



Ref. DRL/SEC/SE/20-21/25

31<sup>st</sup> August, 2020

**The Head – Listing & Compliance,  
Metropolitan Stock Exchange of India Limited**  
Vibgyor Tower, 4<sup>th</sup> Floor,  
Plot No.C 62, G-Block,  
Opp. Trident Hotel, Bandra Kurla Complex,  
Bandra (East), Mumbai-400098

**The Secretary  
The Calcutta Stock Exchange Ltd.**  
7, Lyons Range,  
Kolkata-700001

Respected Sirs,

**Subject: Submission of Annual Report of Dalmia Refractories Limited ('the Company')  
for the financial year 2019-20.**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the copy of Annual Report of the Company for the financial year 2019-20.

You are kindly requested to take the above information on record and oblige.

Thanking you.

Yours faithfully,  
For **Dalmia Refractories Limited**

**(Akansha Jain)  
Company Secretary  
Membership No. A36766**

Encl: as above

*Dalmia Refractories Limited*  
**ANNUAL REPORT**  
**2019-20**



**Disclaimer/forward-looking statement**

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

*ANNUAL REPORT*  
**2019-20**



Dalmia Refractories Limited

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## FROM MD'S DESK



Dear Stakeholders,

2019-20 has been a unique year. While on one hand Your Company scaled new heights in growth and revenue, the COVID-19 outbreak right towards the end of the financial year has brought us into uncharted territory. The good news is that India is likely to come out of the pandemic-induced break faster and stronger than most countries, on the back of some firm policy initiatives taken by Govt of India, coupled with a steady return to levels of demand prevalent prior to onset of the pandemic.

### **2019-20 highlights**

1. You will recall last year's announcement regarding acquisition of Europe's GSB Group by Your Company. I am happy to share we have successfully completed their operational integration with us. GSB Group has since been rechristened Dalmia GSB.
2. The 45,000 MT per annum state-of-the-art production line in Katni commissioned under Your Company's JV with Seven Refractories of Europe, went online into full production in May 2019. Our customers now have access to a variety of cutting-edge made-in-India monolithic refractories, that not only helps Your Company create deeper and bigger partnerships with customers, but also in retaining and strengthening its image of a dependable, innovative and constantly-evolving company.

### **Financial performance**

During the year under review, Your Company grew its revenue by 47% to ₹ 291 Cr (from ₹ 198 Cr in FY 2018-19). In fact, this is a new record - it is the highest revenue achieved by Your Company in its long history. Net profit has increased to ₹ 17.5 Cr from ₹ 7 Cr in the previous year.

The growth achieved is an outcome of two factors:

**1. Exports**

FY 2019-20 contained a special focus on international cement markets. Our customer portfolio now includes some of the biggest global cement brands. Your Company's products are today exported to USA, Canada, UK, Spain, Greece, Colombia, Ecuador, UAE, Yemen, Kuwait, Iraq, Kenya, Malawi, Nigeria, Zambia, Tanzania, Ethiopia, Uganda, Niger, Bangladesh and The Philippines. Exports contributed 11% in terms of revenue.

**2. Projects**

Your Company executed and is soon to complete a turnkey project for pet coke calcination at Visakhapatnam. The project involved design, supply and application of approx. 25,000 MT of refractories.

**The future**

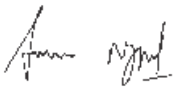
Your Company continues to work towards enhancing its capabilities on the service side. Besides refractory design, application, management and turnkey projects, we have successfully executed gunning and shotcreting assignments for several customers in recent times to reinforce our position of a provider of end-to-end and best of breed refractory services under a single roof.

Your Company is in a good position to make the most of India's march towards becoming 'Atmanirbhar'. We expect a lot of steel and cement makers in India to switch to made-in-India refractories over imports. Moreover, with international steel producers lining up to set up or augment manufacturing in India, the outlook appears positive, especially for our advanced monolithic refractories that help make cleaner steel. Your Company is also poised to make fresh and profitable inroads into Europe via Dalmia GSB, which is headquartered in Germany.

