information;
- Companies having ownership of more than 50% by any Government body;
- Companies having extraordinary events during the year or years under study (e.g. mergers, acquisitions, or restructuring) that would impact the comparability of the company; and
- Application of additional quantitative filter based on Annual Report / Database

Following additional quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Segment income less than INR 1 crore** – Income from the relevant segment is less than INR 1 crore.
- **RPT to total income ratio** – Accepted companies having ratio of related party transaction to total income less than 25%.
- **Persistent losses** – Rejected companies reporting persistent losses in the years of study.
- **Abnormal margins** – Rejected companies reporting abnormal fluctuations in margins or abnormal margins in the years of study.

Summary of search process

The results of the above analysis carried out are tabulated herein below:

Table 29: Set obtained from ACETP

S. No.	Search Criteria	Eliminated companies	Accepted companies
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1	Total number of companies in AceTP classified under 'All Industries' as on 15 May 2025	42,481	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	27,058	15,423
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,310	11,113
b)	Accepted companies that reported net sales greater than or equal to 1 crore	507	10,606
c)	Accepted companies that reported net worth greater than or equal to 0	645	9,961
d)	Accepted companies that reported manufacturing income to net sales as more than 75%	5,293	4,668
e)	Accepted companies having AMP expenses less than 3 of their total sales in the latest year.	500	4,168
f)	Accepted companies having R&D expenses less than 3% of their total sales in the latest year.	78	4,090
g)	Accepted companies having more than one segment data even where companies failed manufacturing income filter at the entity level		838
h)	Companies to be analysed (sum of d + e)		4,928
4	Accepted companies based on application of keywords	4,191	737
5	Accepted companies based on qualitative filters	723	14
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	14
b)	Accepted companies having ratio of RPT to total income less than 25%	3	11
c)	Rejected companies reporting persistent losses in the years of study	0	11
d)	Rejected companies reporting abnormal margins in the years of study	0	11
7	Companies that passed through all the above filters	11	

Table 30: Set obtained from Capitaline

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in Capitaline classified under 'All Industries' as on 15 May 2025	75,217	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	48,179	27,038
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,974	22,064
b)	Accepted companies that reported net sales greater than or equal to 1 crore	1,818	20,246
c)	Accepted companies that reported net worth greater than or equal to 0	1,467	18,779
d)	Rejected companies already analysed in AceTP	8,344	10,435
e)	Accepted companies that reported manufacturing income to net sales as more than 75%	7,096	3,339
f)	Accepted companies having AMP expenses less than 3% of their total sales in the latest year.	239	3,100
g)	Accepted companies having R&D expenses less than 3% of their total sales in the latest year.	16	3,084
h)	Accepted companies having more than one segment data even where companies failed manufacturing income filter at the entity level		382
i)	Companies to be analysed (sum of e + f)		3,466
4	Accepted companies based on application of keywords	3,176	290
5	Accepted companies based on qualitative filters	287	3
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	3
b)	Accepted companies having ratio of RPT to total income less than 25%	0	3

S. No.	Search Criteria	Eliminated companies	Accepted companies
c)	Rejected companies reporting persistent losses in the years of study	0	3
d)	Rejected companies reporting abnormal margins in the years of study	0	3
7	Companies that passed through all the above filters		3

Further, the following companies were identified as comparable in the previous year, however, they failed filters applied during the search process. Given that annual reports for the same are currently available in the public domain, the companies pass all the filters applied and are functionally comparable, they are added to the final list of comparables.

- **Ginni Refractories Pvt Ltd.**
- **Special Ceramics Pvt Ltd.**
- **Vishva Vishal Refractory Ltd**
- **Zircar Refractories Ltd**

The details of companies selected / eliminated in the entire search process are provided in annexure 5.1.

Subsequently, we checked the latest available financial information (to the extent available in benchmarking databases/public domain) on March 11, 2026 for comparable companies and accordingly checked the filters and updated the margin computations. Based on the same, 1 company (namely Mahakoshal Refractories Pvt. Ltd. (RPT as % of sales is 41.12%)) did not satisfy RPT filter criteria in FY 2024-25 and failed on account of having RPT of more than 25% to sales.

The final number of broadly comparable independent companies identified is 17. The business descriptions of the same are provided in annexure 5.2.

Computation of Arm's Length Price

Rule 10CA of the Rules provides that if the application of the most appropriate method results in more than one price, the arm's length price would be determined by constructing a data set. The data set has to be prepared by placing the prices in an ascending order.

In case the current year of data is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the current year as well as the previous two years in which same or similar uncontrolled transactions have been undertaken. On the other hand, if the data of the FY preceding the current year is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the two consecutive FYs preceding the current year in which same or similar uncontrolled transactions have been undertaken.

The weighted average NCPM of the comparable companies is given below:

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	Year Weighted Average unadjusted NCPM
1	Allied Refractory Products India Pvt Ltd.	AceTP	Entity	11.77%	17.25%	17.51%	15.79%
2	Anant Refractory Products Pvt Ltd	Capitaline	Entity	2.60%	2.16%	NA	2.38%
3	Associated Ceramics Ltd.	AceTP	Entity	13.33%	4.02%	7.09%	8.57%
4	Calderys India Refractories Ltd.	AceTP	Entity	20.95%	23.63%	22.29%	22.34%
5	Carborundum Universal Ltd.-Ceramics	AceTP	Segmental	27.63%	32.20%	29.98%	29.90%
6	Ginni Refractories Pvt Ltd.	Annual Report	Entity	3.88%	3.77%	4.37%	4.08%
7	IFGL Refractories Ltd.	AceTP	Entity	11.11%	8.69%	8.26%	9.26%
8	Jajoo Rashmi Refractories Ltd.	AceTP	Entity	10.27%	10.11%	7.07%	8.89%
9	Maithan Ceramic Ltd.	AceTP	Entity	13.76%	14.51%	9.64%	12.76%
10	Monolithisch India Ltd.	AceTP	Entity	17.99%	21.65%	25.13%	22.48%
11	S K G Refractories Ltd	Capitaline	Entity	6.66%	8.57%	NA	7.77%
12	Shri Valley Refractories Ltd	Capitaline	Entity	3.09%	5.48%	9.57%	6.12%
13	SP Refractories Ltd.	AceTP	Entity	4.76%	9.86%	11.54%	8.76%
14	Special Ceramics Pvt Ltd.	Annual Report	Entity	8.39%	11.04%	NA	9.81%
15	TRL Krosaki Refractories Ltd.	AceTP	Entity	10.91%	12.54%	13.10%	12.23%
16	Vishva Vishal Refractory Ltd	Annual Report	Entity	1.87%	10.65%	20.86%	11.58%

17	Zircar Refractories Ltd	Capitaline /Annual Report	Entity	6.06%	8.54%	8.86%	7.87%
Count							17
35 Percentile							8.57%
Median							9.26%
65 Percentile							12.23%

Business description of comparable companies

1. Carborundum Universal Ltd.

The company is engaged in the manufacturing and selling of abrasives, ceramics (industrial ceramics, refractories) and electro minerals.

(AR 2024 pdf pg 307)

2. Associated Ceramics Ltd.

The company is engaged in the manufacturing of refractory items.

(AR 2024 pdf pg 84, 103)

3. Maithan Ceramic Ltd.

The company is engaged in the business of refractory bricks and unshaped and shaped refractory.

(AR 2024 pdf pg 67)

4. TRL Krosaki Refractories Ltd.

The company is engaged in the manufacturing and trading of refractories. Its product range includes refractories like basic, dolomite, high alumina, monolithic, silica, flow control, tap hole clay, alumina graphite and providing refractories engineering and management services.

(AR 2024 pdf pg 67)

5. Calderys India Refractories Ltd.

The company is engaged in the business of providing refractory solutions.

(AR 2024 pdf pg 18)

6. IFGL Refractories Ltd.

The company is primarily engaged in the manufacturing, trading and selling of refractory items and its related equipment and accessories.

(AR 2024 pdf pg 173)

7. Allied Refractory Products India Pvt Ltd.

The company is engaged in manufacturing and trading of monolithic refractories.

(AR 2024 pdf pg 31)

8. SP Refractories Ltd.

The company is engaged in the manufacturing and supplying of refractory material using hydrated lime, calcined alumina and other raw materials.

(AR 2024 pdf pg 113)

9. Jajoo Rashmi Refractories Ltd.

The company is engaged in manufacturing of fine silica ramming mass, ferro alloys, casting powder, nozzle filling compound, calcined petroleum coke and other refractory products.

(AR 2024 pdf pg 2)

10. Monolithisch India Ltd.

The company is engaged in the manufacturing of refractories, ceramics and all chemical formulations such as organic and inorganic descriptions.

(AR 2024 pdf pg 27)

11. S K G Refractories Ltd

The company is engaged in the manufacturing and trading of refractory bricks.

(AR 2024 pdf pg 32)

12. Shri Valley Refractories Ltd

The company is engaged in the manufacturing of refractory bricks.

(AR 2024 pdf pg 37)

13. Anant Refractory Products Pvt Ltd

The company is engaged in the manufacturing, marketing and exporting of refractory products.

(AR 2024 pdf pg 11)

14. Ginni Refractories Pvt Ltd.

The company is engaged in the manufacturing of refractories. Its product range includes calcined magnesia carbon lumps and calcined magnesia carbon dust & grains.

(<https://ginnirefractories.com/about-us/>)

15. Special Ceramics Pvt Ltd.

The company is engaged in the manufacturing and trading refractory products.

(AR 2024 pdf pg 30)

16. Vishva Vishal Refractory Ltd

The company is engaged in the manufacturing of refractory items for different industries.

(AR 2024 pdf pg 55)

17. Zircar Refractories Ltd

The company is engaged in the manufacturing of crucibles and other refractory items. Its product range includes clay graphite refractory components, Continuous Casting Refractories (“CCR”) and Slide Gate Refractories (“SGR”) & monolithic etc.

(AR 2024 pdf pg 25, 83)

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8. Economic analysis for purchase of traded goods

Database used

A search for the companies comparable to RHIMIN was conducted using the publicly available databases, ACETP and Capitaline, having large number of Indian companies. A brief description of the databases is available at annexure 2. The search for comparable companies was carried out using the version updated as on 15 May 2025.

ACETP and Capitaline classifies companies into various industries based on the function or service that RHIMIN is engaged in. All companies under these industry classification were downloaded for the purpose of quantitative screening. Based on the quantitative screens, the companies were segregated into three sets, namely Manufacturing, Trading and Services.

The activities performed by RHIMIN are in the nature of trading of refractory products. For identifying potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN, we selected the 'Trading set'.

Number of years used for analysis

Based on the Rule 10B(5) of the Rules, we have included the comparable companies having data for the current year (i.e. FY 2024-25) or the year immediately preceding the current year (i.e. FY 2023-24) while applying the primary quantitative criteria.

The table below outlines the criteria applied for selecting companies based on the data available:

Table 31: Financial year data coverage

FY 2024-25	FY 2023-24	Accept / Reject
Yes	Yes	Accept
Yes	No	Accept
No	Yes	Accept
No	No	Reject

Further, while analysing financial results, where data for the year ended 31 March 2025 is available, the same has been considered along with the data for the year ended 31 March 2024 and 31 March 2023.

Financial year alignment

In the database, we observed that the accounting period for all the companies listed in the databases is not uniform. For the purpose of this analysis, we aligned the financial data of the companies based on the end-date of the FY in the following manner:

Table 32: Summary of financial year data

Financial year end-date falling between	Considered as the data for the FY
01 April 2022 to 31 March 2023	2022-23
01 April 2023 to 31 March 2024	2023-24
01 April 2024 to 31 March 2025	2024-25

Application of primary quantitative filters

The financial information viz., the profit and loss statements and the balance sheet data of the companies, as reported in the respective databases, was used for application of the primary quantitative filters. A standard definition for each line item was arrived at to have consistency in usage of the data from databases. Annexure 3 outlines in detail the method used for classifying the various line items.

