

# DALMIA CEMENT (BHARAT) LIMITED

CIN No.: U65191TN1996PLC035963

Regd. Office: Dalmiapuram- 621651, Lalgudi Taluk, Dist. Tiruchirapalli, Tamil Nadu.

Phone No.: 04329-235132, Fax No.: 04329-235111

Website: www.dalmiacement.com, E-mail: bansal.manisha@dalmiabharat.com

## NOTICE OF MEETING OF THE UNSECURED CREDITORS OF DALMIA CEMENT (BHARAT) LIMITED CONVENED PURSUANT TO THE ORDER DATED MAY 29, 2020 PASSED BY THE CHENNAI BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL

### MEETING:

Day	Wednesday
Date	22 <sup>nd</sup> day of July, 2020
Time	12.00 noon
Venue	Community Centre, Dalmia Colony, Dalmiapuram, Lalgudi, Tiruchirappalli, Tamil Nadu – 621651

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## Form CAA 2

[Pursuant to Section 230(3) and Rule 6 of the Companies (Compromises, Arrangements & Amalgamations) Rules, 2016]

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

AT CHENNAI BENCH

COMPANY SCHEME APPLICATION NO. 11 OF 2020

In the matter of Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Dalmia Bharat Refractories Limited and their respective shareholders and creditors

DALMIA CEMENT (BHARAT) LIMITED

... the Applicant Company

### NOTICE CONVENING THE MEETING OF THE UNSECURED CREDITORS OF DALMIA CEMENT (BHARAT) LIMITED PURSUANT TO THE ORDER DATED MAY 29, 2020 PASSED BY THE CHENNAI BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL

To,

The unsecured creditors of Dalmia Cement (Bharat) Limited

**TAKE NOTICE** that by an order dated May 29, 2020 in the above mentioned Company Scheme Application ('Order'), the Chennai Bench of the National Company Law Tribunal ('Tribunal'/'NCLT') has directed a meeting of the unsecured creditors of the Applicant Company to be held for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Dalmia Bharat Refractories Limited and their respective shareholders and creditors ('Scheme' or 'the Scheme' or 'this Scheme').

In pursuance of the said Order and the directions given therein, further notice is hereby given that a meeting of the unsecured creditors of the Applicant Company will be held at the registered office of the Applicant Company i.e. Community Centre, Dalmia Colony, Dalmiapuram, Lalgudi, Tiruchirappalli, Tamil Nadu – 621651 on Wednesday, the 22<sup>nd</sup> day of July, 2020 at 12.00 noon at which time and place, the said unsecured creditors are requested to attend and vote, to consider and if thought fit, approve with or without modification(s), the following resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act') and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), and subject to applicable provisions of the Memorandum and Articles of Association of the Company, sanctions and permissions of the National Company Law Tribunal ('Tribunal') and subject to the approval of the equity shareholders, secured creditors and such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary, and subject to such conditions and modifications as may be prescribed, imposed or approved by the Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the Scheme of Arrangement between Dalmia Cement (Bharat) Limited ('the Transferor Company' or 'DCBL') and Dalmia Bharat Refractories Limited ('the Transferee Company' or 'DBRL') and their respective shareholders and creditors ('Scheme') be and is hereby approved.

**RESOLVED FURTHER THAT** any one of the Directors of the Company; Mr. Jayesh Doshi, Chief Financial Officer; Ms. Manisha Bansal, Company Secretary; Mr. Dharmendar Tuteja, Executive Director (F&A and Commercial); Dr. Sanjeev Gemawat, Executive Director (Legal); Mr. Bhabhagrahi Pradhan; Ms. Rachna Gorla and Mr. T.A. Srinivasan, Authorised Signatories be and are hereby severally authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem requisite, desirable, appropriate or necessary to give effect to this resolution and to effectively implement the proposed arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Tribunal while sanctioning the proposed arrangement embodied in the Scheme or by any authorities under law, and to do and cause to do all acts and things, to resolve any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorized representative, is deposited / couriered at the registered office of the Applicant Company at Dalmiapuram, Lalgudi, District Tiruchirappalli, Tamil Nadu – 621651 and/or e-mailed to bansal.manisha@dalmiabharat.com / corp.sec@dalmiabharat.com not later than 48 hours before the meeting. The form of proxy can be obtained free of charge from the registered office of the Applicant Company.

Copies of the said Scheme, and of the statement under Sections 230 and 232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the Index to this notice, can be obtained free of charge on any working day (except Saturdays) prior to the date of the meeting at the registered office of the Applicant Company at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu-621651 and/or at the office of its Advocate, Mr. Pawan Jhabak having his office at New No.115, Luz Church Road, Mylapore, Chennai – 600004.

The NCLT has appointed Mr. Ramakrishnan Viraraghavan, Sr. Advocate, as the Chairperson and the Managing Director(s) / Director(s) of the Transferor Company who have sworn in affidavit on behalf of such company, as the Alternate Chairperson of the said meeting.

The above-mentioned Scheme, if approved by the unsecured creditors, will be subject to the subsequent approval of the NCLT and any other approvals as may be required.

Copy of the Scheme and copy of the explanatory statement under Sections 230 – 232 of the Companies Act read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other enclosures as indicated in the index are enclosed.

**For Dalmia Cement (Bharat) Limited**

Date : 18th day of June, 2020  
Place: Delhi

Sd/-  
Manisha Bansal  
Company Secretary

**Notes:**

1. The Board of Directors of the Applicant Company at its meeting held on 14<sup>th</sup> November, 2019 had approved the Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Sri Dhandauthapani Mines and Minerals Limited and their respective shareholders and creditors, subject to the sanction of the NCLT and of such other authorities as may be necessary. Pursuant to change in name of Sri Dhandauthapani Mines and Minerals Limited to 'Dalmia Bharat Refractories Limited', the name of the Scheme stands revised to Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Dalmia Bharat Refractories Limited and their respective shareholders and creditors.
2. NCLT by its Order dated May 29, 2020 has directed that a meeting of the unsecured creditors of the Applicant Company shall be convened and held at Community Centre, Dalmia Colony, Dalmiapuram, Lalgudi, Tiruchirappalli, Tamil Nadu - 621651, on the 22<sup>nd</sup> day of July, 2020 at 12 noon, for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme.
3. The explanatory statement pursuant to section 230(3), 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 is enclosed herewith and forms part of this Notice.
4. Only unsecured creditors of the Applicant Company who have an outstanding balance as on the close of business hours as on March 31, 2020 may attend and vote (either in person or by proxy) at the unsecured creditors' meeting. The authorized representative of a body corporate which is an unsecured creditor of the Applicant Company may attend and vote at the unsecured creditors' meeting provided a certified true copy of the Board/Custodial Resolutions/Power of Attorney in original, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf is deposited at the registered office of the Applicant Company and/or e-mailed to bansal.manisha@dalmiabharat.com / corp.sec@dalmiabharat.com not later than 48 hours before the meeting, authorizing such representative to attend and vote at the unsecured creditors' meeting.
5. A person entitled to attend and vote at the unsecured creditors' meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be an unsecured creditor of the Applicant Company. The Form of Proxy duly completed should, however, be deposited at the registered office of the Applicant Company and/or e-mailed to bansal.manisha@dalmiabharat.com / corp.sec@dalmiabharat.com not less than 48 hours before the meeting.
6. All alterations made in the Form of Proxy should be initialled.
7. An unsecured creditor or his/ her proxy/authorized representative is requested to bring the copy of the notice to the meeting and produce the attendance slip, duly completed and signed, at the entrance of the meeting venue. Proxy / authorised representative are required to carry copy of valid proof of identity viz. Driving licence, Aadhar Card, Ration Card etc. at the meeting.
8. As directed by the Chennai Bench of the NCLT, the quorum for the meeting of the unsecured creditors of the Applicant Company shall be 30 unsecured creditors of the Applicant Company, present in person or by proxy and constituting 25% or more in value of the unsecured credit. In case there is no quorum at the designated time of the meeting, then the meeting shall be adjourned by half an hour, and thereafter, the persons present for the voting shall be deemed to constitute the quorum.
9. The Notice is being sent to the email ID/registered address (for unsecured creditors whose e-mail ID is not available) of unsecured creditors, who have an outstanding balance as per the books of accounts of the Applicant Company as on the close of business hours as on March 31, 2020. This Notice of the unsecured creditors meeting of the Applicant Company is also displayed / posted on the website of the Applicant Company <https://www.dalmiacement.com>
10. In accordance with the provisions of Sections 230 – 232 of the Companies Act, 2013, the Scheme shall be acted upon only if majority in number representing three fourth in value of the unsecured creditors of the Applicant Company, voting in person or by proxy or by authorised representative, agree to the Scheme.
11. Mr. N Ramanathan, Practicing Company Secretary has been appointed as the scrutinizer to conduct the voting process through polling at the venue of the meeting in a fair and transparent manner.

12. The result of the voting on the Resolution at the Meeting shall be announced by the Chairman of the Meeting or any person authorized by him, on or before July 25, 2020. The results will be posted on the website of the Applicant Company at [www.dalmiacement.com](http://www.dalmiacement.com) as well as on the notice board of the Applicant Company at its Registered Office.
13. All the material documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the unsecured creditors at the registered office of the Applicant Company situated at Dalmiapuram, Lalgudi, Dist. Tiruchirappalli, Tamil Nadu-621651, during office hours on all working days (except Saturdays) between 10.00 a.m. and 5.00 p.m. up to the date of the meeting.

Encl: as above



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
BENCH, AT CHENNAI  
COMPANY SCHEME APPLICATION NO. 11 OF 2020**

In the matter of Companies Act, 2013

And

In the matter of Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Dalmia Bharat Refractories Limited  
and their respective shareholders and creditors

And

In the matter of Section 230 read with Section 232 of the Companies Act, 2013 and  
other applicable provisions of the Companies Act, 2013

**DALMIA CEMENT (BHARAT) LIMITED**

... the Applicant Company

**EXPLANATORY STATEMENT UNDER SECTION 230(3) READ WITH SECTIONS 232(2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 FOR THE MEETING OF THE UNSECURED CREDITORS OF DALMIA CEMENT (BHARAT) LIMITED CONVENED PURSUANT TO THE ORDER DATED MAY 29, 2020 PASSED BY THE CHENNAI BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL.**

In this statement, Dalmia Cement (Bharat) Limited is hereinafter referred to as 'DCBL' or 'the Transferor Company' or 'the Applicant Company' and Dalmia Bharat Refractories Limited is hereinafter referred to as 'DBRL' or 'the Transferee Company'. The other definitions contained in the Scheme will apply to this Explanatory Statement also. The following statement as required under Section 230(3) of the Companies Act, 2013 sets forth the details of the proposed Scheme of Arrangement and such other details as required under Sections 230-232 of the Companies Act, 2013 read with the section 102 of the Companies Act, 2013 and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

1. Pursuant to an order dated May 29, 2020 passed by the Chennai Bench of the National Company Law Tribunal ('NCLT') in the Company Scheme Application No. 11 of 2020 referred to hereinabove and the directions given thereunder, a meeting of the unsecured creditors of the Applicant Company is being convened and held at the registered office of the Applicant Company at Community Centre, Dalmia Colony, Dalmiapuram, Lalgudi, Tiruchirappalli, Tamil Nadu-621651 on Wednesday, the 22<sup>nd</sup> day of July, 2020 at 12.00 noon for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Dalmia Bharat Refractories Limited and their respective shareholders and creditors.
2. A copy of the Scheme as approved by the Board of Directors of the Applicant Company at its meeting held on 14<sup>th</sup> November 2019, is attached to this explanatory statement and forms part of this statement.

**3. BACKGROUND OF THE COMPANIES INVOLVED IN THE SCHEME IS AS UNDER:**

**A. Dalmia Cement (Bharat) Limited ('DCBL' or 'the Transferor Company' or 'the Applicant Company')**

1. Dalmia Cement (Bharat) Limited (CIN: U65191TN1996PLC035963) was incorporated on 4<sup>th</sup> July, 1996, under the Companies Act, 1956, in the State of Tamil Nadu under the name and style of Avnija Finance Limited. Thereafter, with effect from 17<sup>th</sup> July, 2003, the name of the Transferor Company was changed to "Avnija Properties Limited". Thereafter, with effect from 31<sup>st</sup> December, 2010, the name of the Transferor Company was changed to "Dalmia Cement (Bharat) Limited". Till the date of dispatch of this Notice, there has been no further change in the name of the Transferor Company. PAN of the Transferor Company is AADCA9414C. DCBL is a public limited company.
2. The Registered Office of the Transferor Company is presently situated at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu-621651. There has been no change in the registered office of the Transferor Company in the last 5 years.
3. The email address of Transferor Company is bansal.manisha@dalmiabharat.com / corp.sec@dalmiabharat.com.
4. The authorised, issued, subscribed and paid-up share capital of Transferor Company as on 14th November 2019 is as follows:

Share Capital	Amount in INR (In crores)
<b>Authorised Share Capital</b>	
38,53,50,000 Equity Shares of Rs. 10/- each	385.35
3,00,00,000 Preference Shares of Rs. 100/- each	300.00
72,30,00,000 Unclassified Shares of Rs. 10/- each	723.00
<b>Total</b>	<b>1408.35</b>

Share Capital	Amount in INR (In crores)
<b>Issued, subscribed and fully paid-up Share Capital</b>	
31,40,45,267 Equity Shares of Rs. 10/- each	314.04
<b>Total</b>	<b>314.04</b>

Subsequent to the above date, and as on the date of dispatch of this Notice, there has been no change in the authorised, issued, subscribed and fully paid up share capital of the Transferor Company.

5. The equity shares of the Transferor Company are not listed on any Stock Exchange. Non-Convertible Debentures of the Transferor Company are listed on BSE Limited and the National Stock Exchange of India Limited.
6. The main objects of the Transferor Company are set out in the Memorandum of Association. They are briefly as under: -

**III(A) The Main Objects to be pursued by the Company on its incorporation are:-**

1. *To carry on the business as owners, investors, dealers, agents, developers and brokers of real estate, land, buildings, estates, hereditament, factories, sheds, roads, highways, docks, bridges, canals, dams, ports, reservoirs, or any other structural or architectural work of any kind whatsoever, whether rural or urban, residential, commercial or industrial, for which purpose to acquire or purchase, take on lease or in exchange, hire or by any other means obtain ownership of and/or options or licence over any freehold or other property of any tenure, estate or interest, or any rights, privileges or easements over or in respect of any property, land or building; to improve, alter, furnish, construct, promote, develop, finance or subsidise, the same and to dispose of or maintain, assist in sale of the same; to build houses, offices, factories, townships, buildings, residential, cultural, sports, recreational, commercial complexes, including restaurants and hotels, markets or conveniences thereon and to equip the same or any part thereof with all or any amenities or conveniences, drainages, sanitation facility, electricity, air conditioning, telegraph, water, telephone and television installations and to manage and deal with the same in any manner whatsoever, and to build, take on lease and/or rent, purchase or acquire in any manner any apartments, houses, flats, rooms, floors or other accommodation and to let or dispose of the same on installment basis, hire purchase basis, deferred payment basis or by outright sale whether by private treaty or by public auction or in any other mode of disposition all or any integral part thereof.*
2. *To act as traders of all kinds of goods, contractors, constructors, engineers, suppliers, interior and exterior decorators, furnishers, upholsterers and agents and to undertake, execute, advice on, assess, design, draft, inspect, estimate, survey, supervise work and contracts for work of all kinds and to carry out any ancillary or other activity relating thereto and to manufacture and deal in construction and building materials, machines and equipments and interior and exterior decoration materials and products of all kinds and description.*
- 3A. *To carry on the business, in India or elsewhere in the world, of designing, developing, importing, procuring, selling, providing, dealing in, providing consultancy, licensing (whether ready or future delivery) and marketing (whether directly or through third parties) information technology services, e-commerce related services, desktop system management application software services, network related services, site services, information kiosk services, value added network services, managed operations, international procurement operations and to establish, maintain, conduct customer software training Centre, and programming based education centres and programmes in the field of information technology and related areas.*
- 3B. *To produce, manufacture, mine, treat process, purchase, refine, prepare, import, export, sell and generally to deal in:*
  - a. *Cement, Portland cement, alumina cement, limestone, kankar and / or by products thereof and building materials generally and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, limestone quarries, workshops and other works;*
  - b. *Bricks, Tiles, Pipes, Pottery, Earthen ware, Sanitary ware, China Terracotta, Dolomite Sulphur, Pyrites, Graphite, Refractories, and Ceramic ware of all kinds.*
- 3C. *To carry on in India or elsewhere the business of, developing, constructing, establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional resources / non-conventional resources by using wind, solar, water, coal, naphtha, fuel oil, furnace oil, natural gas, liquefied natural gas, biomass including bagasse or any other carbohydrate available above the earth or from offshore or onshore site in India or outside India at such voltages as required by the customers and invest in research and development of power from conventional or non-conventional or renewable energy sources of generation and also to offer consultancy for power generation, power transmission, distribution and power marketing to any customer.*
7. Clause 3C was added to the main objects of the Transferor Company vide Special Resolution passed by the Shareholders of the Transferor Company in the Extra Ordinary General Meeting held on June 13, 2016.  
Except for the above, there has been no change in the main objects of the Transferor Company during last 5 years.
8. The Transferor Company is engaged in business of manufacturing and selling of cement, refractory operations, generating power, maintaining and operating rail systems and solid waste management system which provide support services to the cement business.

**B. Dalmia Bharat Refractories Limited ('DBRL' or 'Transferee Company')**

1. Dalmia Bharat Refractories Limited (CIN: U26100TN2006PLC061254) was incorporated on 4th October, 2006, under the Companies Act, 1956, in the State of Tamil Nadu under the name and style of Sri Dhandauthapani Mines and Minerals Limited. Thereafter, with effect from 27<sup>th</sup> December, 2019, the name of the Transferee Company was changed to "Dalmia Bharat Refractories Limited". Till the date of dispatch of this Notice, there has been no further change in the name of the Transferee Company. PAN of the Transferee Company is AAKCS3708G. DBRL is a public limited company.
2. The Registered Office of the Transferee Company is presently situated at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu-621651. There has been no change in the Registered Office of the Transferee Company in the last 5 years.
3. The email address of the Transferee Company is snccil@dalmiarf.com / jain.akansha1@dalmiaocl.com.
4. The authorised, issued, subscribed and fully paid-up share capital of the Transferee Company as on 14th November 2019 is as under:

Share Capital	Amount in INR (In crores)
<b>Authorised Share Capital</b>	
4,00,00,000 equity shares of Rs. 10/- each	40
<b>Total</b>	<b>40</b>
<b>Issued, subscribed and fully paid-up Share Capital</b>	
70,000 Equity Shares of Rs. 10/- each	0.07
<b>Total</b>	<b>0.07</b>

Subsequent to the above date, and as on the date of dispatch of this Notice, there has been no change in the authorised, issued, subscribed and fully paid up share capital of the Transferee Company.

5. The equity shares of the Transferee Company are not listed on any stock exchange.
6. The main objects of the Transferee Company are set out in the Memorandum of Association. They are briefly as under:-

(A) *The main objects to be pursued by the Company on its incorporation are:*

1. *To carry on the business of produces, miners, manufacturers and to search for, crush, win, quarry, raise, reduce, smelt, calcine, refine, dress, amalgamate, manipulate, process, make merchantable, sell, export or otherwise deal in cement and refractory material such as limestone, gypsum, fireclay, china clay, bauxite, kaolin, sillimanite, kyanite, magnesite, feldspar, calcite, quartz, zircon, stone, soap stone, steatite, dolomite, prophylite and other products and by-products of any or every of the aforesaid and generally to carry on the business of mining operations and to buy, sell, manufacture and deal in plant and machinery capable of being used in connection with the aforesaid or in all its branches or allied activities.*
2. *To purchase or otherwise acquire or take on lease for exploration or dealing in or working of or for mining any land, mining undertaking, mines, quarries, wells, tanks, ponds, river, river bed or sea.*
3. *To carry on the business of manufacturers, producers, processors, importers, exporters, buyers, sellers, application service provider, dealers, agents, distributors, suppliers, commission agents etc. of all types of refractory material and other allied products, by-products and substitutes for all any of them or any other material or ingredients of any other kind used or that could be connected with refractories and to carry out research and development of refractories and to treat and utilize any waste arising from any such manufacture, production or process whether carried on by the Company or otherwise and to carry out research and development of refractory products and also to buy, sell, manufacture, assemble, import, export or otherwise deal in all kinds of equipment's, tools, components, plant and machinery etc. capable of being used in connection with the manufacture and application of refractories of all kinds or in all its branches and allied activities.*
4. *To carry on the business of mining operations and to explore, prospect, take on lease or on royalty basis or otherwise acquire mines, mining rights and lands or any interest therein and to quarry, mine, dress, reduce, draw, extract, purify, calcite, smelt, refine, manufacture, process, purchase or otherwise acquire, sell or otherwise dispose of or deal in all grades, types, qualities and descriptions of iron ore, rutile ore, tungsten ore, wolframite ore, molybdenum ore, copper ore, bauxite, nickel ore, cobalt ore, quartz, fluor spar, limestone, dolomite, magnesite, coal, graphite, fire clay, china clay, kyanite, sillimanite, stone, bricks, crick earth and other refractory materials etc.*
5. a) *To carry on the business of rendering advisory, consultancy and management services, within India and across the world, in all fields and matters including in relation to administration, general, secretarial, business management, human resource, marketing, taxation, accountancy and cost accounting, data processing, other technical or non-technical services, procurement of material, machineries or any other items or things, commencement or expansion of industry and business of any kind and of institutions, concerns, bodies, entities, associations whether registered or not, departments and services of Government, public or local authorities, firms, trusts, societies, non-government organizations, etc.*

- b) *To act as consulting engineers, designers, surveyors, valuers, planners, supervisors, inspectors, service organization or bureau and maritime management consultant for providing advice and services for any type of manufacturing or industrial concern and all types of operations and to provide technical know-how and render complete comprehensive service and industrial technique of factories, foundries, buildings, canals, rivers, harbours, warehouses, etc, and other works."*

7. Clauses 3, 4, 5(a) and 5(b) were added to the main objects of the Transferee Company vide Special Resolution passed by the Shareholders of the Transferee Company in the Extra Ordinary General Meeting held on October 11, 2019.