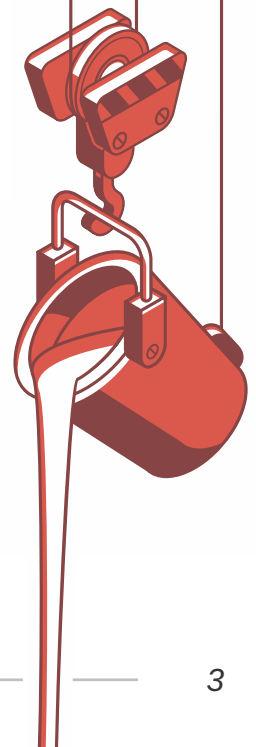
**Impact of COVID-19**

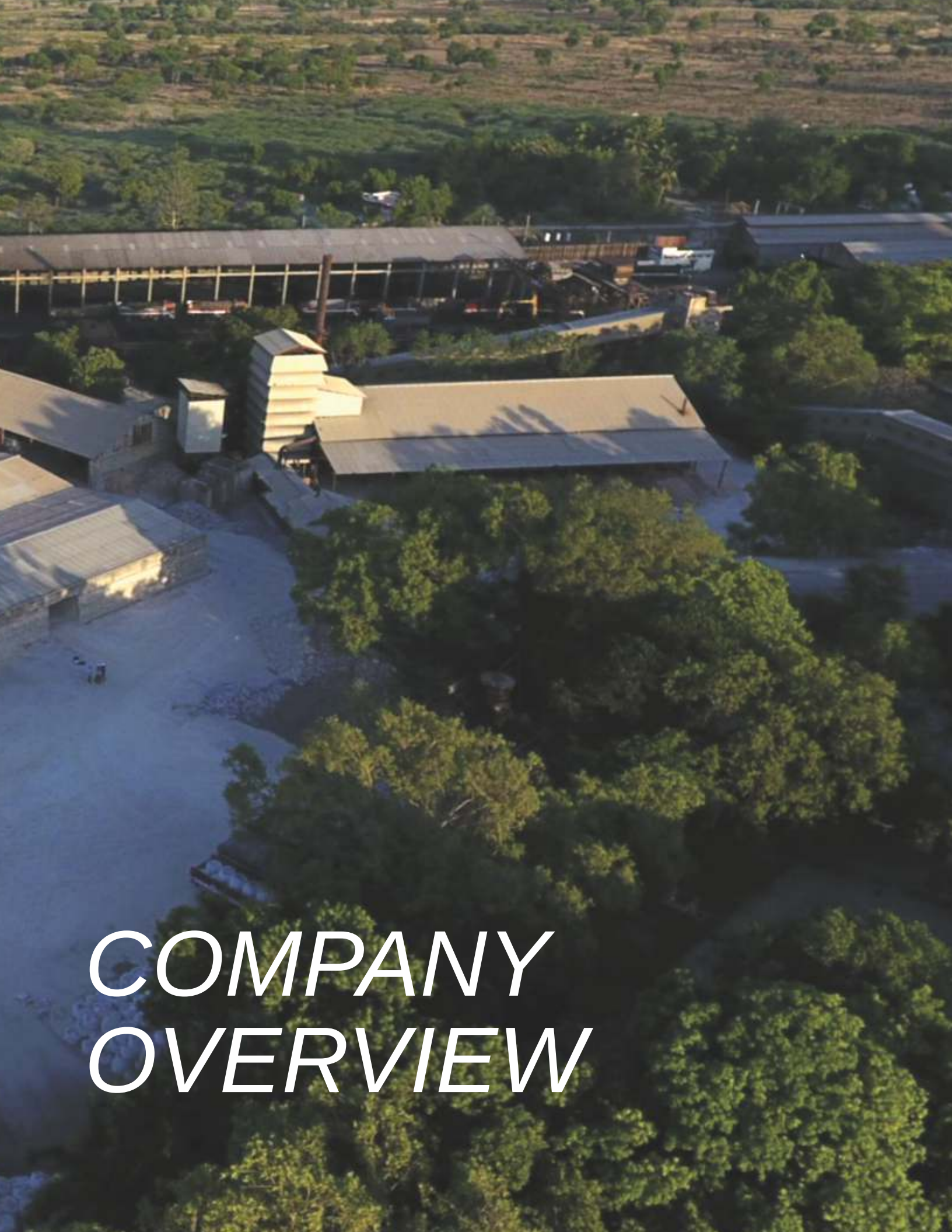
Your Company witnessed minor disruptions in raw material supplies from China and closures because of a nationwide lockdown. However we are relatively insulated from the damaging effects of COVID-19 due to the nature of our business. After all refractory is a critical input to industries (such as iron & steel, cement, glass, copper and other metals) that power long-term economic growth of any nation.

Sincerely,



**Sameer Nagpal**





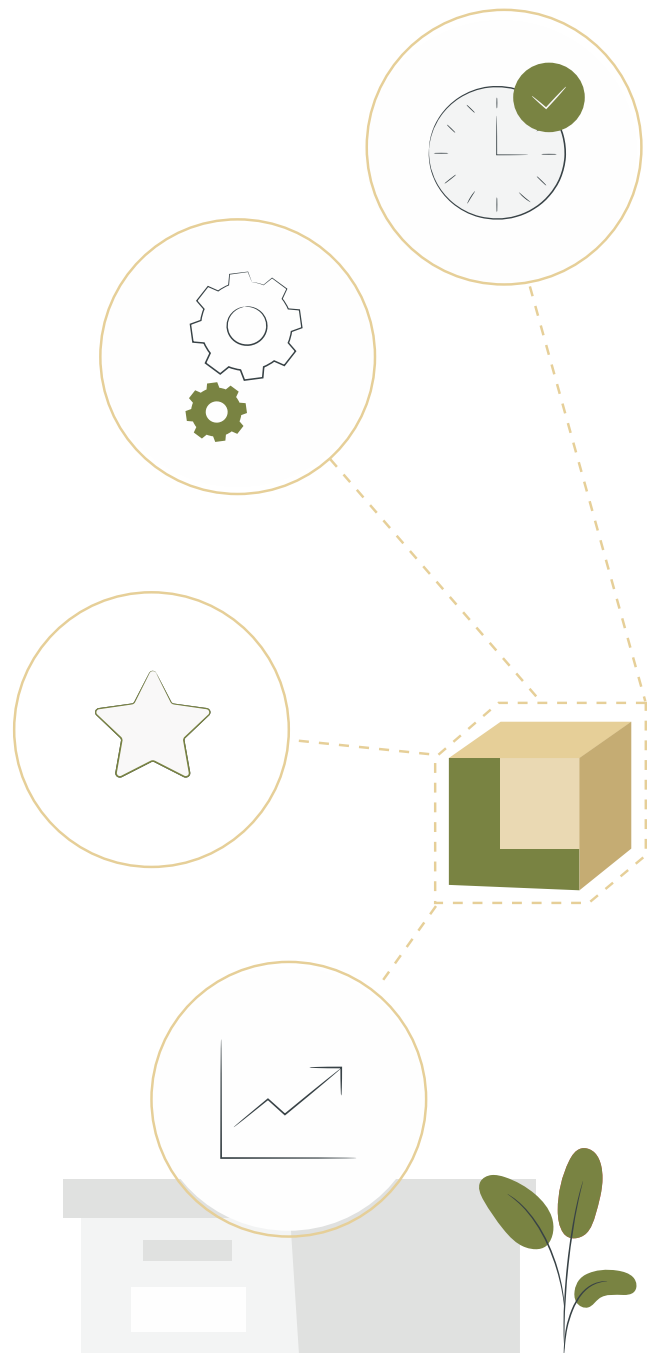
# COMPANY OVERVIEW



## COMPANY OVERVIEW

*Fire within, the zeal and commitment to achieve highest levels of success and eagerness to rise beyond all expectations - these are characteristics that have helped your company maintain its leadership position for well over 40 years now. Dalmia Refractories is a pioneer in Alumino-Silicate refractories with a market share of over 50% in Alumina bricks used in manufacturing of cement. The JV, Dalmia Seven offers advanced monolithic refractory solutions to customers in India. Also, through the recent acquisition of GSB Group of Germany, Dalmia Refractories is now the leading supplier of lances and snorkels to steelmakers in Europe. Be it personnel or knowledge development, material selection, a high quality and reliable service or technology upgradation - as one of the oldest and foremost suppliers of refractories, Dalmia Refractories is sweetly poised to marry the benefits of its newly acquired strengths to its customers' unique and specialised needs.*