Following primary quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Minimum turnover:** Accepted companies that reported net sales equal to or greater than INR 1 crore;
- **Positive net worth:** Accepted companies that reported net worth greater than or equal to zero. The net worth value as provided by the databases was used for applying this filter;
- **Trading income:** Accepted companies that had majority of their revenue from trading activities i.e. the ratio of trading sales to net sales more than 75%;
- **AMP Filter:** Accepted companies having AMP expenses equal to or less than 3% of their total sales in the latest year;
- **R&D Filter:** Accepted companies having R&D expenses equal to or less than 3% of their total sales in the latest year; and
- **Segment data:** Accepted companies that had segment data for more than 1 segment even where they were failing trading income filter at the entity level.

Selection of keywords

The companies which satisfied the aforementioned primary quantitative filters were selected at the initial stage. Thereafter, the keywords available in the following categories in ACETP and Capitaline databases were used to identify potential comparable companies:

- Database industry
- NIC Activity

- Products details
- Segment details

Table 33: Keywords selected

Database classification	Cement & Construction Materials	
	Ceramics/Marble/Granite/Sanitaryware	
	Refractories	
	Construction - Factories / Offices / Commercial	
	Electric Equipment - Gensets / Turbines	
	Ceramics – Tiles	
	Cement Products	
	Ceramics - Sanitaryware / Others	
	Cement - Mini - North India	
	Cement - Mini - South India	
	Refractories / Intermediates	
	Abrasives	
	NIC Activity	Other Non-Specialised Wholesale Trade N.E.C.
Wholesale Of Electrical Machinery; Equipment And Supplies; N.E.C.		
Wholesale Of Other Machinery; Equipment And Supplies N.E.C. Including Computer-Controlled Machine Tools And Computer-Controlled Sewing And Knitting Machines		
Manufacture Of Cement; Lime And Plaster		
Manufacture Of Refractory Bricks; Blocks Tiles And Similar Refractory Ceramic Constructional Goods		
Wholesale Of Construction Materials (Sand; Gravel Etc.)		
Manufacture Of Other Electrical Equipment		
Manufacture of refractory ceramic products		
Wholesale of construction and civil engineering ma		
Wholesale of hardware and sanitary fittings and fi		
Manufacture of other electrical equip ment n.e.c.		
Manufacture Of Electrical Equipment		
Manufacture Of Other Electronic And Electric Wires And Cables (Insulated Wire And Cable Made Of Steel; Copper; Aluminium)		
Product/Segment (Keywords)		Construction Material
		Castables
	Slide Gate Plates	
	Mortars	

	Steel
	Glass
	Mines
	Abrasive
	Alumina Silicate Bricks
	Block
	Brick
	Calderys Product
	Castable
	Ceramic
	Clay
	Dolomite
	Flow Control Product
	Gunning Material
	High Alumina
	Monolithic
	Mortar
	Nozzle
	Refactor
	Refractor
	Self-Flowing Castable
	Shotcreting Material
	Silica
	Slide Gate Plate
	Tap Hole Clay
	Casting
	Cement
	Asbestos
	R.C.C Brick
	Block Tile
	Non-Clay
	Tundish
	Bearing Rings
	Cast & Alloy
	Thermal Insul.Prods
	Tools/Dies & Moulds
	Valves
	Forged
	Abrasives
	Sheet Metal Press Parts

	Fly Ash
	Rods
	Billets

Application of qualitative filters and detailed qualitative review

The business descriptions of the set of companies obtained from the database were reviewed in detail. Where the companies are found to be comparable to the business of the tested party, the same are analysed in detail from the annual report or website of the comparable companies or other sources available on the internet.

Further, in this step, the companies were rejected on the following qualitative criteria:

- Business description of the companies not available in the database;
- Companies having significantly different functions / providing different services or products (e.g. service, manufacturing, or diverse activities);
- Insufficient information (with regard to the business) or financial data to analyse the companies or annual reports are available;
- Inadequate business segment information;
- Companies having ownership of more than 50% by any Government body; and
- Companies having extraordinary events during the year or years under study (e.g. mergers, acquisitions, or restructuring) that would impact the comparability of the company.

Application of additional quantitative filter based on Annual Report / Database

Following additional quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Segment income less than INR 1 crore** – Income from the relevant segment is less than INR 1 crore.
- **RPT to total income ratio** – Accepted companies having ratio of related party transaction to total income less than 25%.
- **Persistent losses** – Rejected companies reporting persistent losses in the years of study.
- **Abnormal margins** – Rejected companies reporting abnormal fluctuations in margins or abnormal margins in the years of study.

Summary of search process

The results of the above analysis carried out are tabulated herein below:

Table 34: Set obtained from ACETP

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in AceTP classified under 'All Industries' as on 15 May 2025	42,481	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	27,058	15,423
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,310	11,113
b)	Accepted companies that reported net sales greater than or equal to 1 crore	507	10,606
c)	Accepted companies that reported net worth greater than or equal to 0	645	9,961
d)	Accepted companies that reported trading income to net sales as more than 75%	8,746	1,215
e)	Accepted companies having AMP expenses less than 3% of their total sales in the latest year.	162	1,053
f)	Accepted companies having R&D expenses less than 3% of their total sales in the latest year.	1	1,052
g)	Accepted companies having more than one segment data even where companies failed trading income filter at the entity level		1,483
h)	Companies to be analysed (sum of d + e)		2,535
4	Accepted companies based on application of keywords	2,210	325
5	Accepted companies based on qualitative filters	323	2
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	2
b)	Accepted companies having ratio of RPT to total income less than 25%	0	2
c)	Rejected companies reporting persistent losses in the years of study	0	2

d)	Rejected companies reporting abnormal margins in the years of study	0	2
7	Companies that passed through all the above filters	2	

Table 35: Set obtained from Capitaline

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in Capitaline classified under 'All Industries' as on 15 May 2025	75,217	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	48,179	27,038
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,974	22,064
b)	Accepted companies that reported net sales greater than or equal to 1 crore	1,818	20,246
c)	Accepted companies that reported net worth greater than or equal to 0	1,467	18,779
d)	Rejected companies already analysed in AceTP	8,344	10,435
e)	Accepted companies that reported trading income to net sales as more than 75%	8,852	1,583
f)	Accepted companies having AMP expenses less than 3% of their total sales in the latest year.	148	1,435
g)	Accepted companies having R&D expenses less than 3% of their total sales in the latest year.	0	1,435
h)	Accepted companies having more than one segment data even where companies failed trading income filter at the entity level		438
i)	Companies to be analysed (sum of e + f)		1,873
4	Accepted companies based on application of keywords	1,782	91
5	Accepted companies based on qualitative filters	91	0
6	Application of additional quantitative filters		

a)	Segment income less than INR 1 crore	0	0
b)	Accepted companies having ratio of RPT to total income less than 25%	0	0
c)	Rejected companies reporting persistent losses in the years of study	0	0
d)	Rejected companies reporting abnormal margins in the years of study	0	0
7	Companies that passed through all the above filters	0	

Further, the following companies were identified as comparable in the previous year, however, they failed data sufficiency filter applied during the search process. Given that annual reports for the same are currently available in the public domain, the companies pass all the filters applied and are functionally comparable, they are added to the final list of comparables.

- Impel Marketing (India) Private Limited
- Mahavir Refratech (Gujarat) Private Limited

Computation of Arm's Length Price

Rule 10CA of the Rules provides that if the application of the most appropriate method results in more than one price, the arm's length price would be determined by constructing a data set. The data set has to be prepared by placing the prices in an ascending order.

In case the current year of data is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the current year as well as the previous two years in which same or similar uncontrolled transactions have been undertaken. On the other hand, if the data of the FY preceding the current year is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the two consecutive FYs preceding the current year in which same or similar uncontrolled transactions have been undertaken.

The weighted average NPM of the comparable companies is given below:

Table 36: Financial analysis of comparable companies (Unadjusted)

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NPM
1	DB Machine Tools Private Limited	ACETP	Entity	0.62%	0.15%	1.40%	0.75%
2	Filtra Consultants and Engineers Limited	ACETP	Entity	4.91%	4.55%	4.39%	4.62%

3	Impel Marketing (India) Private Limited	Annual Report	Entity	1.36%	2.48%	1.17%	1.69%
4	Mahavir Refratech (Gujarat) Private Limited	Annual Report	Entity	0.82%	1.06%	0.80%	0.89%
Count							4
NPM (Mean)							1.99%

Business description of comparable companies

1. DB Machine Tools Private Limited

The company is engaged in the importing, exporting and dealing in all kinds of machinery, tools etc.

(AR 2023 pdf pg 6)

2. Filtra Consultants and Engineers Limited

The company is engaged in the trading and manufacturing of water treatment systems and products. Its product range includes membrane, multi-port valve, cartridge, vessels, tank, pump, ph. meter, orp meter, conductivity meter UV purifiers, high pressure pumps, pressure switch, level switch and such other items which are used for the purpose of industrial water treatment plant.

(AR 2023 pdf pg 72)

3. Impel Marketing (India) Private Limited

The company is engaged in trading of waste water equipment and related parts.

(AR 2023 pdf pg 2, 16)

4. Mahavir Refratech (Gujarat) Private Limited

The company is engaged in the wholesale and trading of refractories.

(AR 2023 pdf pg 13)

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9. Economic analysis for provision of business support services

A search for the companies comparable to RHIMIN was conducted using the publicly available databases, AceTP and Capitaline, having large number of Indian companies. A brief description of the databases is available at annexure 2. The search for comparable companies was carried out using the version updated as on 15 May 2025.

AceTP and Capitaline classifies companies into various industries based on the function or service that the company is engaged in. All companies under these industry classification were downloaded for the purpose of quantitative screening. Based on the quantitative screens, the companies were segregated into three sets, namely 'Manufacturing', 'Trading' and 'Services'.

The activities performed by RHIMIN are in the nature of support services. For identifying potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN, we selected the 'Services set'.

Number of years used for analysis

Based on the Rule 10B(5) of the Rules, we have included the comparable companies having data for the current year (i.e. FY 2024-25) or the year immediately preceding the current year (i.e. FY 2023-24) while applying the primary quantitative criteria.

The table below outlines the criteria applied for selecting companies based on the data available:

Table 37: Financial year data coverage

FY 2024-25	FY 2023-24	Accept / Reject
Yes	Yes	Accept
Yes	No	Accept
No	Yes	Accept
No	No	Reject

Further, while analyzing financial results, where data for the year ended 31 March 2025 is available, the same has been considered along with the data for the year ended 31 March 2024 and 31 March 2023.

Financial year alignment

In the database, we observed that the accounting period for all the companies listed in the databases is not uniform. For the purpose of this analysis, we aligned the financial data of the companies based on the end-date of the FY in the following manner:

Table 38: Summary of financial year data

Financial year end-date falling between	Considered as the data for the FY
--	--

01 April 2022 to 31 March 2023	2022-23
01 April 2023 to 31 March 2024	2023-24
01 April 2024 to 31 March 2025	2024-25

Application of primary quantitative filters

The financial information viz., the profit and loss statements and the balance sheet data of the companies, as reported in the respective databases, was used for application of the primary quantitative filters. A standard definition for each line item was arrived at to have consistency in usage of the data from databases. Annexure 3 outlines in detail the method used for classifying the various line items.