Except for the above, there has been no change in the main objects of the Transferee Company during last 5 years.

8. Pursuant to the Scheme, the refractory business of the Transferor Company will be transferred to Transferee Company in the manner and on terms set out in the Scheme. The Appointed Date for the Scheme is April 1, 2019. The Scheme has been approved by the respective Board of Directors on November 14, 2019 and will become effective on receipt of necessary regulatory approvals as mentioned therein. On approval of the Scheme, DBRL would be deemed to have been engaged in the manufacture and sale of refractories, refractory materials and products from the Appointed Date.

#### **4. BACKGROUND OF THE SCHEME**

The Scheme provides for transfer of the Refractory Undertaking of DCBL (as defined in the Scheme) to DBRL and various other matters consequential or otherwise integrally connected therewith, with effect from the Appointed Date or such other date as may be approved by the NCLT or any other competent authority, in accordance with the terms of the Scheme.

#### **5. RATIONALE OF THE SCHEME**

- A. DCBL is primarily engaged in the manufacture and marketing of cement along with its associated activities like power generation, maintaining and operating rail systems and solid waste management system.
- B. DCBL, which currently also houses refractory operations in India and outside India (through its subsidiaries) intends to segregate the entire refractory operations from its primary cement operations and house the same in DBRL, an existing entity.
- C. DBRL is currently a subsidiary of DCBL in which DCBL holds 99.99% of the issued, subscribed and paid up equity share capital.
- D. The transfer of refractory operations from DCBL to DBRL would assist in creating a sharper and efficient focus and accountability, individually in both cement and refractory operations.
- E. A separate scheme of amalgamation and arrangement which has been approved by the Board of DBRL, inter alia provides for merger of Dalmia Refractories Limited ("DRL") and GSB Refractories India Private Limited ("GSB India") into DBRL thereby creating a consolidated refractory business of considerable size.
- F. DCBL believes that the transfer of its Refractory Undertaking (as defined in the Scheme) to DBRL and the subsequent merger of DRL and GSB India into DBRL would lead to the following benefits:
  - 1. Consolidation of refractory operations currently spread across different corporate entities viz. DCBL, GSB India and DRL, which will thereby lead to creation of a business of substantial size;
  - 2. Economies of scale for the consolidated refractory business;
  - 3. Permits the consolidated refractory business to pursue a focused growth strategy which is suited to the strategic requirements of the Refractory Undertaking thus helping in achieving structural and operational efficiency, enhanced competitiveness and greater accountability;
  - 4. Enable potential fund raising for the consolidated refractory business (both equity and debt) and provide better flexibility in accessing capital; and
  - 5. Create value for the shareholders of DCBL by participating in a consolidated refractory business.

#### **6. SALIENT FEATURES OF THE SCHEME**

Salient features of the Scheme are set out as below:

- i. This Scheme is presented under section 230-232 and other applicable provisions of the Companies Act, 2013 (as defined hereinafter) for transfer of Refractory Undertaking of the Transferor Company to the Transferee Company.
- ii. The Transferor Company and the Transferee Company shall file petition under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 with the Chennai Bench of the NCLT for sanction of this Scheme and all matters ancillary or incidental thereto.
- iii. "Appointed Date" for the Scheme is 1st April, 2019 or such other date as may be fixed or approved by NCLT or such other competent authority.
- iv. "Effective Date" shall mean the last of the dates on which all the conditions and matters referred to in Clause 20 of the Scheme have been fulfilled or are waived by the Board of both Transferor Company and Transferee Company.
- v. The whole of the Refractory Undertaking shall, stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to vest in the Transferee Company all the rights, title and interest pertaining to the Refractory Undertaking.



- vi. Upon coming into effect of the Scheme and in exchange of the Refractory Undertaking transferred by the Transferor Company, the Transferee Company shall:
  - a) issue and allot 68,48,926 equity shares of face value of INR 10/- each at a premium of INR 180.60/- each, credited as fully paid up to the Transferor Company; and
  - b) issue and allot 2,25,00,000 CCDs of face value of INR 100/- each at par to the Transferor Company or such other instrument, on such terms and conditions, or in any other manner, as may be mutually agreed between the Board of Directors of Transferor Company and Transferee Company.
- vii. Transferor Company shall, upon the Scheme becoming effective and with effect from the Appointed Date, account for the transfer of its Refractory Undertaking as under:
  - a) Transferor Company shall reduce the carrying book value of all the assets and liabilities pertaining to its Refractory Undertaking from its books of accounts;
  - b) The aggregate value of the equity shares received above shall be debited to "Investment in Equity Shares of DBRL" account;
  - c) The aggregate value of the CCDs received above shall be debited to 'Investment in CCDs of DBRL' account;
  - d) Any difference between the aggregate value of investment recorded as above and the net assets transferred as above, shall be adjusted in the Statement of Profit & Loss.
  - e) The Board may adopt any other accounting treatment which is in accordance with Accounting Standards notified under the Act.
- viii. Transferee Company shall, upon the Scheme becoming effective and with effect from the Appointed Date, account for acquisition of the Refractory Undertaking in accordance with IND AS 103 as under:
  - a) All the identifiable assets and liabilities of the Refractory Undertaking vested in the Transferee Company pursuant to the Scheme shall be recorded in the books of the Transferee Company at their respective fair values as on the Appointed Date as may be determined by the Board of the Transferee Company.
  - b) The Transferee Company shall credit to its equity share capital account the aggregate face value of equity shares issued. The Transferee Company shall credit to its Securities Premium Account, the aggregate premium on equity shares issued by it pursuant to this Scheme. Securities Premium so created will be treated at par with any other Securities Premium existing in the books of the Transferee Company prior to this Scheme.
  - c) The Transferee Company shall credit to the 'Compulsorily Convertible Debentures' account the aggregate value of CCDs issued.
  - d) To the extent that there are inter-company loans, advances, investments, deposits or other obligations as between Transferor Company and Transferee Company, which pertain to the Refractory Undertaking, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of account and records of Transferor Company as well as Transferee Company for the reduction of any such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, advances, deposits or balances, with effect from the Appointed Date.
  - e) Excess, if any, of the aggregate of the value of CCDs recorded and the value of equity shares recorded over the fair value of net assets of Refractory Undertaking after giving effect to the adjustment above shall be recorded as goodwill and shortfall, as the case may be, will be adjusted in capital reserve account.
  - f) The Transferee Company shall record in its books of account, all transactions of the Transferor Company pertaining to its Refractory Undertaking in respect of assets, liabilities, income and expenses, from the Appointed Date to the Effective Date.
  - g) The Board may adopt any other accounting treatment which is in accordance with Accounting Standards notified under the Act.
- ix. Each company (i.e. the Transferor Company and Transferee Company) shall bear its own past, present and future costs, charges, taxes including duties, levies and all other expenses incurred or to be incurred in carrying out and implementing the Scheme or implementation thereof and matters incidental thereto.
- x. The Scheme is conditional upon and subject to the following:
  - a) The Scheme being sanctioned by the Chennai Bench of the NCLT or any other authority under Sections 230-232 of the Act;
  - b) Approval of any Governmental Authority, as may be required, for transfer of mining lease and / or prospective mining lease to Transferee Company unless the same has no significant financial or other material adverse impact in opinion of the Board on Transferee Company.
  - c) Certified copy of the Order of the Chennai Bench of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, Chennai, by Transferor Company and Transferee Company.
  - d) Notwithstanding anything contained in a) to c) above, the Board of the Transferor Company and Transferee Company, in their discretion, may decide to waive any of the conditions mentioned above, to the extent legally permissible.
- xi. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and shall be null and void.

The features set out above are only the salient features of the Scheme. The Scheme shall be treated as a part and parcel of this Explanatory Statement. The unsecured creditors are requested to read the entire text of the Scheme to get themselves fully acquainted with the provisions thereof.

## 7. CAPITAL STRUCTURE PRE AND POST SCHEME

Pre-Scheme and Post-Scheme capital structure of the Transferor Company and the Transferee Company are given below:

DCBL:

- i. The pre-Scheme capital structure of the Transferor Company is mentioned in paragraph 3(A)(4) above.
- ii. Post the Scheme, capital structure of the Transferor Company would continue to be the same.

DBRL:

- i. The pre-Scheme capital structure of the Transferee Company is mentioned in paragraph 3(B)(4) above.
- ii. Post the Scheme, the capital structure of the Transferee Company will be as follows:

Share Capital	Amount in INR (In Crores)
<b>Authorised Share Capital</b>	
4,00,00,000 equity shares of Rs. 10/- each	40
<b>Total</b>	<b>40</b>
<b>Issued, subscribed and fully paid-up Share Capital</b>	
69,18,926 Equity Shares of Rs. 10/- each	6.92
<b>Total</b>	<b>6.92</b>

## 8. SHAREHOLDING PATTERN PRE AND POST SCHEME

- i. The Pre and Post Scheme shareholding pattern of DCBL as on the date of this statement is as under:

Sr. No.	Name of the Shareholder	No. of Equity Shares held	% of Equity Shares held
1.	Dalmia Bharat Limited	31,40,45,261	100.00
2.	Shri K. Kalyanaraman & Dalmia Bharat Limited	1	0.00
3.	Shri M. Ganesan & Dalmia Bharat Limited	1	0.00
4.	Shri A.Jayaseelan & Dalmia Bharat Limited	1	0.00
5.	Shri M. Desingu & Dalmia Bharat Limited	1	0.00
6.	Shri R. Gururajan & Dalmia Bharat Limited	1	0.00
7.	Shri L.V.Ganapathiraman & Dalmia Bharat Limited	1	0.00
	<b>Total</b>	<b>31,40,45,267</b>	<b>100.00</b>

- ii. The Pre-Scheme and indicative Post-Scheme shareholding pattern of DBRL as on the date of this statement is as under:

Sr. No.	Name of the Shareholder	Pre-Scheme as on the date of this statement		Indicative Post-Scheme as on the date of this statement	
		No. of shares	% of equity shares held	No. of shares	% of equity shares held
1.	Dalmia Cement (Bharat) Limited	69,984	99.98	69,18,910	100
2.	Shri A. Jayaseelan jointly with Dalmia Cement (Bharat) Limited	1	0.00	1	0.00
3.	Shri M. Desingu jointly with Dalmia Cement (Bharat) Limited	1	0.00	1	0.00
4.	Shri K. Kalyanaraman jointly with Dalmia Cement (Bharat) Limited	1	0.00	1	0.00
5.	Shri N. Santhanam jointly with Dalmia Cement (Bharat) Limited	1	0.00	1	0.00
6.	Shri M. Ganesan jointly with Dalmia Cement (Bharat) Limited	1	0.00	1	0.00
7.	Shri R. Gururajan jointly with Dalmia Cement (Bharat) Limited	1	0.00	1	0.00
8.	Shri Krishna Swaroop DGVG	10	0.01	10	0.00
	<b>Total</b>	<b>70,000</b>	<b>100</b>	<b>69,18,926</b>	<b>100</b>



## 9. EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

- i. Save as otherwise provided in the Scheme, the Directors and Key Managerial Personnel (KMP) and their respective relatives of the Transferor Company and the Transferee Company may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in their respective Companies, or to the extent the said Directors / KMP are the partners, Directors, Members of the Companies, firms, association of persons, bodies corporate that hold shares in any of the Companies. Save as aforesaid, none of the Directors, Managing Director or the Manager or KMP of the Transferor Company and Transferee Company have any material interest in the Scheme.
- ii. The details of the present Directors and KMP of the Transferor Company and their respective shareholdings in the Transferor Company and the Transferee Company as on the date of this statement are as follows:

Sr. No.	Name	Designation	Equity shares held in the Transferor Company	Equity shares held in the Transferee Company
1.	Gautam Dalmia (DIN: 00009758)	Director	Nil	Nil
2.	Venkatesan Thyagarajan (DIN: 00124050)	Director	Nil	Nil
3.	Mahendra Singhi (DIN: 00243835)	Director	Nil	Nil
4.	Paul Heinz Hugentobler (DIN: 00452691)	Director	Nil	Nil
5.	Ghyanendra Nath Bajpai (DIN: 00946138)	Director	Nil	Nil
6.	Sudha Pillai (DIN: 02263950)	Director	Nil	Nil
7.	Jayesh Doshi (PAN: AAIPD3863G)	KMP	Nil	Nil
8.	Manisha Bansal (PAN: AQJPB3538K)	KMP	Nil	Nil

- iii. There are no KMPs in the Transferee Company. The details of the present Directors of the Transferee Company and their respective shareholdings in the Transferor Company and the Transferee Company as on the date of this statement are as follows:

Sr. No.	Name	Designation	Equity shares held in the Transferor Company	Equity shares held in the Transferee Company
1.	Sameer Nagpal (DIN: 06599230)	Additional Director	Nil	Nil
2.	Rachna Gorla (DIN: 07148351)	Director	Nil	Nil
3.	Bijay Kumar Agrawal (DIN: 07815618)	Additional Director	Nil	Nil

## 10. RELATIONSHIP BETWEEN THE TRANSFEROR COMPANY AND THE TRANSFEE COMPANY

At present, 99.99% of the issued, subscribed and paid up equity share capital of the Transferee Company is held by the Transferor Company.

## 11. DETAILS OF DEBT RESTRUCTURING

There shall be no debt restructuring of the Applicant Company and the Transferee Company pursuant to the Scheme.

## 12. GENERAL

- i. The Transferor Company and the Transferee Company have filed a joint application before the Chennai Bench of the NCLT seeking requisite directions in connection with the Scheme under Section 230 - Section 232 of the Companies Act, 2013.
- ii. The amount due to the unsecured creditors by the Transferor Company as on March 31, 2020 is INR 2156.31 crs.
- iii. In relation to the meeting of the unsecured creditors of the Transferor Company, unsecured creditors whose names appear in the records of the Transferor Company as on close of business hours as on March 31, 2020 shall be eligible to attend and vote at the meeting of the unsecured creditors of the Transferor Company either in person or by proxies.
- iv. The Scheme is not expected to have any adverse effects on the KMP, directors, promoters, non-promoter members, depositors, secured/unsecured creditors, debenture holders, deposit trustee, debenture trustee, and employees of the Transferor Company and the Transferee Company, wherever relevant.
- v. None of the directors are common between both the Companies.
- vi. None of Directors and KMP of the Transferor Company or their respective relatives are in any way connected or interested in the aforesaid resolution.
- vii. There are no winding up proceedings pending against the Transferor Company or the Transferee Company as of date.

- viii. No investigation proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Transferor Company or the Transferee Company.
- ix. A copy of the Scheme has been filed with Registrar of Companies, Chennai by the Transferor Company as on June 5, 2020.
- x. The Transferor Company and the Transferee Company are required to send individual notice(s) to certain regulatory and governmental authorities including Ministry of Corporate Affairs, the Registrar of Companies, Regional Director, Official Liquidator and Income Tax and the same are being sent.
- xi. Names and addresses of the directors and promoters of the Transferor Company are as under:

**Details of Directors**

Sr. No.	Name of Director	Address
1.	Gautam Dalmia (DIN: 00009758)	No. 1, Tees January Marg, New Delhi, 110011
2.	Venkatesan Thyagarajan (DIN: 00124050)	"Rajendra", 4th Floor, No. 1, 2nd Street, Prithvi Avenue, Abiramapuram, Chennai-600018
3.	Mahendra Singhi (DIN: 00243835)	B-36, Malcha Marg, New Delhi – 110021
4.	Paul Heinz Hugentobler (DIN: 00452691)	Eschenweg 10, CH-8645, Jona
5.	Ghyanendra Nath Bajpai (DIN: 00946138)	131, Shaan Apartments, K.D. Marg, Prabhadevi, Mumbai, 400028, Maharashtra
6.	Sudha Pillai (DIN: 02263950)	D-241, Sarvodaya Enclave, 2nd Floor, New Delhi-110017

**Details of Promoters**

Sr. No.	Name of Promoter	Address
1.	Dalmia Bharat Limited	Dalmiapuram, Lalgudi Taluka, Dist. Tiruchirappalli, Tamil Nadu – 621651

- xii. Names and addresses of the directors and promoters of the Transferee Company are as under:

**Details of Directors**

Sr. No.	Name of Director	Address
1.	Sameer Nagpal (DIN: 06599230)	Flat No. 104, Tower-3, The Palms South City-1, Gurgaon- 122001
2.	Rachna Gorla (DIN: 07148351)	B-81, Gautam Buddha Nagar, Sector -23, Noida 201301, Uttar Pradesh.
3.	Bijay Kumar Agrawal (DIN: 07815618)	305, Ganpati Height, Prem Nagar, Farrukhnagar, Gurgaon, Haryana -122001

**Details of Promoters**

Sr. No.	Name of Promoter	Address
1.	Dalmia Cement (Bharat) Limited	Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu - 621651

- xiii. The Board of Directors of the Transferor Company approved the Scheme at its meeting held on 14th November, 2019. Details of directors of the Transferor Company who voted in favour/ against/ did not participate in the meeting of the Board of Directors are given below:

Sr. No.	Name of Director	Voted in favour / against / did not vote or participate
1.	Gautam Dalmia (DIN: 00009758)	Voted in favour

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Voted in favour / against / did not vote or participate</b>
2.	Venkatesan Thyagarajan (DIN: 00124050)	Voted in favour
3.	Mahendra Singhi (DIN: 00243835)	Did not participate in the meeting
4.	Paul Heinz Hugentobler (DIN: 00452691)	Did not participate in the meeting
5.	Ghyanendra Nath Bajpai (DIN: 00946138)	Voted in favour
6.	Sudha Pillai (DIN: 02263950)	Voted in favour

- xiv. The Board of Directors of the Transferee Company approved the Scheme at its meeting held on 14th November, 2019. Details of directors of the Transferee Company who voted in favour/ against/ did not participate in the meeting of the Board of Directors are given below:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Voted in favour / against / did not vote or participate</b>
1.	Rajesh Kumar Ghai (DIN: 00006849)	Voted in favour
2.	Sameer Nagpal (DIN: 06599230)	Voted in favour
3.	Rachna Gorla (DIN: 07148351)	Voted in favour
4.	Krishna Swaroop DGVG (DIN: 06861407)	Voted in favour

- xv. Report dated 14th November 2019 adopted by the Board of Directors of the Transferor Company and the Transferee Company explaining the effects of the Scheme on each class of its respective shareholders, key managerial persons, promoter and non-promoter shareholder, laying out in particular the share exchange ratio, as required under Section 232(2) of the Companies Act, 2013 is attached herewith.
- xvi. Audited financial results of the Transferor Company and the Transferee Company for the financial year ended on 31<sup>st</sup> March 2020 are attached herewith.
- xvii. Inspection of the following documents may be carried out by the unsecured creditors of the Transferor Company at the registered Office of the Transferor Company on any working day (except Saturdays) prior to the date of the meeting between 10.00 a.m. to 5.00 p.m:
- Copy of the Order dated May 29, 2020 passed by the NCLT in the Company Scheme Application No. 11 of 2019 directing the convening of the meeting of the unsecured creditors of the Transferor Company;
  - Copy of Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Dalmia Bharat Refractories Limited and their respective shareholders and creditors;
  - Copy of Memorandum and Articles of Association of the Transferor Company and the Transferee Company;
  - Copy of standalone and consolidated Audited Financial Statements of the Transferor Company and the Transferee Company for financial year ended on 31<sup>st</sup> March 2019;
  - Copy of the Audited financial results of the Transferor Company and the Transferee Company for the financial year ended on 31<sup>st</sup> March, 2020;
  - Copies of the resolutions passed by the Board of Directors of the Transferor Company and the Transferee Company approving the Scheme;
  - Report adopted by the Board of Directors of the Transferor Company and the Transferee Company pursuant to provisions of section 232(2)(c) of the Companies Act, 2013;
  - Copy of the Certificate, dated November 14, 2019 issued by one of the statutory auditors, M/s S.S. Kothari Mehta & Company of the Transferor Company stating that the accounting treatment proposed in the Scheme is in conformity with accounting standards prescribed under Section 133 of the Companies Act, 2013;
  - Valuation report issued by Incwert Advisory Private Limited dated 14th November, 2019.

xviii. This notice and the attached explanatory statement is not an acknowledgement of any dues payable to anyone and does not bestow any right upon any unsecured creditor to make a claim upon the Applicant Company.

xix. This Statement may be treated as the Explanatory statement under Sections 102, 230 and 232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. A copy of the Scheme, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained free of charge on any working day (except Saturdays) prior to the date of the meeting, from the registered office of DCBL situated at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu-621651 or at the office of its Advocate M/s Pawan Jhabakh, New No. 115, Luz Church Road, Mylapore, Chennai - 600004.