*The company also executes supply and installation projects for various green- and brown-field projects for customers across the globe. The company is headquartered in New Delhi and currently operates five manufacturing plants including the one in Germany.*





*MANAGEMENT  
DISCUSSION  
& ANALYSIS*

# MANAGEMENT DISCUSSION & ANALYSIS

## **Industry Overview**

As per World Refractory Association (WRA), the refractories market size was over USD 30 billion and is expected to witness an annual growth of more than 4% between 2019 and 2025. Strong product demand from aerospace, electrical, automotive, glass, cement industries is expected to drive refractories market globally over the next five years. Refractories have significant applications in the manufacturing processes for steel, iron, cement, non-ferrous metals, glass and other industries. Among the aforesaid end use industries, steel & iron dominates, accounting for more than 65% of the overall refractory consumption followed by cement which accounts for nearly 15 % consumption.

## **Industry Overview - India**

### **Steel Industry**

On the back of sustained domestic demand, India's steel industry has witnessed robust growth during last 10-12 years. India surpassed Japan to become the world's second largest steel producer in 2019, with crude steel production of 111 million tonnes. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

Domestic crude steel production stood at 109 million tonnes and declined by 1.5% compared to last year. 2019-20 saw India's finished steel consumption edge past the 100 million tonne milestone mark for the first time in its long history of evolution (as per provisional data released by JPC). Such data also shows a subdued growth during the fiscal, given the COVID-19 outbreak with total finished steel production up by 0.8% and consumption up by 1.4% over 2018-19. India was a net exporter of total finished steel with exports.

### **Cement Industry**

India's cement industry is a vital part of its economy. Globally, India ranks as the second largest producer and consumer of cement in the world. As per Cement Manufacturers Association, the total installed capacity for cement production in India remained at 550 million tonnes in FY 20 while cement production stood at 335 million tonnes with a 70% capacity utilisation. The capacity utilisation for FY 21 is expected to be around 50%. However, cement consumption is anticipated to increase going further owing to the sanction of schemes for improving roads and highways connectivity and housing facility related programs, and growing demand from the commercial real estate sector.



### **Refractory Industry**

The market for refractories in India stands at approx. ₹ 9,000 Cr and has witnessed a steady growth due to the growing production of steel, cement and non-ferrous materials. As per Indian Refractory Manufacturers Association, the industry has grown at a rate of around 6% in the last financial year. Refractory Industry has a high growth potential for India due to increasing demand for steel, cement, glass, aluminium and copper. With the country moving away from plastics, this will open up the demand for glass and metals which will further drive refractory consumption. In the next 5 years the refractory consumption is bound to increase multifold.

### **Business Performance**

Successful execution of our strategy delivers positive 2019 performance

### **Financial Performance**

Your Company had a strong year delivering best ever financial performance in FY 2020. Our revenue grew to ₹ 290 Cr compared to ₹ 197 Cr in FY 2018-19 on standalone basis. Net profit for the year under review increased to ₹ 17.5 Cr in FY 2019-20 from ₹ 7 Cr in FY 2018-19. Return on net-worth increased from 10.8% in FY 2019 to 20.6% in FY 2020 in line with business performance for the year.

The growth was primarily driven by business from Projects and Exports. The Company is at the last leg of completion & handing over its turnkey project for a GPC calcination project at Vishakhapatnam. The project involves design, supply and application of around 25000 tonnes of refractories. A mix of products including Silica bricks, Fireclay Bricks, Insulation Bricks, Monolithics and ceramic items have been supplied to successfully execute this project. Additionally, the company has substantially increased its exports in the international market.

### **Integration of DALMIA-GSB**

In FY 2019-20, Your Company took various strategic steps to grow profitability. Your Company acquired GSB Group of Germany, a specialty refractory maker and a global leader in lance production, in early 2019. GSB Group has been rechristened Dalmia-GSB and its operational integration is now complete. With this acquisition, Dalmia Refractories has access to the heart of steel and refractory making belt in Europe and state-of-the-art technology to make cleaner steel. Since India is one of the fastest growing market for refractories in the world, the acquisition has allowed us access to newer resources and talents in Europe, which in turn would help us strengthen our capabilities in India.

### **Commissioning of Advanced Monolithics Line**

Dalmia Seven, joint venture of Your Company with Seven Refractories commissioned a 'first-of-its-kind' production

line at Katni, MP in India in May 2019. It is fully equipped to manufacture a wide range of advanced monolithics with an enhanced capacity of 45,000 tonnes per annum. Designed to substitute imports, this new line will be able to address demand for high grade refractory products from Iron & Steel and Cement producers in India. Advanced monolithics produced from the new Katni facility have been well accepted by steel and other user industries in India.

### **Increasing International Market Penetration**

Through our sales initiatives, we continuously strive to grow and expand our business in both domestic and international markets. Through focused efforts on international cement markets, Your Company has increased its customer base which now includes global cement brands. Dalmia Refractories' products are being exported to places such as South America, Brazil, Argentina, Africa, Middle East, Canada, Spain etc. The company plans to strengthen these efforts in the future.

### **Strengthened Focus on Services**

To give a seamless experience to the customer and to drive growth, Dalmia Refractories has strengthened its service offerings which includes design, application, management and turnkey projects. The company has successfully executed gunning and shotcreting application for several customers. Increased focus on services has helped us gain competitive advantage during the course of the year.

### **Impact of COVID-19 on DRL Business Operations**

Your Company is relatively well protected from the COVID-19 impact due to the industrialised nature of its products. Even though the raw material supply chain is very much dependent on China, there have only been minor disruptions other than the impact of lockdown.



## **FY 2021 Outlook**

India has implemented the most stringent nationwide lockdown measures in the world, bringing industrial operations to a standstill. Construction activity was halted entirely at the end of March. Supply chain disruption coupled with slower demand recovery has hit the automotive sector hard. The machinery sector is expected to see a continued decline, with weak private investment.