Following primary quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Minimum turnover:** Accepted companies that reported net sales equal to or greater than INR 1 crore;
- **Positive net worth:** Accepted companies that reported net worth greater than or equal to zero. The net worth value as provided by the databases was used for applying this filter;
- **Manufacturing income:** Accepted companies that reported manufacturing sales to net sales as less than 25%
- **Trading income:** Accepted companies that reported trading sales to net sales as less than 25%;
- **Research & Development expense:** Accepted companies that reported R&D expense to net sales as less than 3%; and
- **Segment data:** Accepted companies that had segment data for more than 1 segment even where they were failing service income filter at the entity level.

Selection of keywords

The companies which satisfied the aforementioned primary quantitative filters were selected at the initial stage.

Thereafter, the keywords available in the following categories in AceTP and Capitaline databases were used to identify potential comparable companies:

- Database industry
- NIC Activity
- Products details
- Segments details

Table 39: Keywords selected

Database industry	Advertising & Media
	Entertainment - Content Providers
	Entertainment - Electronic Media
	Film Production, Distribution & Entertainment
	Gas Transmission/Marketing
	Printing & Stationery
	Printing And Publishing
	TV Broadcasting & Software Production
NIC Activity	Activities Of Commission Agents Dealing In Wholesale Trade Inwood; Paper; Skin; Leather And Fur; Fuel; Petroleum Products; Chemicals; Perfumery And Cosmetics; Glass; Minerals; Ores And Metals
	Activities Of Other Commission Agents N.E.C. (Including Commission Agents Working In Emerging Areas For Wholesale Trade
	Activity related to screen printing
	Advertising
	Advertising & publishing activities
	Advertising activities
	Advertising And Market Research
	Advertising services
	Advertising.
	Advertising. (Printing of advertising material is
	Advertising.[Printing of advertising material is c
	Book Publishing
	Business and management consultancy activities. (T
	Business and management consultancy activities.[Th
	Commission agents dealing in agricultural raw mate
	Commission agents dealing in machinery & equipment
	Commission agents dealing in wood, paper, skin, le
	Commission agents n.e.c.
	Commission agents n.e.c. (Commission agents worki
	Creative; Arts And Entertainment Activities
	Dramatic arts, music and other arts activities (In
	Management Consultancy Activities
	Market Research And Public Opinion Polling
	Market research and public opinion polling. (This
	Market research and public opinion polling.[This c

Motion picture and video production and distributio
Motion picture distribution
Motion picture distribution and activities allied
Motion Picture Or Video Tape Projection In Cinemas; In The Open Air Or In Other Projection Facilities
Motion picture production
Motion picture projection
Motion picture, radio, television and other entert
Motion picture, radio, TV and other entertainment
Motion Picture; Video And Television Programme Activities
Motion Picture; Video And Television Programme Distribution Activities
Motion Picture; Video And Television Programme Post-Production Activities
Motion Picture; Video And Television Programme Production Activities
Organization Of Conventions And Trade Shows
Other Business Activities
Other business activities n.e.c.
Other business activities n.e.c. (This class inclu
Other business support activities n.e.c.
Other Business Support Service Activities
Other Business Support Service Activities N.E.C.
Other entertainment activities n.e.c. (Includes a
Other entertainment activities n.e.c. [Includes ac
Other Publishing Activities
Other Publishing Activities (Including On-Line) N.E.C.
Other Service Activities
Other service activities n.e.c. (Includes activiti
Other Service Activities Related To Printing N.E.C.
Printing (Includes printing of newspapers, magazi
Printing and allied activities like screen printin
Printing and allied activities, n.e.c.
Printing And Service Activities Related To Printing
Printing but not publishing of newspapers
Printing but not publishing of periodicals, books,
Production Of Motion Picture
Programing And Broadcasting Activities

	Publishing Activities
	Publishing of books, brochures, musical books and
	Publishing Of Books; Brochures; Leaflets And Similar Publications; Including Publishing Encyclopedias (Including On Cd-Rom)
	Publishing Of Books; Periodicals And Other Publishing Activities
	Publishing Of Journals And Periodicals
	Publishing Of Newspapers
	Publishing of newspapers, journals and periodicals
	Publishing of newspapers.
	Publishing Of Newspapers; Journals And Periodicals
	Publishing of periodicals and journals.
	Radio Broadcasting
	Retail sale via mail order houses (Includes the ac
	Service Activities Related To Printing
	Television Programming And Broadcasting Activities
Products – (keywords used)	Advert
	Advertising
	Brand
	Broadcast
	Commission agent
	Consultancy Income
	Design marketing
	Digital advertising
	Digital marketing
	Event
	Exhibition
	Facilitation fee
	Management consult
	Market research
	Marketing
	Market
	Media
	Outdoor Activities
	Promotion
	Public relation
	Publication
	Publishing
	Sourcing

	Sourcing services
	Telemarketing
Segments (keywords used)	Advertis
	Advertising
	Brand
	Broadcast
	Commission agent
	Consult
	Event
	Exhibition
	Market Research
	Market
	Marketing
	Promotion
	Public relation
	Publication
	Publishing
Sourcing	
Support services	

Application of qualitative filters and detailed qualitative review

The business descriptions of the set of companies obtained from the database were reviewed in detail. Where the companies are found to be comparable to the business of the tested party, the same are analyzed in detail from the annual report or website of the comparable companies or other sources available on the internet.

Further, in this step, the companies are rejected on the following qualitative criteria:

- I. Business description of the companies not available in the database;
- II. Companies having significantly different functions / providing different services or products (e.g. manufacturing, trading, or diverse activities);
- III. Insufficient information (with regard to the business) or financial data to analyze the companies or annual reports are not available;
- IV. Inadequate business segment information;
- V. Companies having ownership of more than 50% by any Government body; and
- VI. Companies having extraordinary events during the year or years under study (e.g. mergers, acquisitions, or restructuring) that would impact the comparability of the company. Application of additional quantitative filter based on Annual Report / Database

Following additional quantitative filter were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- A. Segment income less than INR 1 crore** – Income from the relevant segment is less than INR 1 crore.
- B. Related Party Transaction (“RPT”) to total income ratio** – Accepted companies having ratio of related party transaction to total income less than 25%.
- C. Persistent losses** – Rejected companies reporting persistent losses in the years of study.
- D. Abnormal margins** – Rejected companies reporting abnormal fluctuations in margins or abnormal margins in the years of study.

Summary of search process

The results of the above analysis carried out are tabulated herein below:

Table 40: Set obtained from AceTP

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in AceTP classified under 'All Industries' as on 15 May 2025	42,481	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	27,058	15,423
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,310	11,113
b)	Accepted companies that reported net sales greater than or equal to 1 crore	507	10,606
c)	Accepted companies that reported net worth greater than or equal to 0	645	9,961
d)	Accepted companies that reported manufacturing sales to net sales as less than 25%	5,106	4,855
e)	Accepted companies that reported trading sales to net sales as less than 25%	1,404	3,451
f)	Accepted companies that reported R&D expense to net sales as less than 3%	20	3,431

g)	Accepted companies having more than one segment data even where companies failed services income filter at the entity level		1,163
h)	Companies to be analysed (sum of f + g)		4,594
4	Accepted companies based on application of keywords	4,036	558
5	Accepted companies based on qualitative filters	543	15
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	15
b)	Accepted companies having ratio of RPT to total income less than 25%	5	10
c)	Rejected companies reporting persistent losses in the years of study	0	10
d)	Rejected companies reporting abnormal margins in the years of study	3	7
7	Companies that passed through all the above filters		7

Table 41: Set obtained from Capitaline

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in Capitaline classified under 'All Industries' as on 15 May 2025	75,217	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	48,179	27,038
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,974	22,064
b)	Accepted companies that reported net sales greater than or equal to 1 crore	1,818	20,246
c)	Accepted companies that reported net worth greater than or equal to 0	1,467	18,779
d)	Rejected companies already analysed in AceTP	8,344	10,435
e)	Accepted companies that reported manufacturing sales to net sales as less than 25%	3,525	6,810

f)	Accepted companies that reported trading sales to net sales as less than 25%	1,719	5,091
g)	Accepted companies that reported R&D expense to net sales as less than 3%	4	5,087
h)	Accepted companies having more than one segment data even where companies failed services income filter at the entity level		1,643
i)	Companies to be analysed (sum of g + h)		6,730
4	Accepted companies based on application of keywords	5,975	755
5	Accepted companies based on qualitative filters	737	18
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	18
b)	Accepted companies having ratio of RPT to total income less than 25%	4	14
c)	Rejected companies reporting persistent losses in the years of study	2	12
d)	Rejected companies reporting abnormal margins in the years of study	5	7
7	Companies that passed through all the above filters		7

Further, the following companies were identified as comparable in the previous year, however, they failed filters applied during the search process. Given that annual reports for the same are currently available in the public domain, the companies pass all the filters applied and are functionally comparable, they are added to the final list of comparables.

- Good Show Events & Exhibitions Private Limited
- Shangar Décor Ltd.

Computation of Arm's Length Price

Rule 10CA of the Rules provides that if the application of the most appropriate method results in more than one price, the arm's length price would be determined by constructing a data set. The data set has to be prepared by placing the prices in an ascending order.

In case the current year of data is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the current year as well as the previous two years in which same or similar uncontrolled transactions have been undertaken. On the other hand, if the data of the FY preceding the current year is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the two consecutive FYs preceding the current year in which same or similar uncontrolled transactions have been undertaken.

The weighted average NCPM of the comparable companies is given below:

Table 42: Financial analysis of comparable companies (Unadjusted)

S. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 Year Weighted Average Unadjusted NCPM
1	Adfactors PR Pvt Ltd.	AceTP	Entity	34.26%	27.56%	33.13%	31.58%
2	Concept Public Relations India Ltd.	AceTP	Entity	11.27%	4.94%	15.97%	11.13%
3	Deepali Designs & Exhibits Pvt Ltd.	AceTP	Entity	8.89%	7.44%	4.19%	6.48%
4	Exhicon Events Media Solutions Ltd.	AceTP	Entity	23.34%	24.24%	28.31%	25.89%
5	Good Show Events & Exhibitions Private Limited	Annual Report	Entity	7.46%	4.11%	NA	5.42%
6	India Tourism Development Corporation Ltd.	AceTP	Entity	16.47%	21.08%	16.40%	17.93%
7	PR Pundit Public Relations Pvt Ltd	AceTP	Entity	8.55%	6.34%	24.87%	12.02%
8	Shangar Decor Ltd.	AceTP	Entity	3.60%	9.32%	8.72%	7.66%
9	Touchwood Entertainment Ltd.	AceTP	Entity	11.45%	16.35%	11.51%	12.61%
10	Chlorophyll Brand&Communications Consultancy P Ltd	Capitaline	Entity	17.59%	19.60%	1.06%	12.34%
11	MMI India Pvt Ltd	Capitaline	Entity	20.25%	14.45%	31.24%	23.80%
12	Fusion Events Ltd	Capitaline	Entity	4.75%	0.17%	NA	2.94%
13	Simulations Public Affairs Management Ser. Pvt Ltd	Capitaline	Entity	1.63%	3.36%	4.23%	3.05%
14	Global Survey Solutions Pvt Ltd	Capitaline	Entity	30.64%	27.65%	26.24%	27.93%
15	Impetus Research Pvt Ltd	Capitaline	Entity	10.44%	11.82%	12.09%	11.54%
16	Asplor Research Pvt Ltd	Capitaline	Entity	10.23%	7.77%	8.00%	8.54%
Count							16

35 Percentile				8.54%
Median				11.78%
65 Percentile				12.61%

Business description of comparable companies

1. Adfactors PR Private Limited

The company is engaged in the provision of PR related activities.