Date : 18th day of June, 2020  
Place: Delhi

Sd/-  
Manisha Bansal  
Company Secretary

**SCHEME OF ARRANGEMENT**  
**BETWEEN**  
**DALMIA CEMENT (BHARAT) LIMITED**  
**AND**  
**DALMIA BHARAT REFRACTORIES LIMITED**  
**(FORMERLY KNOWN AS SRI DHANDAUTHAPANI MINES AND MINERALS LIMITED)**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

(Under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013) ("the Scheme")

**PREAMBLE**

- (A) **Dalmia Cement (Bharat) Limited** is a public company limited by shares, incorporated on 4<sup>th</sup> July, 1996 under the provisions of the Companies Act, 1956, and is having its registered office at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu- 621651 ("**DCBL**" or "**Transferor Company**").

DCBL is engaged in the business of manufacturing and selling of cement and refractory products, generating power, maintaining and operating rail systems and solid waste management system which provide support services to the cement business.

- (B) **Dalmia Bharat Refractories Limited** is a public company limited by shares, incorporated on 4<sup>th</sup> October, 2006 under the provisions of the Companies Act, 1956 and is having its registered office at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu- 621651 ("**DBRL**" or "**Transferee Company**").

As on date DBRL is not carrying on any refractory operations but proposes to enter into the business of manufacture and sale of refractories, refractory materials and products.

**RATIONALE FOR THE SCHEME**

- (A) DCBL is primarily engaged in the manufacture and marketing of cement along with its associated activities like power generation, maintaining and operating rail systems and solid waste management system.
- (B) DCBL, which currently also houses refractory operations in India and outside India (through its subsidiaries) intends to segregate the entire refractory operations from its primary cement operations and house the same in DBRL, an existing entity.
- (C) DBRL is currently a subsidiary of DCBL in which DCBL holds 99.99% of the issued, subscribed and paid up equity share capital.
- (D) The divestment of refractory operations from DCBL to DBRL would assist in creating a sharper and efficient focus and accountability, individually in both cement and refractory operations.
- (E) A separate scheme of amalgamation and arrangement which has been approved by the Board of DBRL, (Scheme 2 as defined in sub clause 1.17 herein) inter alia provides for merger of Dalmia Refractories Limited ("**DRL**") and GSB Refractories India Private Limited ("**GSB India**") into DBRL thereby creating a consolidated refractory business of considerable size.
- (F) DCBL believes that the transfer of its Refractory Undertaking (as defined in sub clause 1.13 herein) into DBRL and the subsequent merger of DRL and GSB India with DBRL would lead to the following benefits:
1. Consolidation of refractory operations currently spread across different corporate entities viz. DCBL, GSB India and DRL, which will thereby lead to creation of a business of substantial size;
  2. Economies of scale for the consolidated refractory business;
  3. Permits the consolidated refractory business to pursue a focused growth strategy which is suited to the strategic requirements of the Refractory Undertaking thus helping in achieving structural and operational efficiency, enhanced competitiveness and greater accountability;
  4. Enable potential fund raising for the consolidated refractory business (both equity and debt) and provide better flexibility in accessing capital; and
  5. Create value for the shareholders of DCBL by participating in a consolidated refractory business.
- (G) The respective Board of Directors (as defined hereinafter) of DCBL and DBRL after detailed deliberation in their meetings held on November 14, 2019, approved this Scheme, incorporating therein the proposed transfer of the Refractory Undertaking of DCBL to DBRL.

## PARTS OF THE SCHEME

This Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions and interpretations used in this Scheme;
- (ii) **PART II** deals with particulars of share capital of DCBL and DBRL;
- (iii) **PART III** deals with provisions relating to the transfer and vesting of Refractory Undertaking of Transferor Company to Transferee Company;
- (iv) **PART IV** deals with general terms and conditions and other miscellaneous provisions applicable to this Scheme.



## PART I – DEFINITIONS AND INTERPRETATION

### 1. DEFINITIONS AND INTERPRETATION

In this Scheme, unless repugnant to the meaning or context thereof, the following terms and expressions shall have the following meaning:

- 1.1 **“Act” or “the Act”** means the Companies Act, 2013 including the rules and regulations made thereunder, and any alterations, modifications, amendments made thereto and/or any re-enactment thereof, as applicable and for the time being in force;
- 1.2 **“Applicable Law”** means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, circulars, listing agreements, notifications, guidelines or policies of any applicable country and/or jurisdiction, (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any governmental authority or recognized stock exchange, and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.3 **“Appointed Date”** shall mean April 1, 2019 or such other date as may be agreed by the Board of Transferor Company and Transferee Company or as the Hon'ble NCLT may decide/approve, being the date with effect from which this Scheme shall become operative and/or be deemed to have become operative;
- 1.4 **“Board of Directors” or “Board”** in relation to Transferor Company and Transferee Company, as the case may be, means the Board of Directors of such company, and shall include a committee duly constituted and authorized by each of the companies and/or their respective Boards, for the purposes of various matters pertaining to the Scheme and/or any other related, connected or incidental matters;
- 1.5 **“CCDs”** means Compulsorily Convertible Debentures of INR 100/- each to be issued pursuant to Clause 6 below. The key terms of the CCDs are given in Schedule I below;
- 1.6 **“DCBL” or “Transferor Company”** means Dalmia Cement (Bharat) Limited, a public company limited by shares, incorporated on 4<sup>th</sup> July, 1996 under the provisions of the Companies Act, 1956, and having its registered office at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu- 621651;
- 1.7 **“Effective Date”** shall mean the last of the dates on which all the conditions and matters referred to in Clause 20 of this Scheme have been fulfilled or are waived by the Board of both Transferor Company and Transferee Company. Any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “coming into effect of this Scheme” shall mean the “Effective Date”;
- 1.8 **“Encumbrance”** means any (i) charge, lien (statutory or other), or mortgage, any easement, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any person; (ii) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, Transfer, receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above, and the term **“Encumbered”** shall be construed accordingly;
- 1.9 **“Governmental Authority”** means any applicable central, state or local government or semi-government, legislative body, executive, regulatory or administrative authority, local authority, agency or commission or any court, tribunal, board, department, commission, entity, agency, bureau, instrumentality, official, judicial or arbitral body, statutory body or stock exchange, including but not limited to the Reserve Bank of India (**“RBI”**) and the Securities and Exchange Board of India (**“SEBI”**) or any other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law;
- 1.10 **“Income Tax Act”** means the Income Tax Act, 1961, including the rules made thereunder, and any amendments, alterations, modifications made thereto or any re-enactments thereof for the time being in force;
- 1.11 **“National Company Law Tribunal” or “NCLT”** means the National Company Law Tribunal constituted by the Central Government under section 408 of the Act having jurisdiction in relation to Transferor Company and Transferee Company;
- 1.12 **“Refractory Business”** means the business of the Transferor Company relating to its refractory operations;
- 1.13 **“Refractory Undertaking”** means the Refractory Business of Transferor Company comprising inter alia of its undertakings, assets, liabilities, properties, investments and employees, of whatsoever nature and kind, and wheresoever situated, which relate thereto, or are necessary thereof as on the Appointed Date on a going concern basis, including but not limited to the following:
  - a) All movable and immovable properties, including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, packing material, stationery, all rights, title, interest and claims in leasehold properties, including the mining leases and the prospecting licences (including in each case, any applications made thereof) whether real, personal or mixed, corporeal or incorporeal, in possession or otherwise, tangible or intangible, present or future, actual or contingent of whatsoever nature, powers, authorities, allotments, approvals, consents, letters of intent, registrations, identified for use in relation to Refractory Business including but not limited to all land (including freehold, leasehold, leave and licensed land), buildings, any tenancies in relation to land and buildings, parking rights, title, rights, interests and benefits and documents of title, and easements in relation thereto and all plant and machineries constructed on or embedded or attached to any such land and all other rights including rights arising under contracts in connection with such immovable

- properties, equipment, fixed assets, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, advances and deposits with any relevant Governmental Authority or others, loans, outstanding loans and advances recoverable in cash or in kind (including accrued interest), receivables, all types of stocks including work-in-process, cash, balances with banks, cheques, bills of exchange and other negotiable instruments, benefits of any bank guarantees, performance guarantees, corporate guarantees, letters of credit, financial assets and instruments, investments and other funds along with accrued interest thereon and benefits attached thereto, pertaining to the Refractory Business.
- b) All receivables, debts, liabilities, loans, guarantees, forward contract liability, assurances, commitments, duties and obligations of any nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, pertaining to the Refractory Business;
  - c) All contracts, agreements, leases, linkages, memoranda of understanding, memoranda of agreements, memoranda of agreed points, letters of agreed points, agreed term sheets, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders, job orders or other instruments of whatsoever nature, to which Transferor Company is a party, exclusively relating to its Refractory Business or otherwise identified to be for the benefit of the same;
  - d) All intellectual property rights including registrations, brand, trademarks, trade names, service marks, copyrights, patents, designs, domain names and applications relating thereto, goodwill, technical knowhow, trade secrets, exclusively used by or held for use by Transferor Company in relation to its Refractory Business, whether or not registered, owned or licensed, including any form of intellectual property which is in progress;
  - e) All permits, licenses, consents, approvals, authorizations, quotas, rights, entitlements, claims, registrations, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies including tenancy rights in relation to offices and residential properties, permissions, if any, privileges and similar rights, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any relevant Governmental Authority including but not limited to the relevant licenses, electricity, water supply and environment related approvals and connections, telephone, broadband, wireless and other communication systems and equipment related approvals and connections including for data/image/graphics storage, reproduction, transmission and transfers, and all other rights, permits, consents, no-objections and approvals, pending applications for consents, renewals or extension that exclusively relates to, issued or held for use by Transferor Company pertaining to its Refractory Business;
  - f) Where there are any common licenses, permissions, utilities etc. being used for the Transferor Company as a whole (i.e. for the Refractory Business and the Remaining Business jointly), the Transferee Company shall be allowed to continue to utilize such common licenses, permissions, utilities etc. till such time that the Transferee Company is able to procure such licenses, permissions, utilities etc. in its own name;
  - g) All benefits, entitlements, exemptions, payment deferrals, incentives and concessions under incentive schemes and policies including duties, cess, levies, refunds, interest credits and claims under customs, excise, service tax, VAT, GST, sales tax and entry tax and income tax laws, subsidy receivables from Government, grants from any relevant Governmental Authority, all other direct tax benefit/exemptions/deductions, sales tax deferrals, to the extent statutorily available/allocable/referable or related to Transferor Company pertaining to its Refractory Business, along with associated obligations;
  - h) All employees of Transferor Company pertaining to its Refractory Business as on the Effective Date, whether permanent or temporary, including employees/personnel engaged on contract basis and contract labourers, apprentices, interns/trainees, both on-shore and offshore, at its respective offices, branches and any other employees/personnel and contract labourers, apprentices, interns/trainees hired by Transferor Company after the date hereof, if any, and any payment made towards any provident fund, employees state insurance, gratuity fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such employees of Transferor Company, together with such of the investments made by these funds, which are referable to such employees of Transferor Company;
  - i) All legal (whether civil, criminal or taxation related) or other proceedings or investigations of whatsoever nature (including those before any Governmental Authority) initiated by or against Transferor Company or proceedings or investigations to which Transferor Company is party to, that pertain to its Refractory Business, if so ascertainable, whether pending/ongoing as on the Appointed Date or which may be instituted any time in the future; and
  - j) All books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, pertaining to its Refractory Business.
  - k) all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of Transferor Company pertaining to the Refractory Business comprising of:
    - i. all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of Transferor Company pertaining to the Refractory Business;
    - ii. the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of Transferor Company pertaining to the Refractory Business;

Any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the Refractory Undertaking or whether it arises out of the activities or operations of the Refractory Undertaking or not and whether the same shall be transferred or not shall be decided solely by the Board of Transferor Company.

- 1.14 **“Registrar of Companies”** means the jurisdictional Registrar of Companies;
- 1.15 **“Remaining Business”** means all the undertakings, businesses, activities and operations of Transferor Company, but excluding the Refractory Undertaking as defined in subclause 1.13 above;
- 1.16 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form as submitted to the Hon’ble NCLT or this Scheme with such modification(s), if any made, as per Clause 18 of the Scheme;
- 1.17 **“Scheme 2”** means the Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited and GSB Refractories India Private Limited and Dalmia Bharat Refractories Limited and Dalmia OCL Limited and their respective shareholders and creditors with or without any modification approved or imposed or directed by the NCLT;
- 1.18 **“DBRL”** or **“Transferee Company”** means Dalmia Bharat Refractories Limited, a public company limited by shares, incorporated on 4th October, 2006 under the Companies Act, 1956 and having its registered office at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu- 621651.
- 1.19 **“Slump Exchange”** means the transfer and vesting of the Refractory Undertaking to the Transferee Company on a going concern and “as-is-where-is” basis to be exchanged by issuance of equity shares and CCDs or such other instrument of the Transferee Company, on such terms and conditions, or in any other manner, as may be mutually agreed between the Board of Transferor Company and Transferee Company, without values being assigned to the individual assets and liabilities, as an inseparable whole, and to be implemented in terms of Part III of the Scheme.
- 1.20 **“Taxation”** or **“Tax”** or **“Taxes”** means all forms of taxes (whether direct or indirect) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to Transferor Company and Transferee Company and all penalties, charges, costs and interest relating thereto;
- 1.21 **“Tax Laws”** means all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, goods and services tax or any other levy of similar nature;

## 2. CONSTRUCTION

- 2.1 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income Tax Act, the Securities Contract Regulation Act, 1956, Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996, Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.
- 2.2 In this Scheme, unless the context otherwise requires:
  - a) words denoting singular shall include plural and vice versa;
  - b) headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
  - c) references to the word “include” or “including” shall be construed without limitation;
  - d) a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
  - e) reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
  - f) references to a person include any individual, firm, body corporate (whether incorporated or not), Government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether having separate legal personality or not).
  - g) references to any of the terms, taxes, duty, levy, cess in the Scheme shall be construed as reference to all of them whether jointly or severally.
  - h) word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.
  - i) unless otherwise defined, the reference to the word “days” shall mean calendar days;
  - j) references to dates and times shall be construed to be references to Indian dates and times;
  - k) any reference to any statute or statutory provision shall include:
    - (i) all subordinate legislations made from time to time under that provision (whether amended, modified, re-enacted or consolidated from time to time or not) and any retrospective amendment; and
    - (ii) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

## PART II - SHARE CAPITAL

### 3. SHARE CAPITAL

3.1 The authorized, issued, subscribed and paid-up share capital of Transferor Company as on November 14, 2019 is as under:

Share Capital	Amount in crs
<b>Authorized Share Capital</b>	
38,53,50,000 Equity Shares of Rs. 10/- each	385.35
3,00,00,000 Preference Shares of Rs. 100/- each	300.00
72,30,00,000 Unclassified Shares of Rs. 10/- each	723.00
<b>Total</b>	<b>1,408.35</b>
<b>Issued, Subscribed and Fully Paid Up Share Capital</b>	
31,40,45,267 Equity Shares of Rs. 10/- each, fully paid up	314.04
<b>Total</b>	<b>314.04</b>

3.2 The authorized, issued, subscribed and paid-up share capital of Transferee Company as on November 14, 2019 is as under:

Share Capital	Amount in crs
<b>Authorized Share Capital</b>	
4,00,00,000 equity shares of Rs. 10/- each	40.00
<b>Total</b>	<b>40.00</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
70,000 equity shares of Rs. 10/- each, fully paid up	0.07
<b>Total</b>	<b>0.07</b>

### 4. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or made as per Clause 18 of this Scheme, shall be effective from the Appointed Date, but shall be operative from the Effective Date.

## PART III – TRANSFER AND VESTING OF REFRACTORY UNDERTAKING TO THE TRANSFeree COMPANY

### 5. SLUMP EXCHANGE

5.1 With effect from the Appointed Date and on the Scheme becoming effective, pursuant to the provisions of Sections 230 to 232 and all other provisions of the Act, the Refractory Undertaking shall without any further act, instrument, deed, matter or thing be transferred from the Transferor Company and vested in Transferee Company as a going concern and on an “as-is-where-is” basis, by way of slump exchange, on such terms and conditions, or in any other manner, as may be mutually agreed between the Boards of Directors of Transferor Company and Transferee Company without values being assigned to the individual assets and liabilities, as an inseparable whole, as detailed in Clause 5.2 below.

#### 5.2 TRANSFER AND VESTING OF REFRACTORY UNDERTAKING

Upon the Scheme becoming effective, with effect from the Appointed Date,

5.2.1. All the moveable assets pertaining to the Refractory Undertaking capable of being transferred to and vested by delivery, including plant and machinery, or which are incorporeal property shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to Transferee Company along with such other documents as may be necessary or by manual/constructive delivery of possession and/or by endorsement and delivery, as appropriate in relation to the property/asset, towards the end and intent that the property therein passes to Transferee Company on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of Transferee Company accordingly. The investments of the Refractory Undertaking held in dematerialized form will be transferred to Transferee Company by issuing appropriate delivery instructions to the depository participant with whom Transferor Company has an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Transferor Company and Transferee Company, being a date after the sanction of the Scheme by the NCLT.

5.2.2. The moveable assets pertaining to the Refractory Undertaking, other than those specified in sub clause 5.2.1 above, including intangible assets, actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in



cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested in as the property of Transferee Company. Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of Transferee Company to recover or realise the same is in substitution of the right of Transferor Company and that appropriate entry should be passed in its respective books to record the aforesaid charges. Any document of title pertaining to the assets of the Refractory Undertaking shall also be deemed to have been mutated and recorded as titles of Transferee Company to the same extent and manner as originally held by Transferor Company to the end and intent that all the ownership, right, title and interest so vesting in Transferee Company will be such as if Transferee Company was originally the Transferor Company. Transferee Company shall, be entitled to the delivery and possession of all documents of title including all related documents of all such movable assets pertaining to the Refractory Undertaking.

- 5.2.3. Without prejudice to any of the clauses above, with effect from the Appointed Date and upon the Scheme becoming effective, all immoveable properties pertaining to the Refractory Undertaking, including land together with buildings and structure and rights thereon, whether freehold or leasehold, and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into Transferee Company, as of the Appointed Date. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of Transferee Company without requirement of execution of any further documents for registering the name of Transferee Company as owner thereof and the regulatory authorities, including Sub-registrar of Assurances, Talati, Tehsildar, etc. may rely on the Scheme along with the copy of the order passed by the NCLT sanctioning the Scheme, to make necessary mutation entries and changes in the land or revenue records to reflect the name of Transferee Company as owner of the immovable properties. For the purposes of giving effect to the Scheme, if required, the Transferor Company and Transferee Company may execute separate conveyance deeds to effectuate the transfer of immovable property located in different states. For the purpose of determination of the stamp duty pursuant to the said transfer, the reckoner value of the immovable property would be deemed to be the consideration. Further, such determination of value of assets for the sole purpose of payment of stamp duty, registration fees or other similar taxes shall not be regarded as assignment of values to individual assets or liabilities.
- 5.2.4. All intellectual property including registrations, licenses, trademarks, logos, service marks, copyrights, domain names, trade names, and applications relating thereto, goodwill, intangibles, know how, trade secrets or any other property of like nature, pertaining to the Refractory Undertaking (specifically excluding such intellectual property rights as may be identified by the Board of Transferor Company), if any, shall stand vested in Transferee Company without any further act, instrument or deed.
- 5.2.5. All the liabilities pertaining to the Refractory Undertaking shall, without any further act, instrument or deed, be transferred to and vested into as the liabilities of the Transferee Company, to the extent they are outstanding on the Appointed Date and shall become the liabilities of Transferee Company on the same terms and conditions as were applicable to Transferor Company, and Transferee Company alone shall meet, discharge and satisfy the same.
- 5.2.6. All liabilities pertaining to the Refractory Undertaking, including those which are incurred or which arise or accrue on or after the Appointed Date but prior to the Effective Date, shall, without any further act, instrument or deed, be transferred to and vested into as the liabilities of Transferee Company and the same shall be assumed by Transferee Company and to the extent they are outstanding on the Effective Date on the same terms and conditions as were applicable to Transferor Company and Transferee Company alone shall meet, discharge and satisfy the same.
- 5.2.7. Any liabilities pertaining to the Refractory Undertaking as on the Appointed Date that are discharged by Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to have been discharged for and on account of Transferee Company.
- 5.2.8. The transfer and vesting of the Refractory Undertaking, shall be subject to the existing securities, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof.

Provided that in so far as the assets comprised in the Refractory Undertaking are concerned, the security and charge over such assets relating to any loans or liabilities pertaining to the Remaining Business shall, without any further act or deed, be released from such encumbrance and shall no longer be available as security in relation to such loans or liabilities.

Provided further that in so far as the assets comprised in the Remaining Business are concerned, the security over such assets relating to the loans, borrowings, debts and financial assistance pertaining to the Refractory Undertaking shall, without further act, instrument or deed, along with any guarantees, indemnities, or undertakings provided by Transferor Company in relation to the Refractory Undertaking, be released and discharged from the obligations and security relating to the same. With effect from the Appointed Date and upon the Scheme becoming effective, Transferee Company undertakes to meet, discharge and satisfy the loans, borrowings, debts and financial assistance pertaining to the Refractory Undertaking transferred to it.

Provided also that the transfer and vesting of loans/liabilities shall continue to have encumbrances confined only to the relevant assets of the Refractory Undertaking or part thereof and no such encumbrances shall extend over or apply to any other asset(s) of Transferee Company. Similarly, Transferee Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of or to be availed of by it, and the encumbrances in respect of such indebtedness of Transferee Company shall not extend or be deemed to extend or apply to the assets so vested.

Provided that all loans (raised and utilized), liabilities, duties and taxes and obligations of the Transferor Company in relation to the Refractory Undertaking incurred or undertaken on or after the Appointed Date but prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of Transferee Company and shall be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in Transferee Company as a part of transfer of Refractory Undertaking and the same shall be assumed by Transferee Company and Transferee Company shall meet, discharge and satisfy the same.