Supported by government stimulus, recovery in construction will be led by infrastructure investment. The government's support to rural income, as well as expected consumption related to the upcoming festive season will help a substantial recovery of demand for consumption-driven manufacturing goods in the second half. As a result, India is likely to face an 18% decline in steel demand in 2020, which will rebound by 15% in 2021 as estimated by World Steel Short Range Outlook.

The Indian refractory market - a key raw material for the production of steel, cement and glass - has seen a fall in demand due to the nationwide lockdown. The refractory demand is expected to recover as these industries normalise.

Despite the uncertainties related to COVID-19, Your Company's fundamentals remain strong. The company will continue to implement its strategy for profitable growth. We are staying close to our customers, aligning ourselves to their evolving priorities, staying operationally efficient and finding newer ways to create value that address current challenges.

The company will continue to leverage its technology and manufacturing capabilities, expand its reach in international markets, pursue innovative technologies, invest in enhancing local high-quality refractory production and actively continue to pursue M&A opportunities both inside and outside of India. Our breadth of products, depth of services and multi locational manufacturing capabilities makes us one of the preferred suppliers for our customers.

## **Risks & Opportunities**

### **Risks**

#### **1. Impact Due to COVID-19**

##### **Pressure On Pricing**

Lockdown measures to contain the spread of COVID-19 pandemic have immensely affected steel & cement customers. Steel and Cement companies have resorted to rationalising their production leading to a declined demand for refractories. In such a scenario, domestic demand for refractories

will ramp up gradually which will lead to limited orders and hence cause a stiff competition among the refractory players. This may lead to pressure on pricing.

##### **Cash Flow Challenges**

Dalmia Refractories is working to support customers with their requirements as they begin their operations. However, in an uncertain demand environment, inventory holding may pose a risk for us. To mitigate this risk, the company is working closely with customers to forecast precise demand and maintain the right inventories.

#### **2. Interruption in the Supply Chain**

The financial performance of our business depends on reliable and effective supply chain for raw materials. Raw material price fluctuations and supply shortages may lead to production bottlenecks and additional costs. Raw material prices continually fluctuate. These price fluctuations can put the refractory business model under a big risk with erosion of margins. At Dalmia Refractories Ltd. we mitigate this risk by continually strengthening our Procurement function by setting up robust processes and an experienced team with global network to identify the trends at the right time. We leverage this information to procure raw materials on time to avail the maximum benefits.

Another interruption in the supply can be caused by raw material dependency on a single source. Raw material dependency on China creates a risky situation as various external factors do not remain in our control. China owing to the abundance of raw materials dominates this space and continues to be the largest raw material supplier to the world. Dalmia Refractories tries to mitigate this risk by continually identifying and developing alternate sources who can help us produce the desired products with lesser costs. The company is continuously looking for substitution of imports with local raw materials and has been able to reduce dependency on Chinese materials by around 5% in FY 2019-20.

### **Opportunities**

#### **1. Increased Penetration in the Steel Sector Will Open Up New Opportunities**

Steel industry has seen a number of major investments and developments in the recent past. International steel giants like Arcelor Mittal and Nippon Steel viewing India as their key market offers refractory industry in India a boost and a big opportunity. We see increased penetration into the Steel segment offer significant growth opportunities

to our Company. The company is keeping a close watch on refractory requirements of steel producers. This will also help us to mitigate any risks related to volumes.

## 2. Enhanced International Footprint

The acquisition of GSB Group (rechristened as Dalmia-GSB) being completed in the last year extends an opportunity for us to effectively cross-sell our products in the international markets along with domestic growth.

## 3. New Business Beyond the Indian Markets

Our business development efforts in the past year have led to growth beyond India. We have acquired new customers in South America, Brazil, Argentina, Africa, Middle East, Canada, Spain etc. The newly acquired customers will give us opportunity to grow in international markets.

## Internal Controls and Their Adequacy

Your Company has adequate internal financial controls commensurate with its size and nature of business which are reviewed periodically. The internal auditors of the Company conduct regular audits as per approved plan and the Audit Committee reviews periodically the adequacy and effectiveness of internal control systems and takes steps for corrective measures whenever required.

## Human Resources

Our talent plays a pivotal role in ensuring sustainable business growth and future readiness of our organisation. The leadership of Your Company is focused on having progressive HR policies and ongoing employee engagement initiatives which have resulted in Your Company becoming a preferred employer.

Mr Sameer Nagpal, Managing Director, Dalmia Refractories Ltd, won the “CEO with HR Orientation Award” for his contributions towards HR initiatives on talent development, business related HR sensitivity, communication effectiveness, championing strategy & change management and for creating an environment that places employees on the organisation's priorities.

To create a performance driven culture and to build a more effective organisation the company has introduced the CAR framework (Connected, Accountable, Responsive) which outlines the behaviour talent needs to exhibit at work. The Company introduces various programmes to provide enhanced professional skills to employees for better talent management and developmental needs of the organisation.

Your Company continues to focus on investing in talent development to help existing employees acquire new skills and realise their potential. With a strengthened focus on Training and Development, multiple trainings covering both technical and softer aspects were organised during the year. The trainings were facilitated by international as well as national trainers of repute. The reimagined approach to learning and development has helped Your Company train its talents on new methodologies and gain a competitive edge.

Your Company has also launched a renewed rewards & recognition policy to recognise the efforts of its talent and for enhanced talent retention. As on 31 March 2020, Your Company employs a diverse workforce across India & Europe comprising of nearly 400 people.



## Financial Performance (Consolidated)

1. **Revenue:** Revenues during the year stood at ₹ 450 Cr compared to ₹ 241 Cr in FY 2018-19
2. **Profit Before Tax:** Profit before tax increased to ₹ 23.5 Cr from ₹ 5.8 Cr in FY 2018-19.
3. **Net Profit After Tax:** Net profit for the year under review increased to ₹ 17.8 Cr from ₹ 5.6 Cr in FY 2018-19.