(AR 2023 pdf pg 32)

2. Concept Public Relations India Limited

The company is engaged in the provision of relationship building services for individuals and organizations.

(AR 2023 pdf pg 30)

3. Deepali Designs & Exhibits Private Limited

The company is engaged in the provision of organization exhibition events, support services, etc.

(AR 2023 pdf pg 2)

4. Exhicon Events Media Solutions Limited

The company is engaged in the provision of exhibitions and events.

(AR 2023 pdf pg 62)

5. Good Show Events & Exhibitions Private Limited

The company is engaged in the provision of event management services.

(AR 2023 pdf pg 32)

6. India Tourism Development Corporation Limited

The company is engaged in provision of hotels, restaurants for tourists, besides providing transport facilities. The company is also engaged in the production, distribution and sale of tourist publicity literature, providing entertainment, engineering related consultancy services, duty free shopping facilities to tourists, hospitality & tourism management of the Company imparting training and education in the field of tourism and hospitality. Its product range includes food, beer, wine, spirits, cigarettes, soft drinks, tourist literature and other publications. Its service range includes room rent, Banquet Hall/Lawn Rental, Traffic Earnings & Package Tours, Travel Services,

Management/Consultancy/Event Management/Training Fees, project execution services, Service Handling etc.

(AR 2023 pdf pg 163, 200)

7. PR Pundit Public Relations Private Limited

The company is engaged in the provision of public relation and consultancy services.

(AR 2023 pdf pg 1, 34)

8. Quantum Consumer Solutions Private Limited

The company is engaged in the provision of market research and marketing consultancy services.

(AR 2023 pdf pg 22)

9. Touchwood Entertainment Limited

The company is engaged in the provision of event management services such as event planning & marketing and production services for the events.

(AR 2023 pdf pg 86, 102)

10. Fusion Events Limited

The company is engaged in the provision of event services.

(AR 2023 pdf pg 25)

11. Impetus Research Private Limited

The company is engaged in the provision of market research, qualitative and quantitative data collection services.

(AR 2023 pdf pg 20)

12. Robas Research Private Limited

The company is engaged in the provision of market research agency and poll opinion services.

(AR 2023 pdf pg 27)

13. Axience Consulting Private Limited

The company is engaged in the provision of financial services which includes business intelligence, financial analytics, modelling etc., consultancy & research service - market research, business research, analytics & strategic human capital services to corporate & non-corporate entities.

(AR 2023 pdf pg 21)

14. Simulations Public Affairs Management Ser. Private Limited

The company is engaged in the provision of public affairs management services.

(AR 2023 pdf pg 47)

15. Chlorophyll Brand&Communications Consultancy Private Limited

The company is engaged in the provision of brand consultancy services.

(AR 2023 pdf pg 16)

16. Shangar Decor Limited

The company is engaged in the provision of event management.

(AR 2023 pdf pg 33)

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10. Economic analysis for provision of contract R&D services

Database used

A search for the companies comparable to RHI Magnesita India Limited (RHIMIN) was conducted using the publicly available databases, AceTP and Capitaline, having large number of Indian companies. A brief description of the databases is available at annexure 3. The search for comparable companies was carried out using the version updated as on 15 May 2025.

AceTP and Capitaline classifies companies into various industries based on the function or service that the company is engaged in. All companies under these industry classification were downloaded for the purpose of quantitative screening. Based on the quantitative screens, the companies were segregated into three sets, namely 'Manufacturing', 'Trading' and 'Services'.

The activities performed by RHIMIN are in the nature of provision of contract R&D services. For identifying potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN, we selected the 'Services set'.

Number of years used for analysis

Based on the Rule 10B(5) of Income Tax Rules, 1962 (the Rules), we have included the comparable companies having data for the current year (i.e. FY 2024-25) or the year immediately preceding the current year (i.e. FY 2023-24) while applying the primary quantitative criteria.

The table below outlines the criteria applied for selecting companies based on the data available:

Table 43: Financial year data coverage

FY 2024-25	FY 2023-24	Accept / Reject
Yes	Yes	Accept
Yes	No	Accept
No	Yes	Accept
No	No	Reject

Further, while analyzing financial results, where data for the year ended 31 March 2025 is available, the same has been considered along with the data for the year ended 31 March 2024 and 31 March 2023.

Financial year alignment

In the database, we observed that the accounting period for all the companies listed in the databases is not uniform. For the purpose of this analysis, we aligned the financial data of the companies based on the end-date of the FY in the following manner:

Table 44: Summary of financial year data

Financial year end-date falling between	Considered as the data for the FY
01 April 2022 to 31 March 2023	2022-23
01 April 2023 to 31 March 2024	2023-24
01 April 2024 to 31 March 2025	2024-25

Application of primary quantitative filters

The financial information viz., the profit and loss statements and the balance sheet data of the companies, as reported in the respective databases, was used for application of the primary quantitative filters.

Following primary quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Minimum turnover:** Accepted companies that reported net sales equal to or greater than INR 1 crore;
- **Positive net worth:** Accepted companies that reported net worth greater than or equal to zero. The net worth value as provided by the databases was used for applying this filter;
- **Service income:** Accepted companies that had majority of their revenue from services activities i.e. the ratio of manufacturing sales and trading sales to net sales less than 50 percent; and
- **Segment data:** Accepted companies that had segment data for more than 1 segment even where they were failing service income filter at the entity level.

Selection of keywords

The companies which satisfied the aforementioned primary quantitative filters were selected at the initial stage.

Thereafter, the keywords available in the following categories in AceTP and Capitaline databases were used to identify potential comparable companies:

- Database industry
- NIC Activity
- Products details
- Segments details

Table 45: Keywords selected

Database industry	Biotechnology
	Castings - Steel / Alloy
	Castings/Forgings
	Cement - Mini - North India
	Cement & Construction Materials
	Cement Products
	Ceramics - Tiles
	Ceramics/Marble/Granite/Sanitaryware
	Diagnostic Services
	Engineering
	Engineering - Construction
	Engineering - Turnkey Services
	Engineering Consultancy
	Ferro & Silica Manganese
	Forgings
	Forgings - Medium / Small
	Hospital & Healthcare Services
	Hospitals / Medical Services
	IT – Software
	Miscellaneous
	Miscellaneous - Medium / Small
	Pharmaceuticals - Indian - Bulk Drugs & Formln M/S
	Pharmaceuticals & Drugs
	Refractories
	Refractories / Intermediates
	NIC Activity
Research And Experimental Development On Natural Sciences And Engineering	
Activities Of Independent Diagnostic/Pathological Laboratories	
Research And Experimental Development On Social Sciences And Humanities	
Scientific Research And Development	
Research and experimental development on natural	

	Activities of independent diagnosticpathological I
	Manufacture of pharmaceuticals, medicinal chemical
	Manufacture of aopathic pharmaceutical preparatio
	Research and experimental development on social sc
	Manufacture of refractory ceramic products
	Research and experimental development on natural s
Products (keywords used)	analy
	Contract
	research
	R&D
	R & D
	Refractor
	brick
	Discover
	informatic
	pharma
	trial
	construction material
	Refactor
	castables
	slide gate plates
	mortars
	steel
	glass
	mines
	cement
	ceramic
	Ceramic
	Clay
	Abrasive
	Block
	Nozzle

	Castable
	Mortar
	slide gate plate
	Monolithic
	self-flowing castable
	shotcreting material
	gunning material
	Dolomite
	high alumina
	Silica
	tap hole clay
	alumina silicate bricks
Segment (keywords used)	analy
	Contract
	research
	R&D
	R & D
	Refractor
	brick
	Discover
	informatic
	pharma
	trial
	construction material
	Refractor
	castables
	slide gate plates
	mortars
	steel
	glass
	mines
	cement
	ceramic

	Ceramic
	Clay
	Abrasive
	Block
	Nozzle
	Castable
	Mortar
	slide gate plate
	Monolithic
	self-flowing castable
	shotcreting material
	gunning material
	Dolomite
	high alumina
	Silica
	tap hole clay
	alumina silicate bricks

Application of qualitative filters and detailed qualitative review

The business descriptions of the set of companies obtained from the database were reviewed in detail. Where the companies are found to be comparable to the business of the tested party, the same are analyzed in detail from the annual report or website of the comparable companies or other sources available on the internet.

Further, in this step, the companies are rejected on the following qualitative criteria:

- I. Business description of the companies not available in the database;
- II. Companies having significantly different functions / providing different services or products (e.g. manufacturing, trading, or diverse activities);
- III. Insufficient information (with regard to the business) or financial data to analyze the companies or annual reports are not available; and
- IV. Inadequate business segment information.

Application of additional quantitative filter based on Annual Report / Database

Following additional quantitative filter were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Segment income less than INR 1 crore** – Income from the relevant segment is less than INR 1 crore.
- **Related Party Transaction (“RPT”) to total income ratio** – Accepted companies having ratio of related party transaction to total income less than 25 percent.
- **Persistent losses** – Rejected companies reporting persistent losses in the years of study.
- **Abnormal margins** – Rejected companies reporting abnormal fluctuations in margins or abnormal margins in the years of study.
- **Employee cost to total cost ratio** – Accepted companies having ratio of employee cost to net sales more than 25 percent.
- **Inventory to net sales ratio** – Accepted companies having ratio of inventory to net sales less than 20 percent.

Summary of search process

The results of the above analysis carried out are tabulated herein below:

Table 46: Set obtained from AceTP

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in AceTP classified under 'All Industries' as on 15 May 2025	42,481	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	27,058	15,423
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,310	11,113
b)	Accepted companies that reported net sales greater than or equal to 1 crore	507	10,606
c)	Accepted companies that reported net worth greater than or equal to 0	645	9,961
d)	Accepted companies that reported manufacturing sales and trading sales to net sales as less than 50 percent	6,344	3,617

e)	Accepted companies having more than one segment data even where companies failed services income filter at the entity level		1,104
f)	Companies to be analysed (sum of d + e)		4,721
4	Accepted companies based on application of keywords	2,942	1,779
5	Accepted companies based on qualitative filters	1,756	23
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore		23
b)	Accepted companies having ratio of RPT to total income less than 25 percent	11	12
c)	Rejected companies reporting persistent losses in the years of study	3	9
d)	Rejected companies reporting abnormal margins in the years of study	4	5
e)	Accepted companies having ratio of employee cost to total cost more than 25 percent	0	5
f)	Accepted companies having ratio of inventory to net sales less than 20 percent	0	5
7	Companies that passed through all the above filters		5

Table 47: Set obtained from Capitaline

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in Capitaline classified under 'All Industries' as on 15 May 2025	75,217	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	48,179	27,038
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,974	22,064

b)	Accepted companies that reported net sales greater than or equal to 1 crore	1,818	20,246
c)	Accepted companies that reported net worth greater than or equal to 0	1,467	18,779
d)	Rejected companies already analysed in AceTP	8,344	10,435
e)	Accepted companies that reported manufacturing sales and trading sales to net sales as less than 50 percent	5,236	5,199
f)	Accepted companies having more than one segment data even where companies failed services income filter at the entity level		216
g)	Companies to be analysed (sum of e + f)		5,415
4	Accepted companies based on application of keywords	3,871	1,544
5	Accepted companies based on qualitative filters	1,518	26
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore		26
b)	Accepted companies having ratio of RPT to total income less than 25 percent	14	12
c)	Rejected companies reporting persistent losses in the years of study	2	10
d)	Rejected companies reporting abnormal margins in the years of study	4	6
e)	Accepted companies having ratio of employee cost to total cost more than 25 percent	1	5
f)	Accepted companies having ratio of inventory to net sales less than 20 percent	0	5
7	Companies that passed through all the above filters		5

Further, the following companies were identified as comparable, however, they failed filters applied during the search process. Given that annual reports for the same are currently available in the public domain, the companies pass all the filters applied and are functionally comparable, they are added to the final list of comparables.