It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.

- 5.2.9. Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all permits including mining leases, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested contingent or impending), of every kind and description of whatsoever nature in relation to the Refractory Undertaking, to which Transferor Company is a party to or to the benefit of which Transferor Company may be eligible and which are subsisting or having effect immediately before the Appointed Date shall, subject to Applicable Law, stand transferred to and vested in or shall be deemed to be transferred to and vested in Transferee Company as if the same were originally given or issued to or executed in favour of Transferee Company, and the rights and benefits under the same shall be available to Transferee Company. Further, Transferor Company shall execute such further deeds or documents as may be required to give effect to this Clause.
- 5.2.10 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of Transferor Company (in relation to its Refractory Undertaking) after the Effective Date shall be accepted by the banker(s) of Transferee Company and credited to the account of Transferee Company, if presented by Transferee Company or received through electronic transfers. Similarly, the banker(s) of Transferee Company shall honour all cheques/electronic fund transfer instructions issued by Transferor Company (in relation to its Refractory Undertaking) for payment after the Effective Date.
- 5.2.11 Taxes, if any, paid or payable by the Transferor Company after the Appointed Date and specifically pertaining to its Refractory Undertaking shall be treated as paid or payable by the Transferee Company and the Transferee Company shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 5.2.12 If the Transferor Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to its Refractory Undertaking under any Tax Laws or Applicable Laws, the same shall, to the extent statutorily available and along with associated obligations, stand transferred to and be available to Transferee Company as if Transferee Company was originally entitled to all such benefits, entitlements, incentives and concessions and the Transferee Company shall be entitled, as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission.
- 5.2.13 All benefits of any and all corporate approvals as may have already been taken by Transferor Company with respect to the Refractory Undertaking, whether being in the nature of compliances or otherwise, shall stand vested in Transferee Company and the said corporate approvals and compliances shall, be deemed to have been taken/complied with by Transferee Company.
- 5.2.14 Upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 5.2.15 Any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Refractory Undertaking, the Transferor Company shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the NCLT having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferor Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realise the same, stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

## **6. ISSUE OF EQUITY SHARES AND CCDs**

- 6.1. Upon coming into effect of the Scheme and as stated in Clause 5 above, in exchange of the Refractory Undertaking transferred



by the Transferor Company, the Transferee Company shall:

- a) issue and allot 68,48,926 equity shares of face value of INR 10/- each at a premium of INR 180.6/- each, credited as fully paid up to the Transferor Company.
  - b) issue and allot 2,25,00,000 CCDs of face value of INR 100/- each at par to the Transferor Company or such other instrument, on such terms and conditions, or in any other manner, as may be mutually agreed between the Board of Directors of Transferor Company and Transferee Company; and
- 6.2. The equity shares and CCDs issued pursuant to sub clause 6.1 above shall be issued in dematerialized form by Transferee Company.
- 6.3. The equity shares to be issued to the Transferor Company as above shall be subject to the Memorandum and Articles of Association of Transferee Company and shall rank pari passu with the existing equity shares of Transferee Company in all respects including dividends (subject to the provisions of Section 123 of the Act) for the purpose of any dividend declared after the Scheme becomes effective. The holders of the equity shares of Transferor Company and Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the companies of which they are members for the financial year up to the Appointed Date. It is clarified that the aforesaid provision in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of Transferor Company or Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Transferor Company and Transferee Company and subject to the approval of the shareholders of Transferor Company and Transferee Company.
- 6.4. The Board of the Transferee Company shall, if and to the extent required, apply for and obtain any approvals from concerned Government/Regulatory authorities and undertake necessary compliance for the issue and allotment of equity shares and CCDs to the Transferor Company pursuant to sub clause 6.1 of the Scheme.
- 6.5. Transferee Company shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of equity shares under this Scheme
- 6.6. Approval of this Scheme by the shareholders of Transferee Company shall be deemed to be the due compliance with the provisions of Section 42, 62 and 71 of the Act and the other relevant and applicable provisions of the Act, including the Rules framed thereunder, for the issue and allotment of equity shares and CCDs by Transferee Company to Transferor Company as provided in this Scheme.
- 6.7. The approval of this Scheme by the shareholders of both the companies under Section 230 to Section 232 of the Act shall be deemed to have the approval under Sections 13, 14, 180 and 186 of the Act and other applicable provisions of the Act and any other consents and approvals required in this regard.

## **7. ACCOUNTING TREATMENT**

### **7.1. IN THE BOOKS OF TRANSFEROR COMPANY**

Transferor Company shall, upon the Scheme becoming effective and with effect from the Appointed Date, account for the transfer of its Refractory Undertaking as under:

- 7.1.1. Transferor Company shall reduce the carrying book value of all the assets and liabilities pertaining to its Refractory Undertaking from its books of accounts.
- 7.1.2. The aggregate value of the equity shares received as per sub clause 6.1(a) above shall be debited to "Investment in Equity Shares of DBRL" account
- 7.1.3. The aggregate value of the CCDs received as per sub clause 6.1(b) above shall be debited to 'Investment in CCDs of DBRL' account;
- 7.1.4. Any difference between the aggregate value of investment recorded as per sub clause 7.1.2 and sub clause 7.1.3 and the net assets transferred as per sub clause 7.1.1, shall be adjusted in the Statement of Profit & Loss.
- 7.1.5. The Board may adopt any other accounting treatment which is in accordance with Accounting Standards notified under the Act.

### **7.2. IN THE BOOKS OF TRANSFEE COMPANY**

Transferee Company shall, upon the Scheme becoming effective and with effect from the Appointed Date, account for acquisition of the Refractory Undertaking in accordance with IND AS 103 as under:

- 7.2.1. All the identifiable assets and liabilities of the Refractory Undertaking vested in the Transferee Company pursuant to the Scheme shall be recorded in the books of the Transferee Company at their respective fair values as on the Appointed Date as may be determined by the Board of the Transferee Company.
- 7.2.2. The Transferee Company shall credit to its equity share capital account the aggregate face value of equity shares issued pursuant to sub clause 6.1(a). The Transferee Company shall credit to its Securities Premium Account, the aggregate premium on equity shares issued by it pursuant to sub clause 6.1(a) of this Scheme. Securities Premium so created will

be treated at par with any other Securities Premium existing in the books of the Transferee Company prior to this Scheme.

- 7.2.3. The Transferee Company shall credit to the 'Compulsorily Convertible Debentures' account the aggregate value of CCDs issued pursuant to sub clause 6.1(b) above.
- 7.2.4. To the extent that there are inter-company loans, advances, investments, deposits or other obligations as between Transferor Company and Transferee Company, which pertain to the Refractory Undertaking, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of account and records of Transferor Company as well as Transferee Company for the reduction of any such assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, advances, deposits or balances, with effect from the Appointed Date.
- 7.2.5. Excess, if any, of the aggregate of the value of CCDs recorded as per sub clause 7.2.3 and the value of equity shares recorded as per sub clause 7.2.2 over the fair value of net assets of Refractory Undertaking as per sub clause 7.2.1 after giving effect to the adjustment as per sub clause 7.2.4 shall be recorded as goodwill and shortfall, as the case may be, will be adjusted in capital reserve account.
- 7.2.6. The Transferee Company shall record in its books of account, all transactions of the Transferor Company pertaining to its Refractory Undertaking in respect of assets, liabilities, income and expenses, from the Appointed Date to the Effective Date.
- 7.2.7. The Board may adopt any other accounting treatment which is in accordance with Accounting Standards notified under the Act.

## **8. REDUCTION OF SECURITIES PREMIUM ACCOUNT OF TRANSFEE COMPANY**

- 8.1 Any goodwill arising as result of sub clause 7.2.5 if not represented by underlying assets, shall be adjusted against the Securities Premium Account (including securities premium arising pursuant to sub clause 6.1(a) above) of the Transferee Company.
- 8.2 The utilization of the Securities Premium Account of the Transferee Company as mentioned in sub clause 8.1 above shall be effected as an integral part of this Scheme without having to follow the process under Section 52 read with Section 66 of the Act separately and the order of the NCLT sanctioning the Scheme shall be deemed to be the order under Section 66 of the Act for the purposes of confirming the reduction. The Transferee Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

## **9. EMPLOYEES**

- 9.1 On the Scheme becoming effective all staff, workmen and employees of Transferor Company pertaining to the Refractory Undertaking who are in service as on the Effective Date shall become staff, workmen and employees of Transferee Company by operation of law, on same terms and conditions, which shall be no less favorable than those on which they are engaged by Transferor Company, without any break in their service and on the basis of continuity of service. Transferee Company agrees that the services of all such employees with Transferor Company, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to the Refractory Undertaking shall be mutually decided by Board of Transferor Company and Transferee Company.
- 9.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts created for the benefit of the staff, workmen and employees of the Refractory Undertaking (hereinafter collectively referred as "**Funds**") shall, with the approval of the concerned authorities, become Funds of Transferee Company, or shall be transferred to or merged with other similar funds of Transferee Company for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions of respective Trust Deeds or other agreements, if any, to the end and intent that all rights, duties, powers and obligations of Transferor Company in relation to such Funds shall become those of the Transferee Company and Transferee Company shall stand substituted for Transferor Company for all purposes and intents, whatsoever, relating to the administration or operations of such schemes or funds. Further, the employees of Transferor Company entitled to the benefit of superannuation and gratuity fund from Transferor Company as on Effective Date, shall continue to be entitled to the same from Transferee Company. It is the intent that all the rights, duties, powers and obligations of Transferor Company in relation to such fund or funds shall become those of Transferee Company without need of any fresh approval from any Governmental Authority. It is hereby clarified that upon the Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to such employees by Transferee Company and the services of all such employees of Transferor Company for such purpose shall be treated as having been continuous.
- 9.3 Services of all employees of Transferor Company, pertaining to the Refractory Undertaking prior to the transfer, shall be taken into account by Transferee Company for the purposes of all benefits to which such employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and other retirement benefits and accordingly, such benefits shall be reckoned from the date of their respective appointment in Transferor Company. Transferee Company undertakes to pay the same, as and when payable under Applicable Laws.

- 9.4 Transferor Company will transfer/handover to Transferee Company, copies of employment information of all such transferred employees of Refractory Undertaking, including but not limited to, personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or ongoing leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause.
- 9.5 Transferee Company shall continue to abide by any agreement(s)/settlement(s) entered into by Transferor Company with employees of Refractory Undertaking to the extent applicable in relation to the Refractory Undertaking, which are subsisting or having effect immediately prior to Appointed Date and continuing from Appointed Date till the Effective Date.

## **10. ENCUMBRANCES**

- 10.1 Upon the Scheme becoming effective, the secured creditors of Transferor Company that relate to the Refractory Undertaking, if any, and/or other security holders over properties of the Refractory Undertaking shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of Refractory Undertaking, as existing immediately prior to transfer and vesting of the Refractory Undertaking into Transferee Company. The secured creditors of Transferee Company and/or other security holders over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of Transferee Company, as existing immediately prior to the Scheme becoming effective. It is hereby clarified that pursuant to the transfer and vesting of the Refractory Undertaking in Transferee Company, in terms of Part III of this Scheme, the secured creditors of Transferor Company related to the Refractory Undertaking and/or other security holders over the properties of its Refractory Undertaking shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of Transferee Company and vice versa, and hence such assets of Transferor Company related to its Refractory Undertaking and that of Transferee Company, as the case may be, which are currently not encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of Transferee Company.
- 10.2 Any reference in any security documents or arrangement to which Transferor Company is a party and which pertain to Refractory Undertaking, and its assets and properties, shall be construed as a reference to Transferee Company and the assets and properties of Refractory Undertaking, transferred to Transferee Company pursuant to Part III of the Scheme.
- 10.3 Without prejudice to the foregoing provisions, Transferee Company may execute any instruments or documents or do all such acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge with the Registrar of Companies to give formal effect to the above provisions, as required.
- 10.4 The provisions of this clause shall operate notwithstanding anything to the contrary contained in any instrument, deed, document or writing or the terms of sanction or issue or any security document; all of which instruments, deeds, documents or writings shall stand modified and/or superseded by the foregoing provisions.
- 10.5 Transferor Company and/or Transferee Company, as the case may be, shall, at any time after the Scheme becoming effective, in accordance with the provisions hereof, if so required under any law or otherwise, execute appropriate deeds and/or documents of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which Transferor Company has been a party, including any filings with the regulatory authorities, and do all such acts or things as may be necessary for transfer/vesting of the approvals, sanctions, consents, exemptions, rebates, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by Transferor Company in relation to the Refractory Undertaking including their respective business and operations, into Transferee Company in order to give formal effect to the above provisions. Transferee Company shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such deeds, documents and writings for and on behalf of Transferor Company and to carry out or perform all such formalities or compliances referred to above or otherwise required to be carried out or performed on the part of Transferor Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

## **11. LEGAL PROCEEDINGS**

- 11.1 Upon the Scheme becoming effective, all suits, appeals, legal, administrative or other proceedings of whatsoever nature, by or against Transferor Company in any court or before any authority, judicial, quasi-judicial or administrative, any adjudicating authority pending and/or arising on or after the Appointed Date and relating to Refractory Business, to the extent the same are ascertainable, shall be continued and enforced by or against Transferee Company only to the exclusion of Transferor Company in the manner and to the same extent as would have been continued and enforced by or against Transferor Company. Transferor Company shall not be liable to pay any amounts arising out of such proceedings including interest, penalties, damages, costs etc. and the same shall be paid only by Transferee Company.
- 11.2 After the Appointed Date, if any proceedings are taken against Transferor Company in respect of the matters referred to in sub clause 11.1 above, Transferor Company shall defend the same at the cost of Transferee Company and Transferee Company shall reimburse and indemnify Transferor Company against all liabilities and obligations incurred by Transferor Company in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc. which Transferor Company may be called upon to pay or secure in respect of any liability or obligation relating to Refractory Undertaking.



- 11.3 Transferee Company undertakes to have all legal or other proceedings initiated by or against Transferor Company referred to in sub clause 11.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against Transferee Company to the exclusion of Transferor Company to the extent legally permissible after the Scheme being effective. To the extent such proceedings cannot be taken over by Transferee Company, the proceedings shall be pursued by Transferor Company for and on behalf of Transferee Company as per the instructions of and entirely at the cost and expenses of Transferee Company.

## **12. TRANSACTIONS UPTO THE EFFECTIVE DATE**

Upon filing the Scheme with the Hon'ble NCLT and up to and including the Effective Date:

- 12.1 Transferor Company shall be deemed to have been carrying on and shall carry on the business of the Refractory Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for Transferee Company. Transferor Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date.
- 12.2 Transferor Company shall carry on the business and activities of Refractory Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of Transferee Company, undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, in relation to the Refractory Undertaking; or alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.
- 12.3 With effect from the Appointed Date, all the profits or income accruing or arising to Transferor Company or expenditure or losses arising or incurred or suffered by Transferor Company, in relation to the Refractory Undertaking, shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Transferee Company. All taxes (including Income Tax, Service Tax, Value Added Tax, GST etc.), paid or payable whether by way of deduction at source, advance tax or otherwise, by the Transferor Company, in respect of the profits or activities or operations of business after the Appointed Date, the same shall be deemed to be paid or payable on behalf of Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 12.4 Transferor Company shall not vary the terms and conditions of any agreements or contracts in relation to the Refractory Undertaking except in the ordinary course of business or without the prior consent of Transferee Company or pursuant to any pre-existing obligation undertaken by them, as the case may be.
- 12.5 Transferor Company and Transferee Company shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

## **13. CONTRACTS, DEEDS, ETC.**

- 13.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature (including but not limited to all leave and license agreements/deeds, lease agreements/deeds, bank guarantees, performance guarantees and letters of credit, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the Refractory Undertaking or to the benefit of which Refractory Undertaking may be eligible) pertaining to the Refractory Undertaking, which are subsisting as on the Effective Date, shall be in full force and effect against or in favour of Transferee Company, and may be enforced by or against Transferee Company as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party thereto.
- 13.2 Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Transferor Company and to implement or carry out all formalities required on the part of Transferor Company to give effect to the provisions of this Scheme.
- 13.3 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Refractory Undertaking which Transferor Company owns or to which Transferor Company is a party, cannot be transferred to Transferee Company for any reason whatsoever, Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.

## **14. REMAINING BUSINESS**

- 14.1 The Remaining Business of Transferor Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Transferor Company.
- 14.2 All legal and other proceedings by or against Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the

Remaining Business (including those relating to any property, right, power, liability, obligation or duty of Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against Transferor Company.

**14.3 With effect from the Appointed Date and including the Effective Date –**

- (a) Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- (b) All profit accruing to Transferor Company thereon or losses arising or incurred by it relating to the Remaining Business shall, for all purposes, be treated as the profit, or losses, as the case may be, of Transferor Company.

**14.4** If proceedings are taken against the Transferee Company in respect of matters referred to in sub clause 14.3 above relating to the Remaining Business, it shall defend the same in accordance with the advice of the Transferor Company and at the cost of the Transferor Company, and the latter shall reimburse and indemnify the Transferee Company, against all liabilities and obligations incurred by the Transferee Company in respect thereof.

**14.5** If proceedings are taken against the Transferor Company in respect of matters referred to in sub clause 14.2 above relating to the Refractory Undertaking, it shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the latter shall reimburse and indemnify the Transferor Company, against all liabilities and obligations incurred by the Transferor Company in respect thereof.

**15. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the Refractory Undertaking as above-mentioned and the continuance of proceedings by or against Transferor Company in relation to its Refractory Undertaking shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date in accordance with this Scheme, to the end and intent that Transferee Company accept and adopt all acts, deeds and things done and executed by Transferor Company in respect thereto as done and executed on their behalf.

## **PART IV – GENERAL TERMS AND CONDITIONS**

**16. DIVIDENDS**

- 16.1** During the pendency of the Scheme, Transferor Company and Transferee Company shall be entitled to declare and pay dividends, whether interim and/or final, to their members in respect of the accounting period prior to the Effective Date.
- 16.2** The shareholders of Transferor Company and Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends
- 16.3** On and from the Appointed Date, the profits of Refractory Undertaking of Transferor Company for the period beginning from the Appointed Date shall belong to and be deemed to be the profits of Transferee Company and will be available to Transferee Company for being disposed of in any manner as it thinks fit.
- 16.4** It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of Transferor Company and Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, as applicable, shall be entirely at the discretion of the Boards of Directors, subject to such approval of the members, as may be required.

**17. APPLICATION TO NCLT**

- 17.1** Transferor Company and Transferee Company shall with all reasonable dispatch make all necessary applications to the Hon'ble NCLT for seeking approval to the Scheme under sections 230 to 232 of the Act for an order or orders thereof for carrying the Scheme into effect.
- 17.2** Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to relevant Governmental Authority, if required, under Applicable Law(s) for such consents and approvals which Transferee Company may require to own and operate the Refractory Undertaking without any interruption.

**18. MODIFICATION OR AMENDMENTS TO THE SCHEME**

Transferor Company and Transferee Company (through their respective Boards), in their full and absolute discretion, jointly and as mutually agreed in writing may:

- 18.1** Assent to any alteration(s) or modification(s) to this Scheme which the Hon'ble NCLT and/or any other Governmental Authority may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing, and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
- 18.2** Give such directions (acting jointly) as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation hereof or in any matter whatsoever connected therewith; or
- 18.3** Modify or vary the Scheme or any part thereof, prior to the Effective Date, in any manner at any time, subject to such modification being compliant with the applicable laws.

18.4 It is clarified that the approval of the shareholders and creditors of the Transferor Company and the Transferee Company to the Scheme shall include any subsequent modifications to the Scheme which may be undertaken by the Boards of Transferor Company and Transferee Company under this clause.

**19. WITHDRAWAL OF THE SCHEME**

The Transferor Company and the Transferee Company, acting through their respective Board of Directors shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority/person or otherwise is unacceptable to any of them, in which case the Board of Directors of the other company shall decide consequent actions as considered appropriate by them.

**20. CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

20.1 The Scheme being sanctioned by the Chennai Bench of Hon'ble NCLT or any other authority under Sections 230-232 of the Act;

20.2 Approval of any Governmental Authority, as may be required, for transfer of mining lease and / or prospective mining lease to Transferee Company unless the same has no significant financial or other material adverse impact in opinion of the Board on Transferee Company.

20.3 Certified copy of the Order of the Chennai Bench of the Hon'ble NCLT sanctioning the Scheme being filed with the Registrar of Companies, Chennai, by Transferor Company and Transferee Company.

20.4 Notwithstanding anything contained in sub clause 20.1 to sub clause 20.3 above, the Board of the Transferor Company and Transferee Company, in their discretion, may decide to waive any of the conditions mentioned above, to the extent legally permissible.