## Financial Ratios (Consolidated)

The details of significant changes in some of the key financial ratios is explained below:

1. **Operating Profit Margin:** An increase of 2% in the Operating Profit Margin in the FY 2019-20
2. **Net Profit Margin:** An increase of 2% in the Net Profit Margin in FY 2019-20



Mr Sameer Nagpal, Managing Director, Dalmia Refractories Ltd, with his team after winning the “CEO with HR Orientation Award”

## CORPORATE INFORMATION

### **Dalmia Refractories Limited**

CIN: L24297TN1973PLC006372

Website: [www.dalmiarefractories.com](http://www.dalmiarefractories.com)

### **Head Office**

4, Scindia House, Connaught Place,  
New Delhi- 110001

### **Registered Office**

Dalmiapuram, P.O. Kallakudi-621651  
Dist. Tiruchirappalli, Tamil Nadu

### **Board of Directors**

Mr. Sameer Nagpal- Managing Director  
Mr. C. Nagarathnam  
Mr. M.K. Doogar  
Mr. Deepak Thombre  
Ms. Leena Rawal

### **Key Managerial Personnel**

Mr. Manoj Kumar Rathi, Chief Financial Officer  
Ms. Akansha Jain, Company Secretary

### **Bankers**

Axis Bank  
Punjab National Bank  
IndusInd Bank

### **Registrar & Share Transfer Agent**

KFin Technologies Private Limited  
(Formerly known as Karvy Fintech  
Private Limited)  
Karvy Selenium Tower B, Plot No. 31-32,  
Financial District, Nanakramguda,  
Hyderabad- 500032

### **Works**

Dalmiapuram, P.O. Kallakudi- 621 651  
Dist. Tiruchirappalli, Tamil Nadu

Khambalia – 361 305  
Dist. Devbhumi Dwarka. Gujarat

### **Auditors**

M/s Chaturvedi & Shah, LLP  
Chartered Accountants

A photograph of a male worker in a yellow hard hat and blue long-sleeved shirt, focused on his work in a large industrial facility. He is surrounded by stacks of large, rectangular blocks, likely refractory materials. The background shows a complex network of metal structures and pipes, typical of a factory or refinery. The lighting is bright, suggesting an indoor space with large windows or skylights.

*TACKLING  
COVID-19  
AT DALMIA  
REFRACTORIES*



## TACKLING COVID-19 AT DALMIA REFRACTORIES

*Dalmia Refractories is constantly monitoring the situation around COVID-19. The health and safety of our employees and other stakeholders remains our number one priority and we are working to assess and mitigate any risks.*

*Majority of our production facilities remained fully or partly operational after receiving permissions to resume operations. As the outbreak is expected to continue to have a global impact, Dalmia Refractories will have extended mitigation measures to secure our business & employees.*

### **Health & Safety of Employees**

*The health and safety of all our employees remains our number one priority. All of our manufacturing plants are adhering to COVID-19 protocols recommended by the government to ensure strict compliance with the government's norms. Adequate arrangements for masks, thermal screening and hand sanitization have also been made at the plant while entry points are being marked at a distance of six feet for employees. Additionally, awareness messages related to safety, prohibition on large gatherings, smoking and spitting are provided on the entry point and in the production areas.*

### **Contributions to PM CARES Fund**

*Towards COVID-19 relief, talents of your company have contributed their one day's salary to PM CARES Fund.*





*DIRECTORS'  
REPORT*

# DIRECTORS' REPORT

Dear Members,

Your Directors hereby present the Forty Seventh Annual Report together with Audited Financial Statements and the highlights of the performance of Subsidiary Companies for the year ended 31<sup>st</sup> March, 2020.

(₹ in Lakhs)

Financial Results	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
REVENUE	29,058	19,786	45,010	24,142
Profit before Interest, Depreciation and Tax	3,279	1,760	4,970	1,979
Less: Interest and financial charges	264	164	842	314
Profit before Depreciation and Tax	3,015	1,596	4,128	1,665
Less: Depreciation	817	789	1,778	1,078
Profit Before Tax	2,198	807	2,350	588
Provision for current tax	690	405	1,062	615
Provision for deferred tax	(245)	(302)	(325)	(422)
Prior Year tax charge	-	-	-	-
Profit/(loss) after tax before share of profit in associates	1,753	704	1,614	395
Less: Share of minority interest	-	-	(167)	(170)
Profit/(loss) After Tax	1,753	704	1,780	565
Other Comprehensive Income	(3,506)	(3,141)	(3,792)	(3,037)
Total Comprehensive Income	(1,752)	(2,438)	(2,178)	(2,642)
Add: Surplus brought forward	18,696	21,106	18,636	20,823
Corporate Dividend and Tax Thereon	95	19	95	19
Profit available for appropriation	16,950	18,696	16,269	18,636
Surplus carried forward after appropriations	16,950	18,696	16,269	18,636

Note: Previous year figures have been regrouped/ re-arranged wherever considered necessary.

## State of the Company's Affairs

Fire within, the zeal and commitment to achieve highest levels of success and eagerness to rise beyond all expectations - these are characteristics that have helped Dalmia Refractories Limited maintain its leadership position for well over 40 years now. Dalmia Refractories is a pioneer in Alumino-Silicate refractories with a market share of over 50% in Alumina bricks used in manufacturing of cement.

In the Financial Year ended 31<sup>st</sup> March 2020, your Company had a strong growth and delivered outstanding

financial performance. Our revenue grew 47% over the prior year to ₹ 290 Cr Our EBITDA margin expanded to ₹ 33 Cr and Net profit stood at ₹ 17 Cr as compared to ₹ 7 Cr during the previous year, on a standalone basis. The growth was primarily led by revenue from new Projects orders and Exports.

The Company commissioned a state-of-the-art manufacturing facility in Katni as part of its Joint Venture (JV) with Seven Refractories of Europe. The JV called Dalmia Seven offers advanced monolithic refractory solutions to customers in India.

Acquisition of GSB Group of Germany, a German - specialty refractory maker and a global leader in lance production, in early 2019 is now rechristened as Dalmia-GSB as the integration became complete in FY 2019-2020. With this, your company has access to the heart of steel and refractory making belt in Europe and state-of-the-art technology to make cleaner steel.

The company remains committed to its stakeholders and will continue to leverage its technology and manufacturing capabilities, expand its reach in international markets, pursue innovative technologies, invest in enhancing local high-quality refractory production and actively continue to pursue M&A opportunities both inside and outside of India.