- **Aavanira Biotech Pvt Ltd**
- **Accuprec Research Labs Pvt Ltd**
- **Theraindx Lifesciences Pvt. Ltd.**

The final number of independent broadly comparable independent companies identified is 13.

Computation of Arm's Length Price

Rule 10CA of the Rules provides that if the application of the most appropriate method results in more than one price, the arm's length price would be determined by constructing a data set. The data set has to be prepared by placing the prices in an ascending order.

In case the current year of data is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the current year as well as the previous two years in which same or similar uncontrolled transactions have been undertaken. On the other hand, if the data of the FY preceding the current year is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the two consecutive FYs preceding the current year in which same or similar uncontrolled transactions have been undertaken.

The weighted average OP/OC (considering foreign exchange gain/loss as operating) of the comparable companies is given below:

Table 48: Financial analysis of comparable companies (Unadjusted)

Sr. No	Company Name	Database	Entity/ Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 yr Weighted Average unadjusted NCPM
1	Aavanira Biotech Pvt Ltd	Annual Report	Entity	11.90%	9.16%	8.77%	9.98%
2	Accuprec Research Labs Pvt Ltd	Annual Report	Entity	4.51%	6.48%	26.65%	14.48%
3	Anazeal Analyticals & Research Pvt Ltd	Capitaline	Entity	0.26%	1.39%	-3.03%	-0.61%
4	Aragen Life Sciences Ltd	Capitaline	Entity	30.69%	22.37%	23.98%	25.62%
5	Choksi Laboratories Ltd.	AceTP	Entity	15.44%	13.57%	12.45%	13.71%
6	Cliantha Research Ltd.	AceTP	Entity	39.07%	28.51%	27.67%	31.32%
7	JSS Medical Research Asia Pacific Pvt Ltd	Capitaline	Entity	17.28%	1.54%	-1.34%	5.56%

8	Jubilant Biosys Limited	AceTP	Entity	30.43%	9.06%	9.37%	15.87%
9	Prado Preclinical Research & Devp. Organization Pvt. Ltd.	Capitaline	Entity	40.91%	29.63%	16.37%	27.55%
10	Theraindx Lifesciences Pvt. Ltd.	Annual Report	Entity	11.88%	11.55%	5.93%	9.17%
11	Veeda Clinical Research Ltd	Capitaline	Entity	16.13%	-0.14%	-8.27%	2.19%
12	Vimta Labs Ltd.	AceTP	Entity	25.27%	26.85%	33.85%	28.75%
13	Vivo Bio Tech Ltd.	AceTP	Entity	31.02%	35.65%	33.76%	33.34%
Count							14
35 Percentile							9.98%
Median							14.48%
65 Percentile							25.62%

Business description of comparable companies

1. Aavanira Biotech Pvt Ltd

The company is engaged in the provision of biotechnology and bio-remediation, bio-degradation, set up and carry out research and development activities in the field of laboratory testing, medicines, etc.

(AR 2024 pdf pg 43)

2. Accuprec Research Labs Pvt Ltd

The company is engaged in the provision of clinical research and analytical activities.

(AR 2024 pdf pg 11)

3. Anazeal Analyticals & Research Pvt Ltd

The company is engaged in the analysis of drugs and/or active metabolites from biological matrices in support of Bioavailability (BA), Bioequivalence (BE) and Pharmacokinetic (PK) studies as part of the early clinical development programs.

(https://anazeal.com/bio_analytical.php)

4. Aragen Life Sciences Ltd

The company is engaged in the provision of contract research and development services to global Pharmaceutical and Biotechnology companies.

(AR 2024 pdf pg 127)

5. Choksi Laboratories Ltd.

The company is engaged in the provision of contract testing and analytical services. Its service range includes analysis of pharmaceuticals, food and agricultural products, construction materials, chemicals, Calibration and environment monitoring services.

(AR 2024 pdf pg 61)

6. Clantha Research Ltd.

The company is engaged in the provision of clinical research services - BABE (Bioavailability and Bioequivalence).

(AR 2024 pdf pg 122)

7. JSS Medical Research Asia Pacific Pvt Ltd

The company is engaged in the provision of contract research organisation providing clinical research services to global pharmaceuticals, device and biotechnology companies.

(AR 2024 pdf pg 62)

8. Jubilant Biosys Limited

The company is engaged in the provision of discovery services for pharmaceutical and biotech companies, discovery and development services across multiple therapeutic areas. It is also engaged in a range of functional discovery services with shared risk collaborations and scaling up from mg to kg in kilo lab and pilot plant.

(AR 2024 pdf pg 101)

9. Prado Preclinical Research & Devp. Organization Pvt Ltd.

The company is engaged in the provision of research and development services to the pharma agro and biotech industries. Its research based, GLP compliant (Good Laboratory Practices)/ AAILAC, Contract Research and also offer development services to the pharma, Agro and Biotech industries globally, by providing an individual and tailored rodent and non-rodent preclinical safety testing services to meet customer needs, providing quality and cost efficient preclinical safety studies. The company will also be providing high-level technical expertise along with minimum turnaround time to accelerate the drug development process of client.

(AR 2024 pdf pg 1, 25)

10. Theraindx Lifesciences Pvt. Ltd.

The company is engaged in the service of pre-clinical research.

(AR 2024 pdf pg 16)

11. Veeda Clinical Research Ltd

The company is engaged in the provision of clinical research services for various pharmaceutical companies. Its service range includes phase I and II clinical research with clinical data management, delivering expert and cost-effective research solutions to the pharmaceutical and biotechnology industries, as well as testing of various drug / medicines and human clinical trials, etc. It is a one roof service global Contract Research Organization specializing in the early clinical development of drugs.

(AR 2024 pdf pg 108)

12. Vimta Labs Ltd.

The company is engaged in the provision of contract research and testing services. Its range of services includes biopharmaceutical, food, consumer goods, electronic, electrical, agrochemical, healthcare, medical device, power, cement, oil & gas, ores & minerals, infrastructure and many other industries, government organizations as well as other industry participants.

(AR 2024 pdf pg 96, 20)

13. Vivo Bio Tech Ltd.

The company operates as a contract research organization which is engaged in the provision of drug development and discovery services to the pharmaceutical and biotech companies. Its service range includes in the areas of In vivo and In vitro toxicity studies, pharmacological investigations, pharmacokinetic & toxic kinetic studies, genotoxicity screening, analytical services etc. Further, it provides both regulatory and non-regulatory IND enabling preclinical development services, screening and evaluation of molecules for various pharmacological & therapeutic properties, design & development of syngeneic / xenograft models for evaluation of anti-cancer agents, customization of In vivo DMPK studies to help profile the drug candidate in both rodent and non-rodent animal models, etc.

(AR 2024 pdf pg 102)

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11. Economic analysis for provision of IT support services

Database used

A search for the companies comparable to RHI Magnesita India limited (RHIMIN) was conducted using the publicly available databases, AceTP and Capitaline, having large number of Indian companies. A brief description of the databases is available at annexure 3. The search for comparable companies was carried out using the version updated as on 15 May 2025.

AceTP and Capitaline classifies companies into various industries based on the function or service that the company is engaged in. All companies under these industry classifications were downloaded for the purpose of quantitative screening. Based on the quantitative screens, the companies were segregated into three sets, namely 'Manufacturing', 'Trading' and 'Services'.

The activities performed by RHIMIN are in the nature of provision of IT support services. For identifying potential comparable companies that perform similar functions and bear similar risks to that of RHIMIN, we selected the 'Services set'.

Number of years used for analysis

Based on the Rule 10B(5) of the Rules, we have included the comparable companies having data for the current year (i.e. FY 2024-25) or the year immediately preceding the current year (i.e. FY 2023-24) while applying the primary quantitative criteria.

The table below outlines the criteria applied for selecting companies based on the data available:

Table 49: Financial year data coverage

FY 2024-25	FY 2023-24	Accept / Reject
Yes	Yes	Accept
Yes	No	Accept
No	Yes	Accept
No	No	Reject

Further, while analyzing financial results, where data for the year ended 31 March 2025 is available, the same has been considered along with the data for the year ended 31 March 2024 and 31 March 2023.

Financial year alignment

In the database, we observed that the accounting period for all the companies listed in the databases is not uniform. For the purpose of this analysis, we aligned the financial data of the companies based on the end-date of the FY in the following manner:

Table 50: Summary of financial year data

Financial year end-date falling between	Considered as the data for the FY
01 April 2022 to 31 March 2023	2022-23
01 April 2023 to 31 March 2024	2023-24
01 April 2024 to 31 March 2025	2024-25

Application of primary quantitative filters

The financial information viz., the profit and loss statements and the balance sheet data of the companies, as reported in the respective databases, was used for application of the primary quantitative filters.

Following primary quantitative filters were applied using the data of the companies available for FY 2024-25 and / or FY 2023-24:

- **Minimum turnover:** Accepted companies that reported net sales equal to or greater than INR 1 crore
- **Positive net worth:** Accepted companies that reported net worth greater than or equal to zero. The net worth value as provided by the databases was used for applying this filter
- **Service income:** Accepted companies that had majority of their revenue from services activities i.e. the ratio of manufacturing sales and trading sales to net sales less than 5 percent
- **Segment data:** Accepted companies that had segment data for more than 1 segment even where they were failing service income filter at the entity level

Selection of keywords

The companies which satisfied the aforementioned primary quantitative filters were selected at the initial stage.

Thereafter, the keywords available in the following categories in AceTP and Capitaline databases were used to identify potential comparable companies:

- Database industry
- NIC Activity
- Products details
- Segments details

Table 51: Keywords selected

Database industry	Animation
	Computers - Education
	Computers - Software - Large
	Computers - Software - Medium / Small
	Fintech
	Infotech / Database
	IT - Education
	IT - Hardware
	IT - Networking
IT - Software	
NIC Activity	Computer and Related Activities
	Computer Consultancy And Computer Facilities Management Activities
	Computer Programming Activities
	Computer Programming; Consultancy And Related Activities
	Information Service Activities
	Other computer related activities (for example act
	Other computer related activities, n.e.c.
	Other computer technologies activities (for exampl
	Other Information Service Activities
	Other Information Service Activities N.E.C.
	Other Information Technology And Computer Service Activities
	Other Information Technology And Computer Service Activities N.E.C
	Other software consultancy and supply
	Providing Software Support And Maintenance To The Clients
	Security Systems Service Activities
	Software consultancy and supply
	Software consultancy and supply.
	Software consultancy and supply. (This class inclu
	Software maintenance
	Software Publishing
Writing ; Modifying; Testing Of Computer Program To Meet The Needs Of A Particular Client Excluding Web-Page Designing	
Products and Segment Keywords	Computer
	Software
	Information Technology

	IT software
	IT product
	IT service
	IT development
	IT Solution
	IT related service
	IT support
	ITSS
	IT infra
	IT/
	IT-
	IT consult
	Integrat
	IT design
	Software design
	Development
	Software support
	Software maintenance
	Software engineering
	Software consult
	Software product
	Platform
	Graphic
	SaaS
	S-a-a-S
	Cloud
	Content
	Cyber security
	IT Security
	Information security
	IT management
	IT outsource

Application of qualitative filters and detailed qualitative review

The business descriptions of the set of companies obtained from the database were reviewed in detail. Where the companies are found to be comparable to the business of the tested party, the same are analyzed in detail from the annual report or website of the comparable companies or other sources available on the internet.