**21. EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/or the Scheme not being sanctioned by the NCLT or such other competent authority and/or the Order not being passed as aforesaid before March 31, 2021 or within such further period or periods as may be agreed upon between Transferor Company and Transferee Company by their respective Board of Directors or any committee thereof (and which the Board of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

**22. COSTS, CHARGES & EXPENSES**

22.1 Each company (i.e. the Transferor Company and Transferee Company) shall bear its own past, present and future costs, charges, taxes including duties, levies and all other expenses incurred or to be incurred in carrying out and implementing this Scheme or implementation thereof and matters incidental thereto

**SCHEDULE I – TERMS OF CCDs**

Issuer	<b>Dalmia Bharat Refractories Limited</b>
Instrument	Compulsorily Convertible Debentures (CCDs)
Face value	INR 100/- for each CCD
Tenure	18 months
Conversion	During the tenure of the CCDs, CCDs can be converted into equity shares at any time by giving a prior notice of 30 days by either DCBL or DBRL. If the CCDs are not converted into equity shares during their tenure, post completion of 18 months the CCDs shall automatically be converted into equity shares
Conversion ratio	1906 CCDs to be converted into 1000 equity shares of INR 10/- each
Coupon Rate	Nil



**MINISTRY OF CORPORATE AFFAIRS**  
**ACKNOWLEDGEMENT**

**SRN :** R40668907

**Service Request Date :** 05/06/2020

**Received From :**

**Name :** manisha bansal  
**Address :** D-254  
First Floor Anand Vihar  
delhi, Delhi  
India - 110092

**Entity on whose behalf money is paid**

**CIN:** U65191TN1996PLC035963  
**Name :** DALMIA CEMENT (BHARAT) LIMITED  
**Address :** DALMIAPURAM DISTTIRUCHIRAPPALLI  
TAMIL NADU  
TAMIL NADU, Tamil Nadu  
India - 621651

**Full Particulars of Remittance**

**Service Type:** eFiling

**Service Description**

Fee For Form GNL-1

Note: The defects or incompleteness in any respect in this eForm as noticed shall be placed on the Ministry's website ([www.mca.gov.in](http://www.mca.gov.in)). In case the eForm is marked as RSUB or PUCL, please resubmit the eForm or file Form GNL-4(Addendum), respectively. Please track the status of your transaction at all times till it is finally disposed off. (Please refer Rule 10 of the Companies (Registration offices and Fees) Rules, 2014) It is compulsory to file Form GNL-4 (Addendum) electronically within the due date whenever the document is put under PUCL, failing which the system will treat the document as invalid and will not be taken on record in accordance with Rule 10(4) of the Companies (Registration offices and Fees) Rules, 2014

**MINISTRY OF CORPORATE AFFAIRS**  
**ACKNOWLEDGEMENT**

**SRN :** R40792186

**Service Request Date :** 05/06/2020

**Received From :**

**Name :** naresh khanna  
**Address :** 21c/gh10  
sundar appartment paschim vihar  
new delhi, Delhi  
IN - 110087

**Entity on whose behalf money is paid**

**CIN:** U26100TN2006PLC061254  
**Name :** DALMIA BHARAT REFRACTORIES LIMITED  
**Address :** DALMIAPURAM  
  
DALMIAPURAM, Tamil Nadu  
India - 621651

**Full Particulars of Remittance**

**Service Type:** eFiling

**Service Description**

Fee For Form GNL-1

Note: The defects or incompleteness in any respect in this eForm as noticed shall be placed on the Ministry's website ([www.mca.gov.in](http://www.mca.gov.in)). In case the eForm is marked as RSUB or PUCL, please resubmit the eForm or file Form GNL-4(Addendum), respectively. Please track the status of your transaction at all times till it is finally disposed off. (Please refer Rule 10 of the Companies (Registration offices and Fees) Rules, 2014) It is compulsory to file Form GNL-4 (Addendum) electronically within the due date whenever the document is put under PUCL, failing which the system will treat the document as invalid and will not be taken on record in accordance with Rule 10(4) of the Companies (Registration offices and Fees) Rules, 2014

Date: 14 November 2019

**Board of Directors**

Dalmia Cement (Bharat) Limited,  
Dalmiapuram, Dist.,  
Tiruchirappalli,  
Tamil Nadu- 621651,  
India

**Board of Directors**

Sri Dhandauthapani Mines and Minerals Limited,  
Dalmiapuram, Dist.,  
Tiruchirappalli,  
Tamil Nadu- 621651  
India

Sub: Recommendation of number of Equity shares and Compulsorily Convertible Debentures ("CCDs") to be issued pursuant to the Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Sri Dhandauthapani Mines and Minerals Limited and their Respective Shareholders and Creditors

Dear Sir/Madam,

We refer to the engagement letter ("LoE") whereby the respective Boards of Dalmia Cement (Bharat) Limited and Sri Dhandauthapani Mines and Minerals Limited (individually and collectively herein referred to as the "Client" or "You" or "the Company" or "the Companies" or "respective Companies" as the context may require) have requested Incwert Advisory Private Limited ("Incwert" or "Valuer" or "Registered Valuer" or "RV" or "We" or "us") for recommending the number of equity shares and CCDs to be issued for the proposed restructuring exercise, as on 30 September 2019 (hereinafter referred to as the "Valuation Date") pursuant to a Scheme of Arrangement pursuant to provisions of Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 ("Scheme" or "Scheme of Arrangement").

Incwert, which is a Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") for the asset class 'Securities or Financial Assets' having registration number IBBI/RV-E/05/2019/108.

In the following paragraphs, we have summarised our valuation analysis together with the description of the valuation approaches, methodologies and limitations in our scope of work.

**CONTEXT AND PURPOSE OF THIS REPORT**

**Overview**

Dalmia Bharat Limited ("DBL") is a diversified business group which was incorporated in 1935. The group has three major businesses – cement business, sugar business and refractory business. The group is spread across south, east, north and north east regions of India.

The refractory business is currently spread across more than one entities within the group and majorly operated under two entities – Dalmia Refractories Limited and Dalmia Cement Bharat Limited.

**Dalmia Cement (Bharat) Limited ('DCBL')**

DCBL, incorporated in 1996, is a public limited company engaged in the business of manufacturing and selling cement, refractory operations, generating power, maintaining and operating rail systems

and solid waste management system which provide services to the cement business. It is a 100% subsidiary of Dalmia Bharat Limited ("DBL").

Standalone refractory business of DCBL and the refractory business of its subsidiary, OCL Global Limited, along with its step-down subsidiary is collectively hereinafter referred to as "Refractory Undertaking of DCBL".

#### Sri Dhandauthapani Mines and Minerals Limited ("SDMM")

SDMM, incorporated in 2006, is a public limited company which is currently not carrying on any refractory operations but proposes to enter into the business of manufacture and sale of refractories, refractory materials and products. SDMM is an entity identified to carry out the refractory operations of DCBL, Dalmia Refractories Limited and GSB Refractories India Private Limited. SDMM is currently a subsidiary of DCBL in which DCBL holds 99.99% of the paid-up equity share capital.

#### **Context and purpose**

We understand that the Management is contemplating to transfer Refractory Undertaking of DCBL to SDMM, against issue and allotment of Equity Shares and CCDs ("Proposed Transaction") pursuant to the proposed Scheme.

For the purpose of the Proposed Transaction, a certain number of CCDs and Equity Shares have to be issued for transfer of the Refractory Undertaking of DCBL. Such Number has to be calculated by a Registered Valuer (as defined under section 247 of the Companies Act, 2013) and hence the Company has approached us to calculate the number of equity shares and CCDs to be issued for the Proposed Transaction.

This report ("Report" or "Valuation Report") is our deliverable with respect to our recommendation of the number of equity shares and CCDs to be issued for the Proposed Transaction.

This Report has been prepared by us solely for the purpose, as stated above.

We understand that this Report will be used by the Client for the above-mentioned purpose only and on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose, other than for a) complying with the applicable provisions of the Companies Act, 2013 or b) submitting it to regulatory authorities/regulators for the purpose mentioned above, without RV's prior written consent.

#### **BASIS OF VALUATION**

##### **Base of valuation**

The base of valuation has been "Fair value" as at the Valuation Date.

The definition of "Fair value" as per Indian Valuation Standards issued by the Institute of Chartered Accountants of India, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

Fair value is the price in an orderly transaction in the principal (or most advantageous) market at the valuation date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

##### **Premise of value**

The premise of value refers to the conditions and circumstances of how an asset is deployed. As part of our analysis, we have considered the following assumption to be appropriate:





- Going-concern basis - Going concern value is the value of a business enterprise that is expected to continue to operate in the future.
- As-is-where-is basis – considers the current use of the asset which may or may not be its highest and best use.

#### SOURCES OF INFORMATION

This Report is prepared based on the below sources of information as provided to us by the management of Client:

- Carved out financial statements of Refractory Undertaking of DCBL for FY17 and FY18;
- Carved out financial statements for FY19 and Provisional Carved out financial statements the six months period ended 30 September 2019 of Refractory Undertaking of DCBL;
- Statement of assets and liabilities as on 31 October 2019 for SDMM;
- Projected Financial Statements for Refractory Undertaking of DCBL;
- Draft Scheme of Arrangement;
- International Database; World Wide Web;
- Correspondence with the Management including Management Representation Letter;
- In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of our analysis.

The Companies have been provided with the opportunity to review the draft Report (excluding the recommended issue of number of CCDs and Equity Shares) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final Report.

#### DISCLOSURE OF INTEREST/ CONFLICT

We hereby certify that, to the best of my knowledge and belief that:

- RV is not affiliated to the Client in any manner whatsoever.
- RV does not have a prospective interest in the business, which is the subject of this Report.
- Details of services for the Client performed within a three-year period immediately preceding acceptance of this engagement, as an appraiser or in any other capacity – not applicable.
- RV's fee is not contingent on an action or event resulting from the analyses, opinions or conclusions in this Valuation Report.



#### SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Our work in preparing the Report was undertaken, and our Report has been produced in accordance with the terms of our engagement with DCBL and SDMM. Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, diligence services, consulting/ tax-related services.

This Valuation Report, its contents and results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement along with subsequent discussions with the management; (ii) the date of this Valuation Report and (iii) are based on the data detailed in the section – Sources of information. An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular, and the information made available to us as of the Valuation Date. Events occurring after the Valuation Date may affect this Valuation Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Valuation Report.

The Management has represented that the business activities of the Companies have been carried out in the normal and ordinary course and that no material adverse change has occurred in their respective operations between Valuation Date and date of issue of Valuation Report.

Further, for the purpose of this engagement and Report, we have made no investigation of, and assume no responsibility for, the title to the assets or liabilities against the Company. Our conclusion of value assumes that the title to the assets and liabilities of the Companies reflected in their respective provisional financial statements as at 30 September 2019 is intact as at the date of this Report. For the purposes of this engagement, we are not required to carry out a valuation of tangible/intangible assets of the Companies.

The final analysis will have to be tempered by the exercise of reasonable discretion by the valuer and judgement, considering all the relevant factors. There will always be several factors example given, management capability, present and prospective competition, the yield on comparable securities, market sentiments among others, which are not evident from the face of the balance sheet but will strongly influence the worth of a share. This concept is well recognised in judicial decisions and pronouncements.

The recommendation rendered in this Valuation Report only represents our recommendation based upon information till date, furnished by the management of the Client and other sources. The said recommendation shall be considered to be in the nature of non-binding advice.

Our recommendation in this Valuation Report is not intended to advise anybody to take buy or sell decision for which specific opinion needs to be taken from expert advisors.

The Valuation Report does not constitute an offer or invitation to any section of the public to subscribe for or purchase any securities in, or the other business or assets or liabilities of the Companies.

The determination of valuation of business is not a precise science, and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed valuation number. While we have provided our recommendation of the valuation and the number of equity shares and CCDs to be issued based on the information made available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for determination of the number of equity shares and CCDs to be issued under the Proposed Transaction will be with the Board of Directors of the Companies who should take into account other factors such as their assessment of the Proposed Transaction and input of other advisors.

Our work did not constitute an audit of the financial statements, and accordingly, we do not express any opinion on the truth and fairness of the financial position, as indicated in this Valuation Report. Our work did not constitute a validation of the financial statements of the companies/ businesses, and





accordingly, we do not express any opinion on the same. Also, with respect to explanations and information sought from the management, we have been given to understand that the management has not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information provided by the management of the Client. Any omissions, inaccuracies or misstatements may materially impact our valuation analysis and outcome.

We do not imply, and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The Valuation Report assumes that the Companies comply fully with the relevant laws and regulations applicable in all its areas of operations unless otherwise stated and that the companies will be managed in a competent and responsible manner. Further, except as expressly stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of lawful title and compliance with local laws, litigations and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the Companies.

This Valuation Report does not investigate the business / commercial reasons behind the Proposed Transaction nor the likely merits of such transaction. Similarly, it does not address the relative benefits of the Proposed Transaction as compared with any other alternative business transaction or other alternatives or whether such options could be achieved or are available.

The fee for this engagement is not contingent upon the valuation conclusions.

This Valuation Report sets out RV's conclusions on: a) valuation of relevant businesses as part of the slump exchange and b) Number of equity shares and CCDs to be issued and has been prepared in accordance with LoE. The Report is confidential to the Client and will be used by the Client for purposes agreed in the LoE. The Report will be issued by us on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose without RV's prior written consent, unless agreed in the LoE.

This Report is based on the information provided by the Client and has been confirmed by the Client. We have not independently verified or checked the accuracy or timeliness of the same.

We have based our analysis based on information provided to us by the Management and stated under "Sources of Information". Any changes in the basis of carving out the financial statements of the Companies may significantly impact our analysis and therefore, the valuation.

For our analysis, we have relied on published and secondary sources of data, whether or not provided by the Client. We have not independently verified the accuracy or timeliness of the same.

The Valuer is not responsible for updating this Valuation Report because of events or transactions occurring subsequent to the date of issue of this Report.

The Valuer has not considered any finding made by other external agencies in carrying out the Valuation analysis.

This Report is prepared on the basis of the sources of information listed in the above section. We have relied upon written representation provided by the Management that the information contained in the Report is materially accurate and complete, fair in its manner of portrayal and therefore, forms a reliable basis for the Valuation.

The Valuation is not intended for general circulation or publication and is not to be reproduced without our prior written consent or used for any purpose other than for the purposes stated above and cannot be relied upon by third parties. Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties other than in connection with





the proposed Draft Scheme, without our prior written consent except for disclosures to be made to relevant authorities including National Company Law Tribunal. We owe no duty (whether in contract or in tort or under statute or otherwise) with respect to or in connection with the attached Report or any part thereof to a party other than our Client. We do not accept any liability to any third party in relation to the issue of this Valuation Report.

It is understood that the analysis presented herein does not represent a fairness opinion on either the valuation of the business undertakings or the number of equity shares and CCDs to be issued.

This Report forms an integral whole and cannot be split into parts. The outcome of the valuation can only lead to proper conclusions if the Valuation Report as a whole is taken into account.

Any decision by the Client regarding whether to proceed with Proposed Transaction shall rest solely with the Client.

This Valuation Report is subject to the laws in India and should be used in connection with the proposed scheme.

This Valuation Report does not in any manner address the prices at which equity shares of the Companies or any other listed shareholder will trade after the announcement of the Proposed Transaction, and we express no opinion or recommendation as to how shareholders of the companies involved in the restructuring should vote at the shareholders' meeting(s) to be held in connection with the Proposed Transaction.

Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.

#### SHAREHOLDING PATTERN OF THE COMPANIES

The issued and subscribed equity share capital of Dalmia Cement (Bharat) Limited as on 13 November 2019 is INR 3,140,452,670 consisting of 314,045,267 equity shares of the face value of INR 10/- each. The shareholding pattern is as follows:

Sr. no.	Shareholder	Percentage holding (%)
1	Dalmia Bharat Limited	100.00%
2	Others*	0.00%

Source: Management information.

\*Note: Others refer to 6 nominee shareholders, holding 1 share each

The issued and subscribed equity share capital of Sri Dhandauthapani Mines and Minerals Limited as on 13 November 2019 is INR 700,000 consisting of 70,000 equity shares of the face value of INR 10/- each. The shareholding pattern is as follows:

Sr. no.	Category of shareholder	Percentage holding
1	Dalmia Cement (Bharat) Limited	99.99%
2	Others	0.01%
	Total	100.00%

Source: Management information

## APPROACH & METHODOLOGY

The Scheme contemplates transfer of the Refractory Undertaking of DCBL to SDMM. Arriving at the value at which transfer is contemplated will require valuing the Refractory Undertaking of DCBL and arriving at the number of equity shares and CCDs to be issued for the Proposed Transaction would require determining the value of Refractory Undertaking of DCBL and SDMM. The Draft Scheme contemplates the Proposed Transaction pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

### Valuation approach and methodologies

There are several commonly used and accepted methods of valuation for determining the value at which the Proposed Transaction is contemplated, which have been considered in the present case, to the extent relevant and applicable, including:

1. Market Approach:
  - a. Market Price method
  - b. Comparable Companies Multiples
  - c. Comparable Transaction Multiple Method
2. Income Approach: Discounted Cash Flows Method
3. Cost Approach: Net Asset Value Method

As discussed below for the Proposed Transaction, we have considered these methods to the extent relevant and applicable.

This valuation could fluctuate with the lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise of the Companies, and other factors which generally influence the valuation of companies and their assets.

We have relied on the judgment of the Management as regards contingent and other liabilities.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for various purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of the methodology of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature, regulatory guidelines and our reasonable judgment, in an independent and *bona fide* manner based on our previous experience of assignments of a similar nature.

The valuation methodologies, as may be applicable, which have been used to arrive at the value of the Companies are discussed hereunder.

### Market Price (MP) Method

The market price of an equity share as quoted on a Stock Exchange is generally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

In the present case, equity shares of SDMM are not listed on any stock exchanges. Hence, we have not used this method for valuation. In the case of Refractory Undertaking of DCBL, since this is not a company and rather relates to the refractory business of DCBL, hence MP Method is not relevant.

#### Comparable Companies Market Multiple ("CCM") Method

Under this method, the value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies, as apparent through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant for the assessment of the value of the company.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. We have used this method wherever publicly listed comparable companies were available.

#### Comparable Companies Transaction Multiple ("CTM") Method

Under the CTM method, the value of the equity shares of a company/ business undertaking is arrived at by using the prices implied by reported transactions/ deals of comparable companies.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have not been able to identify any comparable company to any of the Companies for which a transaction has taken place in the last one year. We believe that the older transactions are not relevant for our valuation considering share price movements and changes in the macro-economic situation in India. Also, transactions multiples as times tend to be biased due to premium which may be embedded in the price for strategic benefits and synergies which an acquirer may perceive in the target. Accordingly, we have not applied the Comparable Transactions Multiple Method.

#### Discounted Cash Flows (DCF) Method

Under the DCF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

##### *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that is available to all providers of the company's capital — both debt and equity.

##### *Appropriate discount rate to be applied to cash flows, i.e. the cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

The value so computed by discounting the cash flows to the firm is adjusted for net borrowings, surplus asset including investments, minority interests, equity instruments granted as part of the share-based payment, and other matters to arrive at an aggregate equity value of the company.

Considering that DCF method is based on future potential of the business & is widely accepted, we have used DCF for the valuation of the Refractory Undertaking of DCBL.

#### Net Asset Value (NAV) Method

The asset-based valuation technique is based on the value of the underlying net assets of the business either on a book value basis or realisable value basis or replacement cost basis. The cost approach assumes that a prudent investor would pay no more for an entity than the amount for which he could replace or re-create it or an asset with similar utility. Under a going-concern premise, the



cost approach usually is best suited for use in valuing asset-intensive companies, such as investment or real estate holding companies, or companies with unstable or unpredictable earnings.

We have considered NAV method of valuation for arriving at the value of SDMM as on the Valuation Date, as there are no significant operations in the company.

#### **BASIS OF VALUATION AND NUMBER OF EQUITY SHARES AND CCDs TO BE ISSUED**

As per the proposed Scheme of Arrangement, for the transfer and vesting of Refractory Undertaking of DCBL, SDMM shall issue and allot Equity Shares and CCDs to DCBL based on the value determined for Refractory Undertaking of DCBL.

The fair value basis of the Refractory Undertaking of DCBL for this purpose would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending number of Equity Shares and CCDs to be issued, it is necessary to arrive at a single value of the Refractory Undertaking of DCBL. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by us and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of business.

Management of SDMM intends to issue and allot 22,500,000 fully paid up CCDs of Face Value of INR 100/- each at par and balance consideration through issue of equity shares of SDMM.

While we have provided our recommendation of the number Equity Shares to be issued based on the valuation of the Refractory Undertaking of DCBL considering the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility at which the Proposed Transaction shall take place will be with the Board of Directors of the respective companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

*This section is intentionally left blank*



## CONCLUSION

Based on the forgoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove:

Pursuant to the Scheme, in addition to issue of 22,500,000 fully paid up CCDs of Face Value INR 100 each, we recommend issue of 6,848,926 fully paid up Equity Shares of Face Value of INR 10 each at a premium of INR 180.6 per share.

Respectfully submitted,

For Incwert Advisory Private Limited

Registered Valuer Entity under Companies (Registered Valuers and Valuation) Rules, 2017

IBBI Registration No. IBBI/RV-E/05/2019/108

Asset class: Securities or Financial Assets



Punit Khandelwal

Director

Registered Valuer under Companies (Registered Valuers and Valuation) Rules, 2017

IBBI Registration No. IBBI/RV/05/2019/11375

Asset class: Securities or Financial Assets



## APPENDIX

### APPENDIX - 1

#### Valuation of Refractory Undertaking of DCBL

Valuation approach	Method	Equity value (INR Mn)	Weight (%)
Market approach	Comparable companies method	3,837.1	50%
Income approach	DCF	3,273.7	50%
Cost approach	NAV	n/a	n/a
<b>Equity value</b>		<b>3,555.4</b>	

n/a = Not applicable/adopted

- CCM method is considered for the valuation of standalone refractory business of DCBL and the refractory business of its step-down subsidiary. As there are no operations in SDMM, CCM method is not applicable.
- DCF Method has been considered for the valuation of Refractory Undertaking of DCBL as this methodology shall capture the future cash flows planned. As there are no operations in SDMM, DCF method is not applicable.
- Cost approach is adopted in case of SDMM, since it has no significant operations. This methodology is not adopted in case of Refractory Undertaking of DCBL as it does not capture the full potential based on the future cash flows planned.