Management Discussion and Analysis for the year under review, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, giving detailed analysis of the performance of the Company is presented in a separate section forming part of this Annual Report.

The Company continues to be engaged in the business of manufacturing, distribution and service of refractory products and services during the financial year 2019-20.

**Accordingly, the position of Subsidiaries of the Company as on 31<sup>st</sup> March, 2020 is as follows:**

S. No.	Name of the Subsidiary	Status	% age Holding
1.	Dalmia Seven Refractories Limited	Joint Venture/ Subsidiary	51%
2.	Dalmia GSB Refractories GmbH	Wholly Owned Subsidiary	100%
3.	GSB Refractories India Private Limited	Step down Subsidiary	100%

The report on the financial position of the Company's Subsidiaries, Dalmia Seven Refractories Limited, Dalmia GSB Refractories GmbH, and GSB Refractories India Private Limited for the year ended March 31, 2020 is attached in Form AOC-1 and forms part of this report as Annexure -1.

During the said financial year, no Company ceased to be a subsidiary of the Company and apart from those mentioned above, the Company does not have any other associate or joint venture Company.

The Financial Statements of the Subsidiaries are not being published and any member desirous of obtaining a copy of the same may write to the registered office of the Company or download the same from the Company's website [www.dalmiarefractories.com](http://www.dalmiarefractories.com). Any member desirous to inspect the same, may conduct inspection at the Registered Office of the Company during business hours.

Dalmia GSB Refractories GmbH registered under German laws as Limited Liability Company is the

### **Dividend**

Your Directors had distributed an Interim Dividend of 15% per share amounting to ₹ 1.50 per equity share of face value of ₹ 10/- each in March, 2020 to those Shareholders holding shares on the record date of 20<sup>th</sup> March, 2020. Your Directors have decided not to recommend any final dividend and to treat the interim dividend paid as the final dividend for the financial year 2019-20.

### **Transfer to Reserves**

The Company proposes to retain its entire earnings in the profit and loss account and proposes not to transfer any amount to the General Reserve.

### **Subsidiaries, Associates and Joint Venture Companies**

During the year under the review, pursuant to a Scheme of Arrangement under German Law, GSB Group GmbH, step down subsidiary of the Company have merged into its parent Company, Dalmia Refractories Germany GmbH, wholly owned subsidiary of the Company on 5<sup>th</sup> December 2019 and the name of the new merged entity has been changed to "Dalmia GSB Refractories GmbH" ('Dalmia GSB'). DRL continues to hold 100% shareholding of Dalmia GSB.

material unlisted subsidiary of the Company in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the Company's Policy for determining material subsidiary. The policy for determining material subsidiaries may be accessed on the Company's website at <https://www.dalmiarefractories.com/pdf/Material-Subsidiary-Policy.pdf>.

### **Scheme of Arrangement and Amalgamation**

The Board of Directors of Company in their meeting held on 14<sup>th</sup> November, 2019 has approved a Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited ('DRL') and its subsidiary GSB Refractories India Private Limited ('GSB India'), Dalmia Bharat Refractories Limited ('DBRL') (formerly known as Sri Dhandauthapani Mines and Minerals Limited) and Dalmia OCL Limited ('DOCL') (formerly known as Dalima OCL Private Limited/ Ascension Commercio Private Limited) and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 2').

Pursuant to this Scheme, DRL and GSB India will stand dissolved. The appointed date of the said Scheme will be 1<sup>st</sup> April, 2020.

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

### **Consolidated Financial Statements**

In accordance with the provisions of the Companies Act, 2013 read with the Indian Accounting Standards (Ind AS), the Consolidated Financial Statements of the Company and of all the subsidiaries for the financial year 2019-20 have been prepared in accordance with applicable accounting standards and form part of the Integrated Annual Report.

### **Corporate Governance**

Your Directors believe that corporate governance is an ethically driven business process that is committed to values aimed at enhancing the growth for the Company. Your Company's corporate governance practices are driven by effective and strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision making. The Company's Corporate Governance Report has been detailed in a separate Chapter and is attached separately to this Report. The Auditors' Certificate confirming compliance of Corporate Governance Code is also attached as annexure and forms part of this report.

### **Corporate Social Responsibility Initiatives**

The Company is fully aware of its social responsibilities and is providing time to time assistance through the local institutions to benefit the local residents of the nearby areas, where the Company's plants are located.

The Company has adopted a Corporate Social Responsibility Policy during the year which may be accessed at the Company's website [www.dalmiarefractories.com](http://www.dalmiarefractories.com).

The prime objective of the Corporate Social Responsibility policy of the Company is to hasten social, economic and environmental progress. We remain focused on generating systematic and sustainable improvement for local communities surrounding our plants and project sites.

Pursuant to the said Policy, the Company has spent ₹ 6.96 Lakhs towards corporate social responsibility activities during the financial year 2019-20. The said amount spent was equal to 2% of average net profits of the Company made during three immediately preceding financial years. The annual report on corporate social responsibility activities is attached and marked as Annexure - 2 and forms part of this Report.

### **Annual Return**

In terms of the provisions of Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the extract of annual return of your Company for the financial year ended March 31, 2020 has been uploaded at the Company's website [www.dalmiarefractories.com](http://www.dalmiarefractories.com).

### **Directors and Key Managerial Personnel**

During the year, the Shareholders in the Annual General Meeting of the Company held on September 12, 2019 have approved the appointment of Mr. C. Nagaratnam as the Independent Director of the Company with immediate effect for a term a two years.

Ms. Leena Rawal, retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. She has given a declaration in terms of Section 164(2) of the Companies Act, 2013 to the effect that she is not disqualified from being re-appointed as a Director of the Company.

All the Independent Directors of the Company namely, Mr. M.K. Doogar, Mr. Deepak Thombre and Mr. C. Nagaratnam have given their declaration of independence in terms of criteria laid down in the Companies Act, 2013 and the Listing Regulations.

During the year, Mr. C.N. Maheshwari has ceased to be the Chief Executive Officer of the Company w.e.f. 24<sup>th</sup> May, 2019. The other Key Managerial Persons continue to hold their respective offices during the year under review.

The requisite certificate(s) from the Secretarial Auditor of the Company confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such authority is attached to the Corporate Governance Report.