Further, in this step, the companies are rejected on the following qualitative criteria:

- I. Business description of the companies not available in the database;
- II. Companies having significantly different functions / providing different services or products (e.g. manufacturing, trading, or diverse activities);
- III. Insufficient information (with regard to the business) or financial data to analyze the companies or annual reports are not available;
- IV. Inadequate business segment information;
- V. Companies having ownership of more than 50% by any Government body; and
- VI. Companies having extraordinary events during the year or years under study (e.g. mergers, acquisitions, or restructuring) that would impact the comparability of the company.

Application of additional quantitative filter based on Database

Following additional quantitative filter were applied using the data of the companies available for FY 2024-25 and/ or FY 2023-24:

- **Segment income less than INR 1 crore** – Income from the relevant segment is less than INR 1 crore.
- **Related Party Transaction (RPT) to total income ratio** – Accepted companies having ratio of related party transaction to total income less than 25 percent.
- **Persistent losses** – Rejected companies reporting persistent losses in the years of study.
- **Abnormal margins** – Rejected companies reporting abnormal fluctuations in margins or abnormal margins in the years of study.
- **R&D expense** - Accept companies that reported R&D expense to net sales as less than 3 percent.

Summary of search process

The results of the above analysis carried out are tabulated herein below:

Table 52: Set obtained from AceTP

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in AceTP classified under 'All Industries' as on 15 May 2025	42,481	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	27,058	15,423
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial		

	year		
a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,310	11,113
b)	Accepted companies that reported net sales greater than or equal to 1 crore	507	10,606
c)	Accepted companies that reported net worth greater than or equal to 0	645	9,961
d)	Accepted companies that reported manufacturing sales and trading sales to net sales as less than 5 percent	6,732	3,229
e)	Accepted companies having more than one segment data even where companies failed services income filter at the entity level	-	703
f)	Companies to be analysed (sum of d + e)	-	3,932
4	Accepted companies based on application of keywords	3,166	766
5	Accepted companies based on qualitative filters	730	36
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	36
b)	Accepted companies having ratio of RPT to total income less than 25 percent	20	16
c)	Rejected companies reporting persistent losses in the years of study	1	15
d)	Rejected companies reporting abnormal margins in the years of study	4	11
e)	Accepted companies that reported R&D expense to net sales as less than 3 percent	0	11
7	Companies that passed through all the above filters		11

Table 53: Set obtained from Capitaline

S. No.	Search Criteria	Eliminated companies	Accepted companies
1	Total number of companies in Capitaline classified under 'All Industries' as on 15 May 2025	75,217	
2	Companies having at least 1 year data for the years under consideration i.e. 2022-23, 2023-24 and 2024-25	48,179	27,038
3	Application of basic quantitative filters: Accepted companies that passed the below mentioned criteria in the current year if available or immediately preceding financial year		

a)	Accepted companies that reported financial data in the current year if available or immediately preceding financial year	4,974	22,064
b)	Accepted companies that reported net sales greater than or equal to 1 crore	1,818	20,246
c)	Accepted companies that reported net worth greater than or equal to 0	1,467	18,779
d)	Rejected companies already analysed in AceTP	8,344	10,435
e)	Accepted companies that reported manufacturing sales and trading sales to net sales as less than 5 percent	5,461	4,974
f)	Accepted companies having more than one segment data even where companies failed services income filter at the entity level	-	113
g)	Companies to be analysed (sum of e + f)	-	5,087
4	Accepted companies based on application of keywords	4,365	722
5	Accepted companies based on qualitative filters	704	18
6	Application of additional quantitative filters		
a)	Segment income less than INR 1 crore	0	18
b)	Accepted companies having ratio of RPT to total income less than 25 percent	10	8
c)	Rejected companies reporting persistent losses in the years of study	1	7
d)	Rejected companies reporting abnormal margins in the years of study	1	6
e)	Accept companies that reported R&D expense to net sales as less than 3 percent	0	6
7	Companies that passed through all the above filters		6

The final number of independent broadly comparable independent companies identified is **17**.

Computation of Arm's Length Price

Rule 10CA of the Rules provides that if the application of the most appropriate method results in more than one price, the arm's length price would be determined by constructing a data set. The data set has to be prepared by placing the prices in an ascending order.

In case the current year of data is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the current year as well as the previous two years in which same or similar uncontrolled transactions have been undertaken. On the other hand, if the data of the FY preceding the current year is used for analyzing comparability, the data set would be prepared by considering the weighted average values of the two consecutive FYs preceding the current year in which same or

similar uncontrolled transactions have been undertaken.

The weighted average **OP/OC** (considering foreign exchange gain/loss as **operating**) of the comparable companies is given below:

Table 54: Financial analysis of comparable companies (Unadjusted)

Sr. No	Company Name	Database	Entity / Segmental	FY 2022-23	FY 2023-24	FY 2024-25	3 yr Weighted Average Unadjusted NCPM
1	4I Apps Solutions Pvt Ltd.	AceTP	Entity	24.15%	27.36%	19.60%	23.42%
2	Anunta Technology Management Services Ltd.	AceTP	Entity	25.34%	10.48%	-2.89%	10.25%
3	Aumento Technologies & Consulting Services Pvt Ltd	Capitaline	Entity	38.11%	56.03%	NA	48.47%
4	Cache Digitech Pvt Ltd	Capitaline	Entity	1.86%	4.15%	2.50%	2.66%
5	DCM Infotech Ltd.	AceTP	Entity	15.30%	13.98%	16.14%	15.14%
6	Dynacons Systems & Solutions Ltd.	AceTP	Entity	7.08%	8.08%	8.90%	8.15%
7	Happiest Minds Technologies Ltd.	AceTP	Entity	26.26%	21.28%	12.07%	19.36%
8	Highbar Technocrat Ltd	Capitaline	Entity	14.21%	13.70%	19.42%	15.84%
9	Indicosmic Infotech Ltd.	AceTP	Entity	13.48%	11.72%	9.69%	11.08%
10	Kellton Tech Solutions Ltd.	AceTP	Entity	11.68%	11.85%	14.94%	12.85%
11	Microland Ltd.	AceTP	Entity	11.32%	21.34%	26.40%	20.00%
12	Nihilent Ltd.	Capitaline	Entity	9.04%	-99.03%	10.70%	9.70%
13	Orion India Systems Pvt Ltd.	AceTP	Entity	10.48%	15.21%	16.58%	14.19%
14	Paramatrix Technologies Ltd.	AceTP	Entity	15.97%	13.59%	15.42%	15.05%
15	Qualitykiosk Technologies Pvt Ltd.	AceTP	Entity	20.91%	18.35%	11.59%	16.71%

16	TechD Cybersecurity Ltd.	AceTP	Entity	22.45%	42.39%	62.09%	49.21%
17	Velocis Systems Pvt Ltd.	AceTP	Entity	3.76%	4.59%	4.73%	4.41%
Count							17
35 Percentile							11.08%
Median							15.05%
65 Percentile							16.71%

Business description of comparable companies

1. 4I Apps Solutions Private Limited

The company is engaged in provision of ERP related services such as implementations, consulting, upgradation, managed services, professional services, sale of product licenses as well as educational training.

(AR 2024 pdf pg 22)

2. Anunta Technology Management Services Limited

The company is engaged in the provision of IT support services.

(AR 2024 pdf pg 1)

3. Aumento Technologies & Consulting Services Private Limited

The company is engaged in the provision of software support and maintenance services.

(MGT-9, AR 2024 pdf pg 6)

4. Cache Digitech Private Limited

The company is engaged in the provision of services.

(AR 2024 pdf pg 18)

Internet review:

The company is engaged in the provision of system integration services. It specializes in technology integration, digital transformation, infrastructure, and IT consulting solutions.

(<https://www.cachedigitech.com/about-cache>)

5. DCM Infotech Limited

The company is engaged in the provision of IT infrastructure services.

(AR 2024 pdf pg 222)

6. Dynacons Systems & Solutions Limited

The company is engaged in the provision of IT infrastructure services including infrastructure design and consulting services, turnkey systems integration services and set up of large Network and Data Centre infrastructures including supply of associated equipment and software. It provides all service models such as IaaS (Infrastructure as a Service), PaaS (Platform as a Service) and SaaS (Software as a Service). Its Enterprise services offerings include a wide spectrum of Enterprise IT Services including Infrastructure Managed Services, Breakfix Services, Managed Print Services, Cloud Computing, Systems Integration Services, and Applications Development and Maintenance. It also provides end-to-end technology and technology related services to corporations across industry verticals.

(AR 2024 pdf pg 104)

7. Happiest Minds Technologies Limited

The company is engaged in the provision of IT solutions & services. Its service range includes Digital Transformation & Enterprise Solutions, Product Engineering, Infrastructure Management, Security, Testing and Consulting. The Company focuses on industries in the Retail/Consumer Product Goods (CPG), Banking, Financial Services and Insurance (BFSI), Travel & Transportation, Manufacturing and Media space. Happiest Minds Provide a Smart, Secure and Connected Experience to its Customers. In the Solution space, focus areas are Security, M2M and Mobility solutions.

(AR 2024 pdf pg 105)

8. Highbar Technocrat Limited

The company is engaged in the provision of Sap Implementation and support services.

(AR 2024 pdf pg 2)

9. Indicosmic Infotech Limited

The company is engaged in the provision of CRM solutions and support services and IT support services & software services.

(AR 2024 pdf pg 47)

10. Kellton Tech Solutions Limited

The company is engaged in the provision of digital transformation, ERP and other IT services.

(AR 2024 pdf pg 155)

11. Microland Limited

The company is engaged in the provision of IT Infrastructure services offering a comprehensive range of services to clients across the globe. Microland has operations across the globe with its presence mainly in USA, UK and the Middle East.

(AR 2024 pdf pg 90)

12. Nihilent Limited

The company is engaged in the provision of software services, business consulting in the area of enterprise transformation, change and performance management and providing related IT services.

(AR 2024 pdf pg 48)

13. Orion India Systems Limited

The company is engaged in the provision of designing, developing, integrating, deploying and managing IT services and solutions for leading financial, telecom, healthcare, education, government and other industries across the globe. It provides a full range of IT solutions and services, including cloud solutions, data, analytics and business intelligence, enterprise solutions and custom application development services to Fortune 1000, mid-market and fast-growing clients.

(AR 2024 pdf pg 59)

14. Paramatrix Technologies Limited

The company is engaged in the provision of information technology (IT) services for developing software applications and technology solutions and deployment of best of breed business solutions.

(AR 2024 pdf pg 48)

15. Qualitykiosk Technologies Private Limited

The company is engaged in the provision of software testing services viz. functional testing services, performance testing services, monitoring testing services, test automation, consulting and software trading. It has also added digital offerings specifically geared towards quality assurance of customer experience consumed on mobile phones and tablet.

(AR 2024 pdf pg 185)

16. TechD Cybersecurity Ltd.

The company is engaged in the provision of information security solutions and services i.e., cyber security.

(AR 2024 pdf pg 21)

17. Velocis Systems Private Limited

The company is engaged in the provision of a wide range of IT infrastructure and IT communications solutions including systems, hardware and software services. Its service portfolio consists of IT infrastructure services.

(AR 2024 pdf pg 115)

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12. Economic analysis for availing of IT support services

To obtain a robust set of comparable companies for purposes of the benchmark analysis, the Group engaged TPI LAB to conduct a search for independent IT service providers in the European region that perform functions and bear risks similar to the IT Service Provider.