Recommended number of CCDs and Equity Shares: 22,500,000 fully paid up CCDs of Face Value INR 100 each and 6,848,926 fully paid up Equity Shares of Face Value of INR 10

### APPENDIX – 2

NAV of SDMM	
Particulars	Value (INR Mn)
Total assets	13.5
Total liabilities	0.2
Net Asset Value (NAV)	13.3
Total no. of shares	70,000
<b>Value per share (INR)</b>	<b>190.6</b>

\*\*\*\*\*End of report\*\*\*\*\*



**Independent Auditor's Report on the Half yearly and Year to Date Standalone Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To  
The Board of Directors  
Dalmia Cement (Bharat) Limited

**Report on the audit of the Standalone Financial Results**

**Opinion**

We have audited the accompanying statement of financial results of Dalmia Cement (Bharat) Limited (the "Company"), for year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive loss and other financial information of the Company for the half year ended March 31, 2020 and net profit and other comprehensive loss and other financial information of the Company for the year ended March 31, 2020.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

1. We draw attention to Note 1 to the accompanying Statement which describes that the Company had recognized goodwill arisen on giving impact of such Schemes from the appointed date, which is being amortised over for a period of 4 to 10 years in accordance with the provisions of respective schemes from the respective appointed date, approved by the Hon'ble National Company Law Tribunal, Chennai Bench. As a result of above amortization of goodwill, profit before tax for the half year and year ended March 31, 2020 is lower by Rs. 180 crore and Rs. 402 crore respectively. Our opinion is not qualified in respect of this matter.





2. We draw attention to Note 5 to the accompanying Statement, as noticed by the Company, during the financial year ended March 31, 2019, certain mutual fund units ("Securities") appearing as current investments, valued at Rs. 374 crore as on March 31, 2020 were illegally and fraudulently transferred by one of the Depository Participants ("DPs"), from demat accounts of the Company. Based on the complaint filed by the Company and after conducting preliminary enquiry, the Economic Offences Wing, Delhi (EOW) directed the Clearing Agent of DP (i.e. ISSL) not to deal with the Securities and freezed such Securities till further orders. Likewise, SEBI also directed the DP, its promoters/directors, its related associates and other noticees mentioned in the order, not to dispose of, alienate or encumber any assets, except with the prior permission of SEBI / National Stock Exchange (NSE). Further, EOW has filed charge sheet against the said DP, its promoter, ISSL and its business head accusing them of forging the Delivery Instruction Slips to effect fraudulent transfer of Securities. After filing of charge sheet, the Company has filed an application before the Jurisdictional Court for release of mutual fund units and the same is currently pending. Consequent to this, the Company has valued these Securities at the fair market value existing as at March 31, 2020 and an amount of Rs. 30 crore has been credited in the statement of profit and loss under the head 'Other income'. The matter is under sub-judice and as detailed in note referred above to the Financial Statement, is pending for further order/directives from Hon'ble Supreme Court and order of SEBI is also awaited. The matter is also currently under investigation by Company through an independent firm of Chartered Accountants. The Company is fully confident of recovering its Securities based on the legal opinion obtained in the matter to the effect that there is a strong chance of getting its Securities returned, hence no provision is required to be made in the books of accounts. Our opinion is not qualified in respect of this matter.

### **Management's Responsibilities for the Financial Results**

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

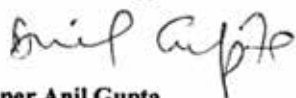
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Further, we report that the figures for the half year ended March 31, 2020 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2020 and unaudited figures for the half year ended September 30, 2019, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

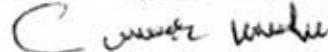


per Anil Gupta  
Partner  
Membership No.: 087921  
UDIN: 20087921AAAABP1123



New Delhi  
June 12, 2020

For S.S. Kothari Mehta & Company  
Chartered Accountants  
ICAI Firm Registration No. 000756N



per Sunil Wahal  
Partner  
Membership No. 087294  
UDIN: 20087294AAAADB1983



New Delhi  
June 12, 2020



<b>DALMIA CEMENT (BHARAT) LIMITED</b> Regd. Office: Dalmiapuram - 621 851, Distt. Tiruchirappalli (Tamil Nadu) CIN: U65191TN1996PLC035963 Phone 91 11 23465100 Fax 91 11 23313303 Website: www.dalmiacement.com Audited Standalone Financial Results for the year ended March 31, 2020 (Rs. Crore)					
S.No.	Particulars	For the half year ended		For the year ended	
		31-03-2020	31-03-2019	31-03-2020	31-03-2019
		(audited refer note-16)	(audited refer note-16)	(audited)	(audited)
1	Revenue from operations (refer note 12)	4,210	4,396	8,349	8,312
2	Other income	109	143	217	278
3	<b>Total income (1+2)</b>	<b>4,319</b>	<b>4,539</b>	<b>8,566</b>	<b>8,590</b>
4	<b>Expenses</b>				
	(a) Cost of raw materials consumed	803	822	1,438	1,580
	(b) Purchase of stock in trade	13	101	29	117
	(c) Change in inventories of finished goods, work-in-progress and stock in trade (refer note 12)	(15)	(67)	29	(147)
	(d) Employees benefits expenses	258	243	524	515
	(e) Finance costs				
	- Interest cost	153	218	354	456
	- Other finance cost (including foreign currency fluctuation)	39	(23)	51	38
	(f) Foreign currency fluctuation on borrowings etc. (net)	24	(59)	24	(9)
	(g) Depreciation and amortisation expense	665	652	1,332	1,226
	(h) Power and fuel	704	827	1,484	1,570
	(i) Freight charges				
	- on finished goods	800	802	1,500	1,470
	- on internal clinker transfer	86	94	153	167
	(j) Other expenses	746	802	1,433	1,508
	<b>Total expenses</b>	<b>4,276</b>	<b>4,412</b>	<b>8,331</b>	<b>8,491</b>
5	<b>Profit before exceptional items &amp; tax (3-4)</b>	<b>43</b>	<b>127</b>	<b>235</b>	<b>99</b>
6	Exceptional items	-	-	-	-
7	<b>Profit before tax (5-6)</b>	<b>43</b>	<b>127</b>	<b>235</b>	<b>99</b>
8	Tax expense				
	(a) Current tax	30	56	75	56
	(b) Deferred tax/ (credit)	7	(39)	42	(48)
	(c) Tax adjustments for earlier years	22	32	21	10
	<b>Total tax expense</b>	<b>59</b>	<b>49</b>	<b>138</b>	<b>18</b>
9	<b>Profit/(loss) for the period/ year (7-8)</b>	<b>(16)</b>	<b>78</b>	<b>97</b>	<b>81</b>
10	Other Comprehensive Income (net of tax)	(3)	(10)	(4)	(10)
11	<b>Total Comprehensive Income after tax (9+10)</b>	<b>(19)</b>	<b>68</b>	<b>93</b>	<b>71</b>
12	Paid-up equity share capital- Face Value Rs. 10/- each	314	314	314	314
13	Other equity	8,854	8,851	8,854	8,851
14	Net worth	9,168	9,165	9,168	9,165
15	Paid-up debt capital	686	1,340	686	1,340
16	Debt Redemption Reserve			55	250
17	Debt Equity Ratio	0.64	0.62	0.64	0.62
18	Debt Service Coverage ratio	1.10	1.20	1.30	1.25
19	Interest Service Coverage ratio	4.69	5.00	4.87	3.68
20	Asset Cover available (for Non-convertible Debentures)				
	Debentures series 1A, IIC	-	3.98	-	3.98
	Debentures series IVR	-	2.40	-	2.40
	Debentures series C	5.75	N.A.	5.75	N.A.
	STRPP 1,2,3	2.66	2.46	2.66	2.46
	STRPP 1,2,3	5.75	3.98	5.75	3.98
21	Credit Rating (for non-convertible Debentures)	ICRA 'AA' Stable	ICRA 'AA' Stable	ICRA 'AA' Stable	ICRA 'AA' Stable
22	Earnings per share (not annualised)				
	Basic (Rupees)	(0.51)	2.47	3.09	2.54
	Diluted (Rupees)	(0.51)	2.47	3.09	2.54





Dalmia Cement (Bharat) Limited  
Statement of Assets and Liabilities  
Disclosure as required under Regulation 52 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Particulars	(Rs. Crore)	
	As at	
	31-03-2020 (Audited)	31-03-2019 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,205	7,662
Capital work-in-progress	1,594	478
Investment properties	0	0
Goodwill	987	1,389
Other intangible assets	2,749	2,866
Right-of-use asset	108	-
Intangible assets under development	36	14
Biological assets	0	0
Financial assets		
(i) Investments	699	656
(ii) Loans	383	441
(iii) Other financial assets	37	296
Other non-current assets	218	339
	<b>14,016</b>	<b>14,141</b>
<b>Current assets</b>		
Inventories	831	892
Financial assets		
(i) Investments	1,640	984
(ii) Trade receivables	345	483
(iii) Cash and cash equivalents	93	212
(iv) Bank balances other than (iii) above	68	180
(v) Loans	689	495
(vi) Other financial assets	537	469
Other current assets	382	320
Assets held for sale	2	1
	<b>4,587</b>	<b>4,036</b>
<b>Total assets</b>	<b>18,603</b>	<b>18,177</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	314	314
Other equity	8,854	8,851
	<b>9,168</b>	<b>9,165</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
(i) Borrowings	3,479	3,841
(ii) Lease liabilities	44	-
(iii) Other financial liabilities	2	1
Provisions	95	93
Deferred tax liabilities (net)	1,419	1,354
Government grants	77	54
	<b>5,116</b>	<b>5,343</b>
<b>Current Liabilities</b>		
Financial liabilities		
(i) Borrowings	1,230	890
(ii) Lease liabilities	32	-
(iii) Trade payables		
- total outstanding dues of micro enterprises and small enterprises	12	6
- total outstanding dues of creditors other than micro enterprises and small enterprises	861	743
(iv) Other financial liabilities	1,839	1,504
Government grants	7	6
Other current liabilities	422	457
Current tax liabilities (net)	71	26
Provisions	45	37
	<b>4,319</b>	<b>3,689</b>
<b>Total Equity and Liabilities</b>	<b>18,603</b>	<b>18,177</b>



**Half yearly reporting on Segment wise Revenues, Results, Assets and Liabilities under Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has identified below segments as per Ind AS 108, 'Operating Segments':

- (i) Cement division which produces various grades of cement and its related products.  
(ii) Others include Refractory division, Investment division and Management Services.

(Rs. Crore)

SL. No.	Particulars	For the half year ended		Year ended	
		31-03-2020 (audited refer note-16)	31-03-2019 (audited refer note-16)	31-03-2020 (audited)	31-03-2019 (audited)
1	<b>Segment Revenue</b>				
	a) Cement	4,008	4,180	7,857	7,888
	b) Others (refer note 10) <i>2</i>	209	223	507	441
	<b>Total (a &amp; b)</b>	<b>4,217</b>	<b>4,403</b>	<b>8,364</b>	<b>8,329</b>
	Less: Inter segment revenue	(7)	(7)	(15)	(17)
	<b>Sales / Income from Operations</b>	<b>4,210</b>	<b>4,396</b>	<b>8,349</b>	<b>8,312</b>
2	<b>Segment Results</b>				
	a) Cement	147	109	440	284
	b) Others	(12)	13	(3)	25
	<b>Total (a &amp; b)</b>	<b>135</b>	<b>122</b>	<b>437</b>	<b>309</b>
	Less : (i) Finance costs	(192)	(195)	(405)	(494)
	(ii) Other Unallocable Income Net off Unallocable Expenditure	100	200	203	284
	<b>Total Profit before tax</b>	<b>43</b>	<b>127</b>	<b>235</b>	<b>99</b>
3	<b>Segment Assets</b>				
	a) Cement	14,802	14,681	14,802	14,681
	b) Others	445	754	445	754
	c) Unallocated assets	3,356	2,742	3,356	2,742
	<b>Total (a &amp; c)</b>	<b>18,603</b>	<b>18,177</b>	<b>18,603</b>	<b>18,177</b>
4	<b>Segment Liabilities</b>				
	a) Cement	1,825	1,753	1,825	1,753
	b) Others	85	85	85	85
	c) Unallocated liabilities	7,525	7,174	7,525	7,174
	<b>Total (a &amp; c)</b>	<b>9,435</b>	<b>9,012</b>	<b>9,435</b>	<b>9,012</b>



**Notes:**

1. The Company had, during the year ended 31st March, 2018, accounted for (i) amalgamation of Adhunik Cement Limited, Adhunik MSP Cement (Assam) Limited and Adwetha Cement Holdings Limited in accordance with requirement of Accounting Standard (AS)- 14 "Accounting for Amalgamations" and (ii) slump exchange of Power business from DCB Power Ventures Limited and all the assets and liabilities forming part of Undertakings of Odisha Cement Limited (renamed to Dalmia Bharat Limited) to Company on a going concern basis based on allocation report prepared in accordance with AS- 10, notified under Section 133 of the Companies Act, 2013, as referred to in various Scheme of Arrangement and Amalgamation ('Schemes') sanctioned by Hon'ble National Company Law Tribunal(s).

Goodwill arisen on amalgamation along with goodwill acquired on slump sale is being amortised over a period of 4 to 10 years from the appointed date, as per the provisions of the respective Schemes. As a result of amortisation of such goodwill, profit before tax for the half year ended 31st March, 2020 and 31<sup>st</sup> March, 2019 and for the year ended 31<sup>st</sup> March, 2020 and 31st March, 2019 is lower as under:

(Rs. Crore)

Particulars	Half year ended		Year ended	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Goodwill	180 *	213 **	402 ***	420 **

includes \* Rs. 16 Crore, \*\* Rs. 8 Crore and \*\*\* Rs. 32 Crore on account of accelerated amortisation of a particular goodwill from earlier policy of amortising over a period of 5 years to 4 years with effect from 1st January, 2019.

2. Other finance cost in S.No. 4 (e) above includes foreign currency fluctuations arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs as per Ind AS 23. Remaining foreign currency fluctuation loss/ (gain) is included in S.No. 4 (f).
3. During the current period, National Company Law Appellate Tribunal (NCLAT), Delhi has upheld the order passed by National Company Law Tribunal (NCLT), Mumbai Bench approving the Resolution Plan (RP) filed by the Company for revival of Murli Industries Limited (MIL) pursuant to the provisions of Insolvency and Bankruptcy Code, 2016 ('IBC'). The necessary actions have been initiated to make the RP effective.

MIL has an integrated cement manufacturing plant with an installed capacity of 3 MnT in Chandrapur district, Maharashtra along with a captive thermal power plant of 50 MW. In addition, MIL also has paper and solvent extraction units in Maharashtra. The acquisition of MIL would help the Company to further consolidate its footprint in Western region.

4. The National Company Law Tribunal – Guwahati Bench (NCLT), vide its order dated 5th January, 2017, had held that the petition filed by a Group of Minority Shareholders of one of the subsidiary Companies, against the Dalmia Group is not tenable and directed both the parties to settle their claims and counter-claims through arbitration as contractually provided in the Shareholders' Agreement. Guwahati High court is to first decide on maintainability of the revision petitions filed against NCLT order by the minority shareholders. The issues between the parties are pending adjudication before the Arbitral Tribunal. Pending final disposal of the disputes, no adjustments are considered necessary in these financial results.





5. During the financial year ended 31st March, 2019, certain mutual fund units ("Securities") appearing as current investments, valued at Rs. 374 Crore as on 31st March, 2020, were illegally and fraudulently transferred by one of the Depository Participant ("DP"), from demat accounts of the Company. Based on the complaint filed by the Company and after conducting preliminary enquiry, the Economic Offences Wing, Delhi (EOW) directed the Clearing Agent of DP (i.e. ISSL) not to deal with the Securities and also froze all such Securities till further orders.

SEBI after complaint by the Company also directed the DP, its promoters/directors, its related associates and other noticees mentioned in the order, not to dispose of, alienate or encumber any assets, except with the prior permission of SEBI/ National Stock Exchange (NSE).

No final order has yet been passed by SEBI in the complaint lodged by the Company against DP and others in respect of fraudulent transfer of Securities from its demat accounts.

In the meantime, the clearing agent/ ISSL has also sought from Security Appellate Tribunal, Mumbai ("SAT") the annulment of trade of Future & Options contract entered into by DP. Such annulment of trades sought by clearing agent/ ISSL was directed by SAT vide its order dated 3rd July, 2019 to be heard by SEBI including grievance of all other investors. SEBI challenged the said order of SAT before Hon'ble Supreme Court. The Supreme Court, vide its interim order dated 27th August, 2019, directed NSE Clearing Corporation Limited, to honour F&O segments contract which had matured on 27th June, 2019. The Supreme Court also clarified that the payments so made shall be without prejudice to the rights and contentions of the parties and subject to the final outcome and directions which would be passed in the matter. The matter is still pending before Supreme Court. The matter is currently under investigation by Company through an independent firm of Chartered Accountants.

Further, EOW has filed charge sheet against the said DP, its promoter, ISSL and its business head for committing various offences under Indian Penal Code. The charge sheet is accusing them of forging the Delivery Instruction Slips to effect fraudulent transfer of Securities from the demat accounts of the Company. After filing of charge sheet, the Company has filed an application before the Jurisdictional Court for release of mutual fund units and the same is currently pending.

Consequent to this, the Company, during the current period, has valued these Securities at the fair market value existing on the reporting date and an amount of Rs. 30 Crore has been credited to the statement of profit and loss under the head Other income. The Company is fully confident of recovering its Securities based on the legal opinion obtained in the matter. Hence, no provision is considered necessary in these financial results.

6. During the current period, Company has further invested Rs. 2 Crore in equity shares of Rs. 10 each issued by Dalmia Bharat Refractories Limited ('DBRL') (formerly known as Sri Dhandauthapani Mines and Minerals Limited), a subsidiary company.
7. (a) During the half year ended 30th September, 2019, Company completed the re-evaluation of the pattern of economic benefits derived from Property, plant and equipment ('PPE') of the manufacturing unit situated at North East region. Based on such evaluation, management decided to change the method of providing depreciation on its PPE at North East region from straight line method to written down value method w.e.f. 1st July, 2019.
- (b) During the half year ended 30th September, 2019, the residual value of PPE is reviewed and re-assessed by the Company so that the revised residual value properly reflect the values which the Company expects to realise on completion of useful life of the respective asset.

Consequent to above, depreciation charge for the half year ended 31st March, 2020 and 30th September, 2019 and for the year ended 31st March, 2020 is higher by Rs. 73 Crore, Rs. 50 Crore and Rs. 123 Crore respectively.



8. The Company has adopted Ind AS 116 "Leases" effective 1st April, 2019 and applied the same to lease contracts existing on 1st April, 2019 using the modified retrospective approach. This has resulted in recognising a right-of-use asset at an amount equal to the lease liability on transition date. In the statement of profit and loss for the current period, operating lease expenses has changed from rent (included under 'Employee benefits expenses' and 'Other expenses') to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. Accordingly, the figures for the current period are not comparable with the previous periods.

The adoption of this standard did not have any significant impact on the profit and earnings per share of the current period.

9. During the current period, the Board of Directors of the Company, its subsidiary namely DBRL and step-down subsidiary namely Dalmia OCL Limited (Dalmia OCL) (formerly known as Ascension Commercial Private Limited) in their respective meetings held on 14th November, 2019, approved the following:
- (a) Scheme of Arrangement amongst the Company, DBRL, their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 1') for transfer and vesting of refractory undertaking of the Company to DBRL, by way of slump exchange on a going concern basis. The proposed appointed date of the said Scheme is 1st April, 2019.
  - (b) Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited ('DRL') and its subsidiary GSB Refractories India Private Limited (GSB India), DBRL and Dalmia OCL and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 2'). It involves (i) amalgamation of DRL with DBRL; (ii) amalgamation of GSB India with DBRL; and (iii) transfer and vesting of refractory undertaking of DBRL to Dalmia OCL by way of slump exchange on a going concern basis. The proposed appointed date of the said Scheme is 1st April, 2020.

The Board of Directors of DRL also in their meeting held on 14th November, 2019 approved Scheme 2 as stated above.

Pending necessary regulatory approvals and other compliances, no effect of the above mentioned schemes has been considered in these financial results.

10. The Company is setting up new cement plants in Odisha along with new grinding capacity in eastern part of India with total capacity of 8 MnTPA. The clinker manufacturing plant of 3 MnTPA has been commissioned and is under trial run. The cement grinding plants are under construction and part of the capacity is likely to be completed by 31st December, 2020.

The expenditure incurred on commissioning of the project, including the expenditure incurred on trial runs (net of trial run receipts), which is under progress of Rs. 1,437 Crore as at 31st March, 2020 is included under capital work-in-progress.

11. On 20th September, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies with an option to opt for lower tax rates effective 1st April, 2019 subject to certain conditions. The Company is currently in the process of evaluating this option and has considered the rate existing prior to the Ordinance for the purpose of these results.
12. Revenue from operations for the half year ended 30th September, 2019 and year ended 31st March, 2019 includes Rs. 93 Crore towards sale of investment considered as stock-in-trade under 'Inventories'. Corresponding cost on such sale is recognised under the head 'Change in inventories of finished goods, work-in-progress and stock in trade' amounting to Rs. 92 Crore.





13. Deferred tax credit for the half year and year ended 31st March, 2019 included Rs. 45 Crore on account of change in assumptions pertaining to 'Land' as per the provisions of Ind AS 12 'Income Taxes'.
14. The Company's operations were impacted in the month of March 2020, due to temporary shutdown of all plants following nationwide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus.

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Operations have resumed in a phased manner taking into account directives from the Government during April 2020.