### **Board of Directors, Committees And Meetings**

The Board of Directors of the Company met four times during the financial year 2019-20, i.e., on 24<sup>th</sup> May 2019, 13<sup>th</sup> August 2019, 14<sup>th</sup> November, 2019 and 10<sup>th</sup> February 2020. The time gap between two consecutive meetings of the Board did not exceed one hundred and twenty days. The Board meetings are conducted in due compliance with and following the procedures prescribed in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and applicable Secretarial Standards.

In terms of the provisions of Rule 8 of Schedule IV to the Companies Act, 2013 a separate meeting of the Independent Directors excluding all other Directors and

Officials of the Company was also held. Reference is invited to the attached Corporate Governance Report for the details thereof.

As on 31.03.2020, there are four Board level committees. The composition, terms of reference and other details of all Board level Committees have been elaborated in the Corporate Governance Report annexed to this Report.

### **Nomination and Remuneration Policy**

The Nomination and Remuneration Policy lays down the constitution and role of the Nomination and Remuneration Committee. The policy has been framed with the objective –

- (a) to ensure that appointment of directors, key managerial personnel and senior managerial personnel and their removals are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) to set out criteria for the evaluation of performance and remuneration of directors, key managerial personnel and senior managerial personnel;
- (c) to adopt best practices to attract and retain talent by the Company; and
- (d) to ensure diversity of the Board of the Company.

The policy specifies the manner of effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Nomination and Remuneration policy of the Company can be accessed at the website of the Company at [www.dalmiarefractories.com](http://www.dalmiarefractories.com)

### **Performance Evaluation**

The annual evaluation of the performance of the Board, its committees and individual Directors was carried by the Independent Directors, the Nomination and Remuneration Committee and the Board of Directors in compliance with the Companies Act, 2013 and SEBI LODR Regulations during financial year 2019-20.

An indicative criteria of evaluation was circulated to the Directors to facilitate such evaluation. Based on the feedback of the Directors and on due deliberations of the views and counter views, the evaluation was carried out in terms of the Nomination and Remuneration Policy and such indicative criterion.

### **Whistle Blower Policy and Vigil Mechanism**

The Company has in place the Whistle Blower Policy and Vigil Mechanism for Directors, employees and other stakeholders which provides a platform to them for

raising their voice about any breach of code of conduct, financial irregularities, health, safety, environmental issues. Adequate safeguards are provided against victimization of stakeholders who use such mechanism and direct access to the Chairman of the Audit Committee in appropriate cases is provided.

The policy can be accessed at the website of the Company at [https://www.dalmiarefractories.com/pdf/Whistleblower-Policy\\_and\\_Vigil-Mechanism.pdf](https://www.dalmiarefractories.com/pdf/Whistleblower-Policy_and_Vigil-Mechanism.pdf)

### **Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls commensurate with the size of the Company and nature of its business which are reviewed periodically.

The internal auditors of the Company conduct regular internal audits as per approved plan and the Audit Committee reviews periodically the adequacy and effectiveness of internal control systems and takes steps for corrective measures whenever required.

The roles and responsibilities of all talents and functions have been clearly laid out through a number of detailed standard operating procedure and delegation of authority. The risks identified in the audits are immediately accounted for in the processes and gets addressed through the Standard Operating Procedures.

### **Particulars of Loans, Guarantees and Investments**

Your Company has given guarantees, provided security and made investments within the limits with the necessary approvals and in terms and accordance with the provisions of Section 186 of the Companies Act, 2013.

The particulars of such guarantees given, securities provided and investments made are provided in the Standalone Financial Statements at Note No. 5.

### **Related Party Policy and Transactions**

The Company has formulated a Related Party Transactions Policy and the same can be accessed at the website of the Company at <https://www.dalmiarefractories.com/pdf/Related-Party-Transactions-Policy.pdf>. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at an arms' length basis. All related party transactions are placed before the Audit Committee for review and approval.

All related party transactions entered during the financial year 2019-20 were in the ordinary course of the business and on an arms' length basis. The Company has not entered into any arrangement/ transaction with related parties which could be considered material in accordance with the Company's Policy on Related Party

Transactions. Hence, no disclosure is required to be made in Form AOC-2.

### **Risk Management**

Your Company has formulated the Risk Management Policy that defines the adequate risk management process, which are based upon business environment, operational controls and compliance procedures. The major risks are assessed through a systematic procedure of risk identification and classification. Risks are prioritized according to significance and likelihood. The purpose of risk management is to proactively address risks. The Audit Committee oversees the risk management plan and ensures its effectiveness.

There are no elements of risk which in the opinion of the Board may threaten the existence of the Company.

### **Auditors & Auditors' Report**

#### **Secretarial Auditors**

In terms of section 204 of the Companies Act, 2013, Mr. N.C. Khanna, Practicing Company Secretary was appointed as the Secretarial Auditor, to conduct the Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report in Form MR-3 for the financial year ended March 31, 2020 is annexed as 'Annexure 3' of this Report.

There is no qualification, reservation or adverse remark in the Secretarial Audit Report.

#### **Statutory Auditors**

M/s. Chaturvedi & Shah, Chartered Accountants were appointed as the Statutory Auditors of the Company at the Annual General Meeting held on 24<sup>th</sup> August, 2017 to hold office as such till the conclusion of Annual General Meeting of the Company to be held in 2021-22.

The Company has received a certificate from them to the effect that they are eligible to continue as the Statutory Auditors of the Company and that they comply with the limits prescribed under the Companies Act, 2013 read with relevant rules. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Reports submitted by the Statutory Auditor on the Standalone and Consolidated financial statements of the Company are self-explanatory and do not contain any qualification, reservation, adverse remark or disclaimer.

The Auditor has not reported any matter under Section 143(12) of the Act during the year under review.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.**

The Statement reflecting the particulars relating to

conservation of energy, technology absorption and foreign exchange earning and outgo is attached to the Report as Annexure-4.

### **Particulars of Remuneration of Directors', Key Managerial Personnel and Employees'**

The particulars of remuneration of Directors and Key Managerial Personnel and other particulars in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure-5 of the Report.