The search was originally conducted for the fiscal year ended 31 December 2023 and the analysis covered the most recent three-year from 2020 to 2022, for which financial data was available at the time of analysis.

As there were no significant changes to the operating conditions of the IT Service Provider, TPI LAB reviewed the business descriptions of the companies accepted in the original search for continued comparability and updated their financial results for the period from 2022 to 2024. This approach is in accordance with the OECD Guidelines, which states that a comparable company search can be updated every three years rather than annually⁶. What follows below is the description of the original search strategy.

The following source was used to conduct the original search:

- **Bureau van Dijk's TP Catalyst:** TP Catalyst is a platform that combines company information, royalty rates, lending margins, and commodity modules. It is powered by Orbis, which contains qualitative and financial information on more than 41 million public and private companies.

TP Catalyst classifies companies according to the NACE used by European countries for their industry classifications. A brief description of the databases is available at annexure 3.

The following primary NACE 2.0 codes were used to conduct the original search:

Table 55: NACE codes

NACE codes	Codes description
620	Computer programming consultancy and related activities
631	Data processing, hosting, and related activities; web portals

To better focus on the research, TPI LAB further refined the search by applying the following automated screens:

- **Geography screen:** The countries selected for the search include those in Western Europe.³
- **Activity screen:** The search was limited to active companies to exclude companies that are in liquidation, bankruptcy proceedings, or going through a merger process.

⁶ OECD Guidelines, paragraph 5.38

- ***Incorporation screen:*** The search was limited to companies that were incorporated in 2017 or before to eliminate recently established companies that often have substantial start-up costs in their initial years of trading.

Independence screen: To ensure that the companies identified through the automated screening process were independent, an independence screening criterion based on information contained in the database was included. In this regard, companies that were classified in the database under the independence codes “A+, A, A-: No shareholders recorded with more than 24.9% direct or total ownership”⁴ during the three-year period from 2020 to 2022 were accepted.

- ***Financial screens:*** To ensure that financial information was available for the analysis, the search screened for (i) companies that reported operating revenue data of at least EUR 1 million in one of the years during the three-year period from 2020 to 2022; (ii) companies that reported a known operating revenue value for at least one year during the three-year period from 2020 to 2022; and (iii) companies that were on average profit-making during the three-year period from 2020 to 2022.

Keyword screen: A keyword screen was applied to exclude companies with the following keywords in certain text fields available in the database (i.e., description and history, product and services, full overview, main activity, primary business line, secondary business line, and trade description): “distrib*” or “wholesal*” or “retail*” or “sale” or “sell*” or “research*” or “manufac*” or “develop*”.

The application of the automated screens resulted in an initial set of 534 companies. Each of the companies was screened for functional comparability. Short business descriptions and financial data provided by the database, public filings (e.g., annual reports), and/or company websites were reviewed to assess whether the companies performed functions and assumed risks that appeared to be sufficiently similar to those of the IT Service Provider. Based on this review, 491 companies were rejected for one or more of the reasons listed below:

- The company engages in non-comparable functions (e.g., accounting, business consultancy, distribution, engineering, investment, marketing manufacturing, research and development);
- The company provides IT services that are not comparable to EDP services (i.e., the company specializes in SAP or Microsoft implementation; is mainly a software or website developer, functions as a software house, or operates a platform); or
- Other (e.g., the company has reported insufficient qualitative or financial information, is not independent, is not set up as a for-profit organization, or has unconsolidated accounts and active subsidiaries⁵).

The following 43 companies were determined to engage in activities sufficiently comparable to those of the IT Service Provider.

Table 56: Summary of accepted companies along with country of incorporation

S.No	Company name	Country
1	Approach belgium	Belgium
2	Aros circle aktiebolag	Sweden
3	Axe gestion informatique	France
4	Bearit s.r.l.	Italy
5	Bi4all - consultores de gestao, lda	Portugal
6	Bl4ckswan s.r.l.	Italy
7	Centric innovation as	Norway
8	Core computing as	Norway
9	Cyc consultoria y comunicaciones si sl.	Spain
10	Duosis bilgi sistemleri sanayi ve ticaret anonim sirketi	Turkey
11	Dynamic as	Norway
12	Evertech oy	Final
13	Helphone servicios informaticos sl	Spain
14	Icubed srl	Italy
15	Incipy sa	Spain
16	Inovflow - business solutions, s.a.	Portugal
17	Internet security auditors s.l.	Spain
18	Itech group s.r.l.	Italy
19	Ielp servicios informaticos sl	Spain
20	linecom networks sl	Spain
21	Mas project s.r.l.	Italy
22	Massimi sistemi s.r.l.	Italy
23	Netriver s.r.l.	Italy
24	Nordlo oslo as	Norway
25	Novasys	France
26	Pohjois-suomen energiatieto oy	Finland
27	Procesia proyectos y servicios sl.	Spain
28	Protinus group b.v.	Netherlands
29	Proyecta it sistemas y consultoria sll.	Spain
30	Quix societa' a responsabilita' limitata	Italy
31	Resiltech s.r.l.	Italy

32	Sarma digital oy	Finland
33	Sicra as	Norway
34	Sigma informatica s.r.l.	Italy
35	Skarpe as	Norway
36	Softico oy	Finland
37	Software company srl detta soco srl	Italy
38	Styrmand as	Norway
39	Systema s.r.l.	Italy
40	Talea s.r.l.	Italy
41	Xedis	Belgium
42	Zertive, s.a.	Portugal
43	Zirak s.r.l.	Italy

TPI LAB reviewed the business descriptions of the originally accepted comparable companies by applying the same search criteria used in the original search strategy. This process included a validation of the functions performed by the previously accepted companies. The following companies were rejected:

Table 57: Rejected companies

S. No	Company name	Reason for rejection
1	Approach Belgium	Loss-making on average between 2022 and 2024
2	Aros Circle Aktiebolag	Operating revenue was less than EUR 1m in all of the years between 2022 and 2024
3	Centric Innovation As	In liquidation
4	Cyc Consultoria Y Comunicaciones Si Sl.	Latest accounts relate to 2022.
5	Duosis Bilgi Sistemleri Sanayi Ve Ticaret Anonim Sirketi	Latest accounts relate to 2021
6	Dynamic As	Unconsolidated accounts and active subsidiary
7	Evertch Oy	Not independent
8	Icubed Srl	Not independent
9	Incipy Sa	Not independent
10	Internet Security Auditors S.L.	Unconsolidated accounts and active subsidiary
11	Massimi Sistemi S.R.L.	Operating revenue was less than EUR 1mil for all the years between 2022 and 2024. Loss-making on average between 2022 and 2024.

12	Nordlo Oslo As	Not independent
13	Novasys	Latest accounts relate to 2022.
14	Protinus Group B.V.	Latest accounts relate to 2022.
15	Sicra As	Not active – Dissolved.
16	Softico Oy	Loss-making on average between 2022 and 2024
17	Systema S.R.L.	Loss-making on average between 2022 and 2024
18	Zertive, S.A.	Unconsolidated account and active subsidiary

As a result of this process, TPI LAB determined that 25 previously comparable companies remained comparable.

Financial analysis of comparable companies has been tabulated below:

Table 58: Summary of weightage average margin

S.No	Company name	FY 2022	FY 2023	FY 2024	3 Year Weightage Average
1	Axe Gestion Informatique	6.16%	7.74%	n.a.	6.97%
2	Bearit S.R.L.	3.38%	0.20%	n.a.	1.59%
3	Bi4All - Consultores De Gestao, Lda	4.73%	8.75%	7.70%	7.16%
4	Bl4Ckswan S.R.L.	0.32%	0.50%	0.37%	0.40%
5	Core Computing As	-0.13%	0.80%	78.65%	24.77%
6	Helphone Servicios Informaticos SI	-2.82%	-0.43%	3.44%	0.18%
7	Inovflow - Business Solutions, S.A.	15.47%	15.96%	11.82%	14.33%
8	Itech Group S.R.L.	8.31%	13.47%	18.18%	13.65%
9	Jelp Servicios Informaticos SI	0.16%	0.14%	0.12%	0.14%
10	Linecom Networks SI	3.40%	1.47%	2.23%	2.29%
11	Mas Project S.R.L.	10.64%	9.65%	11.80%	10.72%
12	Netriver S.R.L.	6.22%	5.80%	13.07%	8.70%
13	Pohjois-Suomen Energiatieto Oy	5.40%	8.66%	3.04%	5.67%

14	Procesia Proyectos Y Servicios Sl.	14.86%	8.22%	9.85%	10.39%
15	Proyecta It Sistemas Y Consultoria Sll.	-7.12%	5.13%	10.34%	3.03%
16	Quix Societa' A Responsabilita' Limitata	7.10%	8.19%	17.62%	11.30%
17	Resiltech S.R.L.	29.02%	38.00%	37.43%	34.86%
18	Sarma Digital Oy	0.25%	2.84%	7.04%	3.56%
19	Sigma Informatica S.R.L.	9.77%	15.18%	53.03%	26.10%
20	Skarpe As	-9.23%	2.96%	8.28%	1.44%
21	Software Company Srl Detta Soco Srl	5.61%	2.83%	2.04%	3.45%
22	Styrmand As	7.19%	5.76%	1.91%	4.91%
23	Talea S.R.L.	0.89%	1.75%	3.81%	2.05%
24	Xedis	3.91%	0.62%	2.73%	2.41%
25	Zirak S.R.L.	9.64%	9.40%	9.77%	9.60%
Count					25
35 percentile					3.03%
Median					5.67%
65 percentile					9.60%

Business description of comparable companies

1. Axe gestion informatique

The company is a major player in management IT and infrastructure and network solutions. Also provides IT security and support services.

2. Bearit s.r.l.

The company designs and integrates systems composed of heterogeneous parts, creates and proposes new products.

3. Bi4all - consultores de gestao, lda

The company specialize in data analytics solutions, helping organizations transform their data into insights.

4. BI4ckswan s.r.l.

The company provides cyber and information security. Also offers a broad range of services, including risk management and compliance, particularly in relation to PCI-DSS and ISO/IEC 27001 standards.

5. Core computing as

The company provide services such as IT management, project management, and resource planning for the oil and gas sectors.

6. Helphone servicios informaticos sl

The company specializes in implementing and managing user support services in IT matters through service desks support (dedicated or multi-client) or through personalized models based on the needs and culture of the company. Also offers outsourcing services in infrastructure monitoring.

7. Inovflow - business solutions, s.a.

The company is specialist in management software, develops and integrates systems, provides IT outsourcing and creates custom software

8. Itech group s.r.l.

Specializes in consultancy, design, and implementation of IT infrastructures and projects for the private sector and public administration.

9. Jelp servicios informaticos sl

The company is engaged in IT services including IT security, consulting network and communications, computer maintenance and cloud services, systems engineering, security, and cloud.

10. Linecom networks sl

Is a specialist in business applications development, systems integration, and information security for industries such as Banking, Insurance and AAPP.

11. Mas project s.r.l.

IT consultancy in areas such as network infrastructure design, document management, cloud service design, system assistance, Microsoft 365 and Azure, application software development and cyber security.

12. Netriver s.r.l.

Provides cyber security, creation of network infrastructures, design and support for cloud-based infrastructures, system support and acquisition, preservation, analysis of digital data.

13. Pohjois-suomen energiatieto oy

The company offers ICT expert services aimed at the energy sector. It is especially responsible for tasks related to customer information systems, validating, and delivering measurement data from measuring devices in a billable format, and controlling the system's information architecture and integrations with customers' information systems.

14. Procesa proyectos y servicios sl.

Provides cybersecurity, offers its clients the possibility of working in the cloud even operating with Legacy system, advice on data protection, compliance, advice in compliance with ICT regulations, implementation and management of solutions and services aimed at both digital signature and custody of electronic documents, AI and Big Data projects.