15. The Board of Directors declared an interim dividend @ Rs. 1.229/- per equity share (12.29%) of face value of Rs. 10/- per share at its meeting held on 6th February, 2020 and the same is paid to the eligible shareholders. No final dividend is recommended by the Board.
16. The figures for the half year ended 31st March, 2020 and 31<sup>st</sup> March, 2019 are the balancing figures between the audited figures for the full financial year and the unaudited figures up to the six months ended 30th September, 2019 and 30th September, 2018 respectively.
17. The Company, as per the Securities and Exchange Board of India (SEBI) Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November, 2018, is a Large Corporate and hence is required to disclose the following information about its borrowings:

i. Initial disclosure filed for the Financial Year 2019-20

Sr. No.	Particulars	Details
1.	Name of the Company	Dalmia Cement (Bharat) Limited
2.	CIN	U65191TN1996PLC035963
3.	Outstanding borrowing of Company as on 31st March, 2019 (Rs. Crore)	Rs. 4,760 Crore *
4.	Highest credit rating during the previous financial year 2018-19 along with the name of the credit rating agency	AA+/ Stable from India Rating and Research Private Limited
5.	Name of the Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	National Stock Exchange of India Limited

\* Long term borrowings with original maturity of more than one year.



ii. Initial disclosure filed for the Financial Year 2020-21

Sr. No.	Particulars	Details
1.	Name of the Company	Dalmia Cement (Bharat) Limited
2.	CIN	U65191TN1996PLC035963
3.	Outstanding borrowing of Company as on 31st March, 2020 (Rs. Crore)	Rs. 4,665 Crore *
4.	Highest credit rating during the previous financial year 2019-20 along with the name of the credit rating agency	AA+/ Stable from India Rating and Research Private Limited
5.	Name of the Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	National Stock Exchange of India Limited

\* Long term borrowings with original maturity of more than one year.

iii. Annual disclosure

1. Name of the Company - Dalmia Cement (Bharat) Limited
2. CIN - U65191TN1996PLC035963
3. Report filed for FY - 2019-20
4. Details of the borrowings (all figures in Rs. Crore):

Sr. No.	Particulars	Details
1.	Incremental borrowing done in FY 2019-2020 (a)	Rs. 952 Crore
2.	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	Rs. 238 Crore
3.	Actual borrowings done through debt securities in FY 2019-2020 (c)	Nil
4.	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c)	Rs. 238 Crore
5.	Reasons for short fall, if any, in mandatory borrowings through debt securities	Incremental borrowing was in the form of Project Loan for longer tenure and other low cost funding

\*Excluding impact of foreign exchange fluctuation from date of availment of loan to 31st March, 2020.

18. Figures for previous period/ year have been re-grouped/ rearranged, whenever considered necessary.

19. The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on 12th June, 2020 and have been audited by the Statutory Auditors of the Company.

Place: New Delhi  
Date: 12th June, 2020



(Mahendra Singhi)  
(Managing Director & CEO)



## **INDEPENDENT AUDITORS' REPORT**

**To the Members of  
Dalmia Bharat Refractories Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of **Dalmia Bharat Refractories Limited** ("the Company"), (Formerly known as Sri Dhandauthapani Mines & Minerals limited) which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Other Matter**

The financial statements of the Company for the year ended March 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on April 17, 2019. Our Opinion is not modified in respect of the said matter.

### **Responsibilities of Management and those charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Continuation sheet...



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain Professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Continuation sheet...

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

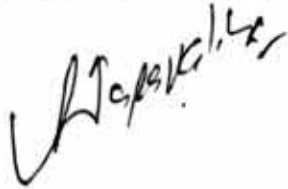
### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Further to our comment in the Annexure A, as required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

Continuation sheet..

- d. In our opinion, the aforesaid financial statements comply with Ind AS prescribed under Section 133 of the Act read with rule ;
- e. On the basis of the written representations received from the directors of the Company as on 31<sup>st</sup> March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”;
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197 (16) of the Act;
- In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the act is not applicable to the company since no managerial remuneration is paid / provided.
- h. With respect to the other matters to be included in the Auditor’s report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact financial position.
  - ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

**For Chaturvedi & Shah LLP**  
**Chartered Accountants**  
**Registration Number: 101720W/W100355**



**Vijay Napawaliya**  
**Partner**  
**Membership Number: 109859**  
**UDIN: 20109859AAAABX2734**

**Place: Mumbai**  
**Date: 10<sup>th</sup> June 2020**

Continuation sheet...



**“Annexure A” to the Independent Auditor’s Report**

**(Referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of the Dalmia Bharat Refractories Limited on the financial statements for the year ended 31<sup>st</sup> March, 2020)**

- (i) The Company does not have any fixed assets. Accordingly, the provisions of clause 3 (i) are not applicable to the Company.
- (ii) The Company does not have any inventory which requires physical verification. Accordingly, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provision of paragraph 3 (iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 & 186 of the Act as applicable, in respect of grant of loans, making investments and providing guarantees & securities.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) The Central Government has not specified maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of its products / services. Accordingly the provisions of clause 3 (vi) of the order are not applicable.
- (vii) (a) According to the records of the company and information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including provident fund, employees’ state insurance, income tax, duty of customs, Goods and Service Tax, cess and any other statutory dues to the appropriate authorities as applicable during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.  
  
 (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, Goods and Service Tax, service-tax, duty of customs, and duty of excise or value added tax which have not been deposited on account of any dispute.

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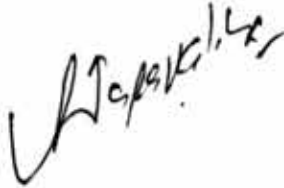


- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at the balance sheet date. The company does not have any loans and borrowings from any financial institution or government nor has it issued any debentures as at the balance sheet date.
- (ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and no term loans was raised during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) In our opinion and according to explanations given to us, the Company has not paid or provided managerial remuneration, therefore requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act is not applicable.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The provisions of Section 177 of the Companies Act 2013 are not applicable to the Company as it does not fulfil the criteria specified in the Section 177 of Companies Act 2013. In our opinion all transactions with related parties are in compliance with section 188 of Companies Act, 2013. The details of such related party transactions have been disclosed in the Financial Statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3 (xiv) of the Order are not applicable to the Company.

Continuation sheet...

- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

**For Chaturvedi & Shah LLP**  
**Chartered Accountants**  
**Registration Number: 101720W/W100355**



**Vijay Napawaliya**  
**Partner**  
**Membership Number: 109859**  
**UDIN: 20109859AAAABX2734**

**Place: Mumbai**  
**Date: 10<sup>th</sup> June 2020**

Continuation sheet..

**“Annexure B” to the Independent Auditor’s Report**

**Referred to in paragraph 2(f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of the Dalmia Bharat Refractories Limited on the financial statements for the year ended 31<sup>st</sup> March, 2020.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Dalmia Bharat Refractories Limited (“the Company”) as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

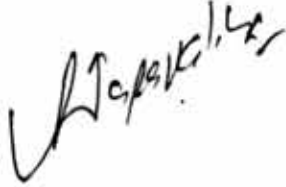
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### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Chaturvedi & Shah LLP**  
**Chartered Accountants**  
**Registration Number: 101720W/W100355**



**Vijay Napawaliya**  
**Partner**  
**Membership Number: 109859**  
**UDIN: 20109859AAAABX2734**

**Place: Mumbai**  
**Date: 10<sup>th</sup> June 2020**

Continuation sheet...

**Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")**  
**BALANCE SHEET AS AT 31 March, 2020**

		(Amount in INR)	
	Notes	As at 31st March, 20	As at 31st March, 19
<b>Assets</b>			
<b>Non Current assets</b>			
Financial Assets			
(i) Investments	4	9,335,051	1,633,081
Other Non Current Assets	5	63,257	52,480
<b>Current Assets</b>			
Financial Assets	6		
(i) Cash and Cash equivalent		4,049,978	72,931
<b>Total Assets</b>		<b>13,448,286</b>	<b>1,758,492</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	7	700,000	500,000
Other Equity	8	12,554,614	1,011,401
		<b>13,254,614</b>	<b>1,511,401</b>
<b>Liabilities</b>			
<b>Non Current liabilities</b>			
Deferred Tax Liabilities (Net)	9	134,672	112,601
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	10 (i)	-	100,000
(ii) Trade Payables	10 (ii)		
Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		59,000	20,000
(iii) Other financial liabilities	10 (iii)	-	13,545
Other current liabilities	11	-	945
		<b>193,672</b>	<b>247,091</b>
<b>Total Equity and liabilities</b>		<b>13,448,286</b>	<b>1,758,492</b>

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

As per our report of even date

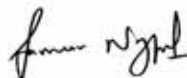
**For Chaturvedi & Shah LLP**  
Chartered Accountants  
Registration No :101720W/W100355



**Vijay Napawaliya**  
Partner  
Membership No.109859

Place: Mumbai  
Date: 10th June 2020

For and on behalf of Board of Directors of  
Dalmia Bharat Refractories Limited



**Sameer Nagpal**  
Director  
DIN 06599230

Place: New Delhi  
Date: 10th June 2020



**Rachna Gorla**  
Director  
DIN 07148351

**Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")**  
**STATEMENT OF PROFIT AND LOSS For the year ended 31 March, 2020**

(Amount in INR)

	Notes	For the year ended 31.03.2020	For the year ended 31.03.2019
Other Income	12	118,737	113,465
Total Income		118,737	113,465
<b>EXPENSES</b>			
Finance costs	13	50,376	9,453
Other expenses	14	193,077	52,957
<b>Total Expenses</b>		<b>243,453</b>	<b>62,410</b>
Profit/(loss) before and tax		<b>(124,716)</b>	<b>51,055</b>
Tax expense:	15		
(1) Current Tax		-	32,393
(2) Current Tax earlier year		-	2,584
(3) Deferred Tax		22,071	(3,738)
Total Taxes		<b>22,071</b>	<b>31,239</b>
Profit / (Loss) for the year		<b>(146,788)</b>	<b>19,816</b>
Other Comprehensive Income		-	-
Total Comprehensive Income		<b>(146,788)</b>	<b>19,816</b>
Earnings per equity share	16		
Basic		<b>(2.47)</b>	0.40
Diluted		<b>(2.47)</b>	0.40

The accompanying significant accounting policies and notes are an integral part of the financial statements  
As per our report of even date

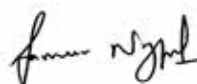
**For Chaturvedi & Shah LLP**  
Chartered Accountants  
Registration No :101720W/W100355

For and on behalf of Board of Directors of  
Dalmia Bharat Refractories Limited



**Vijay Napawaliya**  
Partner  
Membership No.109859

Place: Mumbai  
Date: 10th June 2020



**Sameer Nagpal**  
Director  
DIN 06599230

Place: New Delhi  
Date: 10th June 2020



**Rachna Gorla**  
Director  
DIN 07148351

**Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")**  
**Statement of changes in equity for the year ended March 31, 2020**

a. Equity Share Capital:	(Amount in INR)	
	No. of Shares	Amount
As at April 01, 2018	50,000	500,000
Issue of equity shares	-	-
As at March 31, 2019	50,000	500,000
Issue of equity shares (refer note 7)	20,000	200,000
As at March 31, 2020	70,000	700,000

b. Other Equity:	(Amount in INR)		
	Reserve and Surplus		
Particulars	Retained Earnings	Share Premium	Total
As at April 01, 2018	991,585	-	991,585
Profit for the year	19,816	-	19,816
As at March 31, 2019	1,011,401	-	1,011,401
Loss for the year	(146,788)	-	(146,788)
Share premium on issue of Shares	-	14,800,000	14,800,000
Share issue expenses	-	(3,110,000)	(3,110,000)
As at March 31, 2020	864,614	11,690,000	12,554,614

Description of the purpose of each reserve within equity.

a) **Retained Earnings**:- Retained earnings are the profits that the Company has earned till date. Retained Earnings is a free reserve available to the Company.

b) **Securities Premium** represents the amount received in excess of par value of the securities. Securities premium is utilised as per the provisions of Companies Act 2013

As per our report of even date

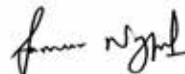
**For Chaturvedi & Shah LLP**  
Chartered Accountants  
Registration No :101720W/W100355

For and on behalf of Board of Directors of  
Dalmia Bharat Refractories Limited



**Vijay Napawaliya**  
Partner  
Membership No.109859

Place: Mumbai  
Date: 10th June 2020



**Sameer Nagpal**  
Director  
DIN 06599230

Place: New Delhi  
Date: 10th June 2020



**Rachna Gorla**  
Director  
DIN 07148351



Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2020

(Amount in INR)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	(124,716)	51,055
Adjustments		
Fair Value gain on non current Investment	(101,970)	(113,465)
Interest Expense	50,376	9,453
Operating Profit before working Capital Changes	(176,310)	(52,957)
Adjustments for working Capital changes :		
Trade Payables, Liabilities and Provisions	38,055	14,133
Cash Generated from Operations	(138,255)	(38,824)
Direct Taxes Paid	10,777	32,363
Net Cash from Operating activities	(149,032)	(71,187)
<b>B Cash Flow from Investing Activities</b>		
Investment in Subsidiaries	(7,600,000)	-
Net Cash used in Investing Activities	(7,600,000)	-
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Issue of shares	15,000,000	-
Share issue expenses	(3,110,000)	-
Proceeds/(Repayment) from Borrowings	(100,000)	-
Finance Cost	(63,921)	-
Net Cash from / (used in) Financing Activities	11,726,079	-
Net increase / (decrease) in cash and cash equivalents ( A+B+C )	3,977,047	(71,187)
Cash and cash equivalents ( Opening Balance)	72,931	144,118
Cash and cash equivalents ( Closing Balance)	4,049,978	72,931

Previous year figures have been regrouped where ever considered necessary

As per our report of even date

For Chaturvedi & Shah LLP  
Chartered Accountants  
Registration No : 101720W/W/100355

For and on behalf of Board of Directors of  
Dalmia Bharat Refractories Limited



Vijay Napawaliya  
Partner  
Membership No.109859  
Place: Mumbai  
Date: 10th June 2020



Sameer Nagpal  
Director  
DIN 06599230  
Place: New Delhi  
Date: 10th June 2020



Rachna Gorla  
Director  
DIN 07148351

**Note 1 Corporate Information**

Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED") is a public company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. The Company is a wholly owned Subsidiary of Dalmia Cement (Bharat) Ltd.

**Note 2 Significant accounting policies and critical accounting estimate and judgments:**

**2.1 Basis of preparation, measurement and significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Compliance with Ind AS**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). The policies set out below have been consistently applied during the years presented.

**Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for the certain financial assets and liabilities.

**Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees', which is the Company's functional and presentation currency. All values are expressed in INR, except when otherwise indicated.

**Current vis-à-vis non-current classification**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
  - b) Held primarily for the purpose of trading,
  - c) Expected to be realised within twelve months after the reporting period, or
  - d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is classified as current when it is:

- a) Expected to be settled in normal operating cycle,
  - b) Held primarily for the purpose of trading,
  - c) Due to be settled within twelve months after the reporting period, or
  - d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**2.2 Critical accounting estimates and judgements**

The presentation of financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**a. Fair value measurement of financial instruments**

When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in active markets, their fair value is measured using valuation technique. The input to these models are taken from the observable market where possible, but this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.

**b. Provisions**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

**c. Impairment of Financial and Non-Financial Assets**

The impairment provision for financial assets are based on assumptions about risk of default and expected losses. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Company assesses at each reporting date whether there is an indication that a Non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which is higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**d. Income Tax:**

The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the standalone financial statements.

**Note 3 Significant Accounting policies**

**3.1 Borrowing Cost**

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

**3.2 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board members that makes strategic decisions.

**3.3 Other income:**

**Other Operating Income**

Fair value gain or loss related to investments are recognised in the statement of profit or loss as at period end.

**3.4 Taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**3.5 Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.

If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

- There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.



- A present obligation arising from past event, when it is not probable that an outflow of resources will be required to settle the obligation

- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Contingent assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

### 3.6 Cash & Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

#### Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 3.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

#### (a) Investment and other Financial Assets

##### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments in subsidiaries, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### (ii) Measurement

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair Value through Other Comprehensive Income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair Value through Profit or Loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the Statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

#### Equity investments

Equity Investments in subsidiaries is valued at cost. Dividends from such investments are recognised in the Statement of profit and loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### (iii) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(iv) Derecognition of financial assets**

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**(v) Contributed equity:**

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

**(b) Financial Liabilities & Equity**

**(i) Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**(ii) Initial recognition and measurement:**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

**(iii) Subsequent measurement:**

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

**Borrowings:** Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawdown, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**Trade and other payables:** These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Those payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

**(iv) Derecognition:**

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**Offsetting of financial instrument**

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**3.8 Earnings per share**

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

**Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")**  
**NOTES TO FINANCIAL STATEMENTS**

**Non Current Assets**

**Financial Assets**

4 Investments	(Amount in INR)	
	As at 31.03.2020	As at 31.03.2019
Other Investments (valued at cost unless stated otherwise)		
Investment in Mutual Fund - Unquoted (FVTPL)		
- 557,261 ( 557,261) units of Tata Liquid Fund Regular Plan - Growth	1,735,051	1,633,081
Unquoted equity investments		
Investment in Subsidiaries at cost		
- 20,000 (Nil) Equity shares of Rs 10 each, fully paid up of Dalmia OCL Limited (formerly known as "Dalmia OCL Private Limited / Ascension Comercio Private Limited")	7,600,000	-
	<b>9,335,051</b>	<b>1,633,081</b>
Aggregate amount of unquoted investments	<b>9,335,051</b>	<b>1,633,081</b>

**5 Other Non Current Assets**

	As at 31.03.2020	As at 31.03.2019
Advance Income Tax (Net of provision)	12,880	52,480
Income Tax Deducted at source	1,677	-
Mat Credit entitlement	48,700	32,393
	<b>63,257</b>	<b>84,873</b>

**Current Assets**

**6 Financial Assets**

**(i) Cash and cash equivalents:**

	As at 31.03.2020	As at 31.03.2019
Balances with Scheduled banks		
In Current Account	4,049,978	72,931
	<b>4,049,978</b>	<b>72,931</b>

**7 Equity Share Capital**

**Authorised :**

	As at 31.03.2020		As at 31.03.2019	
	Number	Amount in INR	Number	Amount in INR
Equity shares of Rs. 10 /- each	40,000,000	400,000,000	50,000	500,000
		<b>400,000,000</b>		<b>500,000</b>
Issued, Subscribed and Fully Paid Up :				
Equity shares of Rs. 10 /- each fully paid up	70,000	700,000	50,000	500,000
		<b>700,000</b>		<b>500,000</b>

**a. Reconciliation of Equity Shares outstanding at the beginning and at for the year ended**

	31-Mar-20		31-Mar-19	
	No. of Shares	Amount in INR	No. of Shares	Amount in INR
At the beginning of the year	50,000	500,000	50,000	500,000
Issued during the year	20,000	200,000	-	-
At the end of the year	<b>70,000</b>	<b>700,000</b>	<b>50,000</b>	<b>500,000</b>

**b. Equity shares held by holding company**

	31-Mar-20	31-Mar-19
	No. of Shares	No. of Shares
Dalmia Cement (Bharat) Limited (Holding Company)	69,990	50,000

**c. Details of shareholders holding more than 5% shares in the company**

Shareholder	31-Mar-20		31-Mar-19	
	No. of Shares	%	No. of Shares	%
Dalmia Cement (Bharat) Limited *	69,990	100%	50,000	100%

\* Includes shares held by nominees of Dalmia Cement (Bharat) Limited



Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")  
NOTES TO FINANCIAL STATEMENTS

8 Other Equity

(Amount in INR)

Surplus/Deficit in the Statement of Retained Earning	As at 31.03.2020	As at 31.03.2019
At the beginning of the year	1,011,401	991,585
Transferred from Statement of Profit & Loss	(146,788)	19,816
At the close of the year	864,614	1,011,401
<b>Securities Premium</b>		
At the beginning of the year	-	-
Addition during the year	14,800,000	-
Utilised during the year for writing off share issue expenses	(3,110,000)	-
At the close of the year	11,690,000	-
<b>Total other equity</b>	<b>12,554,614</b>	<b>991,585</b>

9 Deferred Tax Liability

Deferred tax liability	As at 31.03.2020	As at 31.03.2019
On account of Fair value gain of Investment	134,672	112,601
<b>Net deferred tax liability</b>	<b>134,672</b>	<b>112,601</b>

Current Liabilities

10 Financial Liabilities

i) Borrowings

	As at 31.03.2020	As at 31.03.2019
Unsecured- Loan from Dalmia Cement ( Bharat) Limited	-	100,000
<b>Total</b>	<b>-</b>	<b>100,000</b>

ii) Trade Payables

	As at 31.03.2020	As at 31.03.2019
Total outstanding dues of Micro and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	59,000	20,000
<b>Total</b>	<b>59,000</b>	<b>20,000</b>

iii) Other financial Liabilities

	As at 31.03.2020	As at 31.03.2019
Interest payable to Dalmia Cement ( Bharat) Limited	-	13,545
<b>Total</b>	<b>-</b>	<b>13,545</b>

11 Other current Liabilities

	As at 31.03.2020	As at 31.03.2019
<b>Others</b>		
TDS Payable	-	945
<b>Total</b>	<b>-</b>	<b>945</b>

12 Other Income

	For the year ended 31.03.2020	For the year ended 31.03.2019
Fair Value gain on non current Investment	101,970	113,465
Interest Income		
- On Loan	16,767	-
<b>Total</b>	<b>118,737</b>	<b>113,465</b>