15. Proyecta it sistemas y consultoria sll.

Is an IT solutions, services, and infrastructure company. Also prepares contingency plans for IT systems, carries out audits and analysis of security vulnerabilities

16. Quix societa' a responsabilita' limitata

Provides a wide range of services including IT-consultancy, digital transformation, business process management, system integration, salesforce implementation and bespoke IT and technology solutions.

17. Resiltech s.r.l.

Is an ICT consultancy company operating in the field of safety and security critical systems. Main business related to: analysis, design, verification and validation of informatic systems, focusing on embedded systems for safety-critical and security applications for railway, automotive, industrial; research and development in ICT and automation, with focus on dependable systems, especially critical systems; and training courses, on Safety Critical Systems, V&V, Dependability of Computing Systems, Cybersecurity.

18. Sarma digital oy

Makes infrastructure, integrations, access management, microservices and user interfaces for business needs.

19. Sigma informatica s.r.l.

Offer hardware and software solutions aimed at SMEs, professional firms, automotive and schools, management procedures, hardware infrastructures, networking, and data security.

20. Skarpe as

Provides advice in project management, information security, risk, smart buildings (assist the client with the selection and implementation of technological solutions) and networks.

21. Software company srl detta soco srl

Offers full IT outsourcing, BPO administrative services typical of financial intermediaries, high level application management and help desk.

22. Styrmand as

Is an IT consultancy that expertise in project management, digitization, operation, and management of ICT.

23. Talea s.r.l.

Provide integrated services for ICT through the development and integration of application environments and technological infrastructures for the management of complex data and information flows.

24. Xedis

IT management consulting services.

25. Zirak s.r.l.

Specializes in the development of turnkey projects and highly professional consulting service.

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13. Economic analysis for payment of royalty

In order to analysis grant of bundled IP rights in relation to use of trademarks, patents and know-how for the purpose of manufacturing refractories and other goods⁷, we searched for license agreements between unrelated parties where the Licensor pays a royalty to the Licensee for the licensed IP.

In order to identify comparable license agreements, we used the Royalty Stat License database which is an online directory containing details of over 24,000 license agreements compiled from the U.S. Securities and Exchange Commission's EDGAR – Electronic Data Gathering, Analysis, and Retrieval – archive.

Annexure 2 provides more details about the database.

The process for identifying comparable agreements included several steps, each designed to serve as a screen, where agreements, which failed to meet the specified criteria, were identified and excluded from further analysis. Broadly, the steps included:

- Database search using the search engine provided by the database;
- Review of the brief descriptions of the agreements provided by the database;
- Download of the actual agreements filed with the Regulatory Authorities⁸ and detailed review of the agreements; and
- Identification of the most comparable agreements.

Description of Search Process

We conducted a broad search to identify potentially comparable agreements using the criteria presented below:

The above search criteria ensured that we obtain agreements, which would be broadly comparable to the license arrangement between the licensor and licensee.

Table 59: Search Criteria

Industry (Including):	Chemicals
	Construction
	Industrial Equipment
	Metal & Mining
SIC Codes (Including):	1090
	2819
	2890
	3200

⁷ Due to paucity of agreements in relation to refractory products / materials, we have expanded to include chemicals, construction related products.

⁸Companies listed in the United States stock exchanges are required to submit all material contracts entered with parties as the Securities and Exchange Commission guidelines. RoyaltyStat makes available these agreements on payment of a fee.

	3211
	3220
	3221
	3231
	3241
	3250
	3269
	3270
	3271
	3272
	3273
	3281
	3290
	3300
	3310
	3312
	3317
	3320
	3330
	3334
	3341
	3350
	3357
	3360
	3363
	3390
	3398
	3421
	3491
	3585
	3620
	3621
	3640

	3690
	5030
	5049
	5070
	5080
	5099
	5980
	8742
	9995
Agreement Type (Including):	Patent
	Trademark
	Trade Name
	Technology
	Process
	Proprietary Info
	Know-how
	Trade Secrets
Agreement Type (Excluding):	Cross-License
	Software
	Franchise
	Mineral Rights
	Asset Purchase
	Liabilities
	Shares
	Consulting
	Supply
	Option
	Research
	Joint Venture
	Sublicense
	Web Content
	Concessions

Royalty base:	Net Sales ⁹
Related Parties:	Exclude
Keywords (Inclusionary 1):	(know-how or know how or knowhow or technolog* or patent* or process* or prop* info* or trade secret*) and (trademark* or trade mark* or tradename* or trade name* or brand* or logo*)
Keywords (Inclusionary 2):	refractor* or cement* or aggregat* or *stone* or gravel* or sand* or concrete* or asphalt* or construct* or gypsum* or clinker* or furnace* or ready-mix* or ready mix* or readymix* or mortar* or *fabricat* or structur* or footing* or pile* or piling* or foundation* or granul* or slab* or floor* or *cast* or wall* or reinforc* or coat* or column* or silica* or clay* or bind* or build* or lime* or calcium silica* or plaster* or *ash* or brick* or roof* or lining* or line* or panel* or asbestos* or architect* or water-proof* or waterproof* or heat* or resist* or resilien* or steel* or copper* or aluminum* or non-ferrous* or non ferrous* or vapor barrier* or vapor retard* or vapor barrier* or ceil* or adhesive* or sealant* or tile* or slate* or marble* or resin* or paint* or coating* or pavement* or primer* or emulsion* or acrylic* or board* or abrasive* or chemical* or building material* or varnish* or floor cover* or additiv* or ceramic* or lubricat* or surfactant* or dye* or admixtur* or mold* or plaster*
Keywords (Exclusionary):	cross licens* or cross-licens* or crosslicens* or assignment* or asset purchas* or joint ventur* or joint develop* or collab* or terminat* or settlement*

Boolean strategy: {3 And Not 4 And 5 And 6 And 7 And Not 9 And (1 or 2 or 8)}

The search results obtained from RoyaltyStat database was 231 brief descriptions selected for review.

I. Selection of Potentially Comparable Agreements

The brief descriptions of the agreements were reviewed to identify potentially comparable agreements. During this review process, an agreement was eliminated if it met the below criteria:

⁹This is a generic concept and includes all types of sales/revenue.

- The agreement was non-comparable, i.e., the agreement pertained to grant of standalone manufacturing IP rights / standalone marketing IP rights / parties were known to be related; or
- The product was non-comparable, i.e., consumer deodorants / cleaning products / vaccines; or
- Wherein a duplicate to the agreement was already present in the set.; and
- Wherein an amendment to the agreement was already present in the set.

Based on the above elimination process, 18 agreements were selected as being potentially comparable to the arrangement under review.

II. Selection of Final Set of Comparable Agreements

The entire texts of the selected agreements were downloaded for a detailed review of the relevant clauses. During this process, an agreement was eliminated if, in addition to the above listed criteria, it met the criteria listed below:

- The review of the agreement suggested that the parties were related; or
- The review of the agreement suggested that the terms of the agreements were expired; or
- The review of the agreement suggests that the products under review are not comparable to the arrangement under review; or
- The review of the agreement suggested that the licensor shall assign or transfer all right, title and interest of the domestic or foreign patents issued in the future to licensee for a consideration of USD 1; and
- The review of the agreement suggests that parties have entered into an asset purchase agreement for the sale of all the assets.

This detailed elimination process yielded nine agreements which were broadly comparable to the arrangement under review.

Table 60: Comparable Agreements

S. No.	Licensor	Licensee	Brief Description as provided by the Database
1	Engelhard / ICC	Chung-Hsin Electric & Machinery Manufacturing Corp.	Exclusive and nonexclusive patent, know-how and technology license to use the "Desert Cool" and "DESI/AIR" trademarks and trade names to design, manufacture and sell desiccant air-conditioning products, which may include rotors or cassettes with a drying material for heat exchange in heating, air-conditioning or treatment system, and which may capable of being installed in window size openings.
2	Melvin L. Prueitt	Barnabus Energy, Inc.	Exclusive patent, know-how, process, technology, trademark and trade secret

			license, including improvements, to manufacture, have manufactured, use, market, have marketed, sell, have sold, import, have imported and sublicense products and devices, including the "Suncone" solar collector system, that use licensor's "Suncone" technology, and that use reflective films to collect solar energy and steam to drive a generator to produce electricity and for other industrial applications, and to sell electrical power, desalinated water and other pumped liquids that are generated or purified using the solar power concentrator.
3	Research Services Corp.; Orlando A. Battista	Suncastle Investments Ltd.	Exclusive patent, know-how, process, trade name and trademark license to use, manufacture, produce and sublicense the "Supercrete" products, materials and admixtures capable of escalating compressive strengths and bulk properties of regular concretes or cement.
4	Ceramext, LLC	Golden Bear Ceramics Co., a subsidiary of Emgold Mining Corp.	Exclusive patent and know-how license to use the "Ceramext" trademark to manufacture, market, sublicense, use, promote and sell physical products produced using a ceramics invention.
5	LightPath Technologies, Inc.	New Hua Guang, Information Materials Co., Ltd.	Exclusive patent, know-how, process, technology and trademark license to use, manufacture, sell and distribute gadium glass, which is a specialty optical glass with a variable refractive index profile in the axial direction, and other gadium-based materials and products.
6	Altair Nanotechnologies, Inc.	Western Oil Sands, Inc.	Exclusive copyright, patent, proprietary information, trademark and trade secret license, including industrial designs, to make, have made, use, sell, offer, distribute and sublicense titanium dioxide products and titanium oxide pigment products made using licensor's Hydrochloric Pigment Process to extract Ti values from ilmenite ore, initially derived from heavy mineral reserves that occur in oil sands resources in Alberta, Canada only, and after completion of Phase II development, derived from oil sands resources, primary ore resources such as hard rock massive ilmenite deposits, and

			other titanium resources in Minnesota, Canada, and from other oil sands resources worldwide.
7	AuraSource, Inc.	Gulf Coast Holdings, LLC	Exclusive patent, know-how and process license to use the "AuraMetal" trademarks to make, use, sell, offer, practice and sublicense products related to processing precious metals using shock wave grinding and separation technology, including gold, silver, and any of the platinum group metals.
8	ASP Isotopes UK Ltd.	Quantum Leap Energy LLC; Quantum Leap Energy Ltd.	Exclusive copyright, patent, know-how, process, technology and trademark license, including improvements, to use, develop, modify, improve and subcontract the quantum enrichment and aerodynamic separation process technologies to produce, distribute, market and sell uranium-235 and lithium-6 isotopes.

Table 61: Details of Comparable Agreements along with Royalty Rates

S. No.	Licensor	Licensee	Royalty (%)
1	Engelhard / ICC	Chung-Hsin Electric & Machinery Manufacturing Corp.	2.50
			5.00
2	Melvin L. Prueitt	Barnabus Energy, Inc.	6.50
			2.00
3	Research Services Corp.; Orlando A. Battista	Suncastle Investments Ltd.	2.00
4	Ceramext, LLC	Golden Bear Ceramics Co., a subsidiary of Emgold Mining Corp.	3.00
5	LightPath Technologies, Inc.	New Hua Guang, Information Materials Co., Ltd.	2.50
6	Altair Nanotechnologies, Inc.	Western Oil Sands, Inc.	2.00
			4.00
7	AuraSource, Inc.	Gulf Coast Holdings, LLC	5.00
8	ASP Isotopes UK Ltd.	Quantum Leap Energy LLC; Quantum Leap Energy Ltd.	10.00
35 Percentile			2.50

Median	3.00
65 Percentile	5.00

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