13 Finance Cost

	For the year ended 31.03.2020	For the year ended 31.03.2019
Interest on Loan	50,376	9,453
<b>Total</b>	<b>50,376</b>	<b>9,453</b>

**Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")**  
**NOTES TO FINANCIAL STATEMENTS**

**14 Other Expenses**

(Amount in INR)

	For the year ended 31.03.2020	For the year ended 31.03.2019
Filing Fee	27,155	1,600
Auditors Remuneration		
Audit Fee	118,000	20,000
Bank Charges	402	132
Professional Charges	48,675	31,175
Licence Fee & Local Taxes	50	50
Interest on TDS	795	-
<b>Total</b>	<b>193,077</b>	<b>52,957</b>

**15 Tax expense**

	For the year ended 31.03.2020	For the year ended 31.03.2019
Current tax	-	32,393
Current Tax earlier year	-	2,584
Deferred tax	-	-
- Deferred tax Asset	-	(3,738)
- Deferred tax Liability	22,071	-
<b>Total income tax expense recognised in profit &amp; loss account</b>	<b>22,071</b>	<b>31,239</b>

	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>Total income tax expense recognised in profit &amp; loss account</b>	<b>22,071</b>	<b>31,239</b>
Effect of timing difference recognised as deferred tax liability	22,071	-
Effect of income that is not chargeable to tax	-	28,655
Adjustments recognised in the current year in relation to the current tax of prior years	-	2,584
<b>Total income tax expense recognised in profit &amp; loss account</b>	<b>22,071</b>	<b>31,239</b>

**16 Earning Per Share**

	For the year ended 31.03.2020	For the year ended 31.03.2019
Profit for the year after tax expense (A)	(148,788)	19,816
Weighted average number of equity shares (B)	59,315	50,000
<b>Earning per share (Basic &amp; Diluted) (A/B)</b>	<b>(2.47)</b>	<b>0.40</b>

**17 Related Party Disclosures, as required by Indian Accounting Standard - 24 is as below:-**

**A. Related Parties where Control exists :-**

- (i) Ultimate Holding Company  
Dalmia Bharat Limited (formerly known as Odisha Cement Limited)
- (ii) Holding Company:  
Dalmia Cement (Bharat) Limited

(iii) Subsidiary Company:

Dalmia OCL Limited (formerly known as "Dalmia OCL Private Limited / Ascension Comercio Private Limited") w.e.f 17 October 2019

**B. The following transactions were carried out with the related parties in the ordinary course of business during the year:-**

	<b>31/03/2020</b> (Rs.)	<b>31/03/2019</b> (Rs.)
Interest charged by the Holding Company	50,376	9,453
Loan taken from Holding Company	10,000,000	-
Loan repaid to Holding Company	10,100,000	-
Loan given to Subsidiary Company	4,000,000	-
Loan repaid by Subsidiary Company	4,000,000	-
Investment in Subsidiary Company	7,500,000	-
Equity shares issued to Holding Company	15,000,000	-

**C. Balances outstanding at year end:-**

	<b>31/03/2020</b> (Rs.)	<b>31/03/2019</b> (Rs.)
Amount due to Holding Company	-	100,000
Interest payable to the Holding Company	-	13,045
Investment in Subsidiary Company	7,600,000	-

**Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")**

**NOTES TO FINANCIAL STATEMENTS**

- The Company has entered into a Franchise Agreement for Premier Badminton League (PBL) with Sportz & Live Entertainment Private Limited, franchisor for a period of 10 years on December 30, 2017. The franchise rights got novated in favour of Dalmia Cement (Bharat) Limited, the Holding Company, for a period of 3 years with effect from the date of the Franchise Agreement.

The Board of Directors of the Company in their meeting held on 14th November 2019 have approved a scheme of amalgamation and arrangement amongst Dalmia Refractories Limited ('DRL'), GSB Refractories India Private Limited (GSB India), Dalmia Bharat Refractories Limited (formerly "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED") ('DBRL') and Dalmia OCL Limited (formerly "Dalmia OCL Private Limited / Ascension Comercio Private Limited") ('DOCL') and their respective shareholders and creditors.

- 19 ('Scheme'). Pursuant to the Scheme, DRL and GSB India will be amalgamated with DBRL and accordingly DRL and GSB India will stand dissolved. Further, as consideration for amalgamation, DBRL will issue its equity shares to shareholders of DRL. The above Scheme shall come into effect only upon completion and effectiveness of a separate scheme of arrangement between DBRL and Dalmia Cement Bharat Limited ('DCBL') whereby the refractory undertaking of DCBL will be vested into DBRL. Pending approval by shareholders and regulatory authorities, no impact has been given for the above Scheme in the current financial statements.

- The authorised share capital of the company is increased from Rs 5,00,000 to Rs 40,00,00,000 and additional 20,000 shares of face value of Rs 10 has been allotted to Holding Company.

**21 Segment Information**

There is no reportable segment (Business / Geographical) as per the requirements of IND AS 108 "Operating Segment".

**22 Events occurring After the Balance Sheet date**

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements.



**Dalmia Bharat Refractories Limited (formerly known as "SRI DHANDAUTHAPANI MINES & MINERALS LIMITED")**  
**NOTES TO FINANCIAL STATEMENTS**

**23 Financial Instrument - Disclosure**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Particulars	Note	Fair value hierarchy	Carrying Value		Fair Value	
			31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Financial assets designated at fair value through profit and loss</b>						
<b>Non-current assets</b>						
Investments						
- Investment in mutual funds	A	Level-2	1,735,051	1,633,081	1,735,051	-
<b>Financial assets designated at amortised cost</b>						
<b>Current</b>						
Cash and Cash equivalent*			4,049,978	72,931	4,049,978	72,931
Investment in subsidiary company	B		7,600,000	-	7,600,000	-

**Financial Liabilities**

Particulars	Note	Fair value hierarchy	Carrying Value		Fair Value	
			31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Financial liability designated at amortised cost</b>						
<b>Current</b>						
Borrowings			-	100,000	-	100,000
Trade payables*			59,000	20,000	59,000	20,000
Other financial liability*			-	13,545	-	13,545

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

A. Company has opted to fair value its mutual fund investment through profit & loss.

B. Company has opted to value its investments in subsidiaries at cost.

\* The carrying amounts are considered to be the same as their fair values due to short term nature.

**Fair Value Hierarchy**

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**24 Financial Risk Management**

The Company's activities expose to credit risk and liquidity risk.

**(a) Credit risk**

Credit risk arises from cash and cash equivalent are carried at amortised cost.

**(b) Liquidity risk**

The Company is not exposed to any significant liquidity risk.

## 25 Capital Management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as going concern; and
- to provide an adequate return to shareholders through optimisation of working capital

The Company monitors working capital on the basis of amount of working capital

The Company's objective for capital management is to maintain an optimum overall, working capital.

26. Previous year figures have been regrouped wherever considered necessary.

27. The financial statements were approved for issue by board of directors on June 10, 2020

28. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial statements.

As per our report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants

Registration No : 101720W/W100355



**Vijay Napawaliya**

Partner

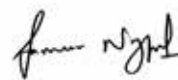
Membership No. 109859

Place: Mumbai

Date: 10th June 2020

For and on behalf of Board of Directors of

Dalmia Bharat Refractories Limited



**Sameer Nagpal**

Director

DIN 06599230

Place: New Delhi

Date: 10th June 2020



**Rachna Gorla**

Director

DIN 07148351

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF DALMIA CEMENT (BHARAT) LIMITED AT ITS MEETING HELD ON NOVEMBER 14, 2019 AT HANSALAYA BUILDING, 15, BARAKHAMBHA ROAD, NEW DELHI-110001, EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS, LAYING OUT IN PARTICULAR THE SHARE ENTITLEMENT RATIO, SPECIFYING ANY SPECIAL VALUATION DIFFICULTIES**

## **1. BACKGROUND**

- 1.1. The Board of Directors ('Board') of Dalmia Cement (Bharat) Limited at its meeting held on November 14, 2019 have approved the draft Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Sri Dhandauthapani Mines and Minerals Limited and their respective Shareholders and Creditors, under sections 230-232 and other applicable provisions of the Companies Act, 2013 ('Scheme').
- 1.2. As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board explaining the effect of compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties, is required to be circulated to the shareholders and/or creditors along with the notice convening the meeting.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. The Scheme provides for the transfer of the Refractory Undertaking of Dalmia Cement (Bharat) Limited ('DCBL' or Transferor Company') (as defined in the Scheme) to Sri Dhandauthapani Mines and Minerals Limited ('SDMM' or 'Transferee Company').
- 1.5. The following documents were, inter alia, placed before the Board:
  - 1.5.1 Draft Scheme;
  - 1.5.2 Valuation Report dated 14<sup>th</sup> November, 2019 of Walker Chandio & Co. LLP, Chartered Accountants;
  - 1.5.3 Valuation report dated 14<sup>th</sup> November, 2019 of Incwert Advisory Private Limited, Registered Valuer;
  - 1.5.4 Fairness Opinion Report dated 14<sup>th</sup> November, 2019 issued by RBSA Valuation Advisors LLP providing the fairness opinion on the valuation report prepared by Walker Chandio & Co LLP;
  - 1.5.5 Report of the Audit Cum Risk Management Committee of the DCBL dated 14<sup>th</sup> November, 2019;
  - 1.5.6 Draft Certificate dated November 14, 2019 issued by one of the Statutory Auditors of DCBL, M/s. S.S. Kothari Mehta & Co., certifying that the accounting treatment mentioned in the Scheme is in compliance with applicable Indian Accounting Standards specified by the Central Government in Section 133 of the Act ('Accounting Treatment Certificates') ; and
  - 1.5.7 Audited financial statements of DCBL as on March 31, 2019 and unaudited financial statements as on September 30, 2019 of DCBL and SDMM.

## **2. VALUATION**

- 2.1. For the purposes of the Scheme, Valuation Report was obtained from Walker Chandio & Co LLP and Incwert Advisory Private Limited, wherein the following slump exchange consideration was recommended for the transfer of the Refractory Undertaking of DCBL to SDMM:

**Dalmia Cement (Bharat) Limited**

11th & 12th Floors, Hansalaya Building, 15, Barakhamba Road, New Delhi-110 001, India  
t 91 11 23465100 f 91 11 23313303, w [www.dalmiacement.com](http://www.dalmiacement.com), CIN : U65191TN1996PLC035963  
Registered Office : Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu-621 651, India  
A Dalmia Bharat Group company, [www.dalmiabharat.com](http://www.dalmiabharat.com)



*"The Transferee Company shall issue and allot the following to the Transferor Company:*

- a. 68,48,926 equity shares of face value of INR 10/- each at a premium of INR 180.60/- each, credited as fully paid up to the Transferor Company; and*
- b. 2,25,00,000 Compulsorily Convertible Debentures ('CCDs') at a price of INR 100/- each at par to the Transferor Company."*

2.2. No specific valuation difficulties were reported.

**3. EFFECT OF SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER) AND KEY MANAGERIAL PERSONNEL OF DCBL**

- 3.1. The Scheme does not envisage any issuance and/or cancellation of shares by DCBL. In this regard, it may be noted that on the Effective Date, in exchange of the Refractory Undertaking transferred by DCBL, SDMM shall issue 68,48,926 equity shares of INR 10/-each to DCBL and 2,25,00,000 CCDs at a price of INR 100/- each to DCBL.
- 3.2. The employees including the key managerial personnel pertaining to the Refractory Undertaking of DCBL shall be transferred to SDMM pursuant to the Scheme.
- 3.3. There is expected to be no adverse effect of the Scheme on the key managerial personnel, promoter and non-promoter shareholders of the DCBL.

**For DALMIA CEMENT (BHARAT) LIMITED**

Sd/-  
Director

**Dalmia Cement (Bharat) Limited**

11th & 12th Floors, Hansalaya Building, 15, Barakhamba Road, New Delhi-110 001, India  
t 91 11 23465100 f 91 11 23313303, w www.dalmiacement.com, CIN : U65191TN1996PLC035963  
Registered Office : Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu-621 651, India  
A Dalmia Bharat Group company, www.dalmiabharat.com

# SRI DHANDAUTHAPANI MINES & MINERALS LIMITED

HANSALAYA (11<sup>TH</sup> & 12<sup>TH</sup> FLOORS)  
15, BARAKHAMBA ROAD  
POST BOX 364  
NEW DELHI – 110 001

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SRI DHANDAUTHAPANI MINES AND MINERALS LIMITED AT ITS MEETING HELD ON NOVEMBER 14, 2019 AT 12<sup>TH</sup> FLOOR, HANSALAYA BUILDING, 15, BARAKHAMBA ROAD, NEW DELHI - 110001, EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS, LAYING OUT IN PARTICULAR THE SHARE ENTITLEMENT RATIO, SPECIFYING ANY SPECIAL VALUATION DIFFICULTIES**

## 1. BACKGROUND

- 1.1. The Board of Directors ('Board') of Sri Dhandauthapani Mines and Minerals Limited at its meeting held on November 14, 2019 have approved the draft Scheme of Arrangement between DalmiaCement (Bharat) Limited and Sri Dhandauthapani Mines and Minerals Limited and their respective Shareholders and Creditors, under sections 230-232 and other applicable provisions of the Companies Act, 2013 ('Scheme').
- 1.2. As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board explaining the effect of compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties, is required to be circulated to the shareholders and/or creditors along with the notice convening the meeting.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. The Scheme provides for the transfer of the Refractory Undertaking of Dalmia Cement (Bharat) Limited ('DCBL' or 'Transferor Company') (as defined in the Scheme) to Sri Dhandauthapani Mines and Minerals Limited ('SDMM' or 'Transferee Company').
- 1.5. The following documents were, inter alia, placed before the Board:
  - 1.5.1 Draft Scheme;
  - 1.5.2 Valuation Report dated 14<sup>th</sup> November, 2019 of Walker Chandiok & Co. LLP, Chartered Accountants;
  - 1.5.3 Valuation report dated 14<sup>th</sup> November, 2019 of Incwert Advisory Private Limited, Registered Valuer;
  - 1.5.4 Draft Certificate obtained from the Statutory Auditors of SDMM, Chaturvedi & Shah LLP, Chartered Accountants, certifying that the accounting treatment mentioned in the Scheme is in compliance with applicable Indian Accounting Standards specified by the Central Government in Section 133 of the Act; and
  - 1.5.5 Fairness Opinion Report, dated November 14, 2019, issued by RBSA Valuation Advisors LLP, providing the fairness opinion on the valuation report prepared by Walker Chandiok & Co LLP; and
  - 1.5.6 Audited financial statements of SDMM as on March 31, 2019 and unaudited financial statements as on September 30, 2019 of SDMM and DCBL.

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## 2. VALUATION

- 2.1. For the purposes of the Scheme, Valuation Report was obtained from Walker Chandio & Co LLP and Incwert Advisory Private Limited, wherein the following number of equity shares and Compulsorily Convertible Debentures (CCDs) were proposed to be issued for the transfer of the Refractory Undertaking of DCBL to SDMM:

*“Upon coming into effect of the Scheme and as stated in Clause 5 above, in exchange of the Refractory Undertaking transferred by the Transferor Company, the Transferee Company shall:*

- a. issue and allot 68,48,926 equity shares of face value of INR 10/- each at a premium of INR 180.60/- each, credited as fully paid up to the Transferor Company; and*
- b. issue and allot 2,25,00,000 CCDs of face value of INR 100/- each at par to the Transferor Company or such other instrument, on such terms and conditions, or in any other manner, as may be mutually agreed between the Board of Directors of Transferor Company and Transferee Company.”*

- 2.2. No specific valuation difficulties were reported.

## 3. EFFECT OF SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER) AND KEY MANAGERIAL PERSONNEL OF SDMM

- 3.1. DCBL is holding 99.99% of the equity share capital of SDMM. Pursuant to the Scheme, SDMM proposes to issue equity shares and CCDs to DCBL. Further, the non-promoter shareholder shall continue to hold the same value in SDMM both pre and post Scheme.
- 3.2. Thus, there is expected to be no adverse effect of the Scheme on the promoter and non-promoter shareholders of SDMM.
- 3.3. There are no Key Managerial Personnel in SDMM and hence the question of impact on the key managerial personnel does not arise.

**For SRI DHANDAUTHAPANI MINES AND MINERALS LIMITED**

Sd/-  
Director



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**Before the National Company Law Tribunal**

**Bench, at Chennai**

Company Scheme Application No. 11 of 2020

In the matter of Companies Act, 2013

And

In the matter of Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Dalmia Bharat Refractories Limited  
and their respective shareholders and creditors

And

In the matter of Section 230 read with Section 232 of the Companies Act, 2013  
and other applicable provisions of the Companies Act, 2013

**Dalmia Cement (Bharat) Limited**

**... the Applicant Company**

**FORM NO. MGT-11**

**PROXY FORM**

**(Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014**

Name of the unsecured creditor (s):	
Registered address:	
E-mail ID:	

I /We, being the unsecured creditor(s) of Dalmia Cement (Bharat) Limited, hereby appoint:

1. Name: ..... Email Id: .....  
Address: .....  
..... Signature: .....Or failing him/her
2. Name: ..... Email Id: .....  
Address: .....  
..... Signature: .....Or failing him/her
3. Name: ..... Email Id: .....  
Address: .....  
..... Signature: .....

as my / our proxy and whose signature(s) are appended below to attend and vote (on Poll) for me/ us and on my/ our behalf at the meeting of the unsecured creditors of Dalmia Cement (Bharat) Limited to be held on Wednesday, the 22<sup>nd</sup> day of July, 2020 at Community Centre, Dalmia Colony, Dalmiapuram, Lalgudi, District Tiruchirappalli, Tamil Nadu – 621651 at 12.00 noon and at any adjournment or adjournments thereof in respect of such resolutions and in such manner as are indicated below:

	Resolution No.	I/ We assent to the resolution (For)	I/ We dissent to the resolution (Against)
1	Approval of Scheme of Arrangement between Dalmia Cement (Bharat) Limited and Dalmia Bharat Refractories Limited and their respective shareholders and creditors		

Signed this ..... day of ..... 2020

(Signature of Unsecured Creditor(s))

Signature of Proxy.....

Affix  
Re. 1  
Revenue  
Stamp

NOTES:

1. The notice and the attached explanatory statement is not an acknowledgement of any dues payable to anyone and does not bestow any right upon any unsecured creditor to make a claim upon the Applicant Company.
2. This form in order to be effective should be duly filled, stamped, signed and deposited at the registered Office of DCBL at Dalmiapuram, Dist. Tiruchirappalli, Tamil Nadu-621651 and/or e-mailed to [bansal.manisha@dalmiabharat.com](mailto:bansal.manisha@dalmiabharat.com) / [corp.sec@dalmiabharat.com](mailto:corp.sec@dalmiabharat.com) not less than 48 hours before the commencement of the meeting.
3. Please affix revenue stamp before putting signature.
4. Alterations, if any, made in the Form of Proxy should be initialed.
5. In case of multiple proxies, the proxy later in time shall be accepted.
6. Proxy need not be an unsecured creditor of DCBL.
7. Proxy authorised by an unsecured creditor which is a body corporate would be required to deposit certified true copy of the Board/ Custodial Resolution/Power of Attorney in original, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered office of Company at Dalmiapuram, Tiruchirappalli, Tamil Nadu- 621651 and/or e-mailed at [bansal.manisha@dalmiabharat.com](mailto:bansal.manisha@dalmiabharat.com) / [corp.sec@dalmiabharat.com](mailto:corp.sec@dalmiabharat.com) at least 48 hours before the time of holding the meeting.
8. Proxy should carry a valid proof of identity like PAN Card, Aadhar Card, Driving License, Passport, etc.
9. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.

## DALMIA CEMENT (BHARAT) LIMITED

Regd. Office: Dalmiapuram, District Tiruchirappalli Tamil Nadu-621651

(CIN: U65191TN1996PLC035963)

Tel No.-04329-235132, Fax-04329-235111 Website: www.dalmiacement.com

### NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING OF THE UNSECURED CREDITORS OF DALMIA CEMENT (BHARAT) LIMITED

#### ATTENDANCE SLIP

**NOTE: Unsecured creditors attending the meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall on Wednesday, the 22<sup>nd</sup> day of July, 2020 at Community Centre, Dalmia Colony, Dalmiapuram, Lalgudi, District Tiruchirappalli, Tamil Nadu – 621651 at 12.00 noon**

Name of the Unsecured Creditor	
Address	

I/ We certify that I/We am/are the unsecured creditor /proxy for the Unsecured Creditor of the Company.

I hereby record my presence at the meeting of the unsecured creditors of Dalmia Cement (Bharat) Limited, convened pursuant to the Order dated May 29, 2020 passed by the Chennai Bench of NCLT, at Community Centre, Dalmia Colony, Dalmiapuram, Lalgudi, District Tiruchirappalli, Tamil Nadu – 621651 on Wednesday, the 22<sup>nd</sup> day of July, 2020.

Name and Address of : .....  
the unsecured Creditor /proxy/authorized representative .....  
(in block letters) .....

.....  
Signature of the unsecured Creditor/  
proxy/authorized representative

#### Note:

- (1) Unsecured creditors attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the attendance slip with them and hand it over at the entrance of the meeting hall.
- (2) Unsecured creditor/proxy holder/authorised representative who desire to attend the meeting should bring his/ her copy of the Notice for reference at the meeting.
- (3) Unsecured creditors are informed that no duplicate slips will be issued at the venue of the meeting and they are requested to bring this slip for the meeting.
- (4) The authorized representative of a body corporate which is an unsecured creditor of the Applicant Company must bring a certified true copy of Board Resolution /Custodial Resolution/Power of Attorney in original, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf.



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