A statement sharing the names and other particulars of the employees in terms of the provisions of Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure-5A.

### **Employees' Stock Option Scheme**

During the year, 16,500 stock options were vested into eligible employees in terms of the Dalmia Refractories Limited – Employee Stock Option Plan 2018 (DRL ESOP Plan 2018). No stock option has been exercised during the year.

There is no change in the ESOP plan during the financial year under review. The ESOP plan is in compliance with the SEBI Regulations.

As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the applicable disclosures as on 31st March, 2020 are available on the Company's website at [www.dalmia-refractories.com](http://www.dalmia-refractories.com).

A certificate from the Statutory Auditor on the implementation of your Company's Employees Stock Option Scheme will be placed at the ensuing Annual General Meeting for inspection by the Members.

### **Public Deposits**

The Company has not accepted any deposits from the public till date.

### **Industrial Relations**

The industrial relations during the year under review remained harmonious and cordial.

### **Disclosures**

No significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

The Company has complied with all the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India from time to time and approved by the Central Government.

In line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, an Anti-Sexual Harassment Policy has been put in place and Internal Committee has been set up to redress complaints received regarding sexual harassment. During the financial year, no complaint has been received by Internal Committee.

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and such records are duly being maintained.

### **Material Changes and Commitments**

Apart from disclosures made in the report, no other material changes and commitments have occurred, after the close of the year till the date of this report, which affect the financial position of the Company.

### **Directors Responsibility Statement:**

In terms of the provisions of Section 134(5) of the Companies Act, 2013, your Directors declare that:

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- iii) the Directors had taken proper and sufficient care for the 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;
- iv) the Directors had prepared the annual accounts on a going concern basis.
- v) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Acknowledgment**

The Directors also take this opportunity to place on record their sincere thanks and appreciation for assistance and continued support to the Company from its Bankers, State and Central Government agencies, employees and other stakeholders of the Company.

**For and on behalf of Board**

Place: Pune  
Dated: 16<sup>th</sup> June 2020

**Deepak Thombre**  
Chairman  
DIN: 02421599



## **ANNEXURE-1**

### **Form AOC-1**

*(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures*

#### **Part “A”: Subsidiaries**

*(Information in respect of each subsidiary to be presented with amounts in ₹ in lakhs)*

Sl. No.			Names	
1.	Sl. No.	1.	2.	3.
2.	Name of the subsidiary	Dalmia Seven Refractories Limited	Dalmia GSB Refractories GmbH (Formerly known as Dalmia Refractories Germany GmbH)	GSB Refractories India Pvt Ltd
	The date since when subsidiary was acquired	16.12.2016	11.12.2018	01.01.2019
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	Euro Exchange rate – 83.0496	NA
5.	Share capital	1,000	1,459	84
6.	Reserves & surplus/other equity	(764)	1,640	1,249
7.	Total assets	4,156	6,217	2,167
8.	Total Liabilities	3,919	11,832	835
9.	Investments	-	330	-
10.	Turnover	3,678	11,041	2,594
11.	Profit before taxation	(425)	942	243
12.	Provision for taxation -Deferred tax	(85)	320	57
13.	Profit after taxation	(340)	622	186
14.	Proposed Dividend	-	-	-
15.	Extent of shareholding (In percentage)	51%	100%	100%

*Notes: The following information shall be furnished at the end of the statement:*

- 1. Names of subsidiaries which are yet to commence operations – NIL*
- 2. Names of subsidiaries which have been liquidated or sold during the year – NIL*

*During the year, GSB Group GmbH, step down subsidiary of the Company has merged with Dalmia Refractories Germany GmbH, wholly owned subsidiary of the Company and the merged entity has been renamed as Dalmia GSB Refractories GmbH.*

#### **Part “B”: Associates and Joint Ventures – NOT APPLICABLE**

*For and on behalf of the Board of Directors of Dalmia Refractories Limited*

Date : 16<sup>th</sup> June 2020

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Akansha Jain**  
Company Secretary  
Place: New Delhi

## **ANNEXURE-2**

### **Annual Report on Corporate Social Responsibility (CSR) Activities**

1. **A brief outline of the Company's Corporate Social Responsibility policy, including overview of projects or programs proposed to be undertaken/ Programme Outreach during the FY2019-20.**

Dalmia Refractories is a part of Dalmia Bharat Group which was founded in 1935 and has been following the concept of giving back and sharing with the under privileged sections of the society. The Corporate Social Responsibility of the Company is based on the Gandhian principle of Trusteeship.

The prime objective of our Corporate Social Responsibility Policy is to hasten social, economic and environmental progress. We remain focused on generating systematic and sustainable improvement for local communities surrounding our plants and project sites.

The Corporate Social Responsibility Committee and Board of Directors have approved the CSR Policy of the Company in their meeting held on 13<sup>th</sup> August, 2019 in terms of Companies (Corporate Social Responsibility Policy) Rules 2014 under section 135 of the Companies Act, 2013.

Our Corporate Social Responsibility Policy can be accessed on the website of the Company at [www.dalmiarefractories.com](http://www.dalmiarefractories.com)

Presently, the Company is carrying out its CSR activities in the state of Tamil Nadu in District Tiruchirappalli.

#### **Programme Outreach During Financial Year 2020**

Unemployment amongst the rural youth is significantly high and substantiate number of them are just seasonally employed. Aiming at long term benefits for the youths and their family, the Company has started various Skill Development Programmes and imparting of training in areas like Stitching, Tailoring, Food processing, Computer education and many other. We have also contributed in setting up DIKSHa (Dalmia Institute of Knowledge and Skill Harnessing) Centres in partnership with National Skill Development Corporation.

This year, under DIKSHa Trichy, youth from neighboring villages were counselled and trained in 3 trades – Home Health Aide, Sewing Machine Operator and Customer Relationship Management.

A total of 185 trainees passed from the center and have been offered job placements within the salary range of INR 8,000 – 18,000.

2. **The Composition of the Corporate Social Responsibility Committee.**

The Composition of the Corporate Social Responsibility Committee of the Company is as follows:

1. Mr. Deepak Thombre – Independent Director, Chairman
2. Mr. C. Nagaratnam - Independent Director, Member
3. Mr. Sameer Nagpal – Managing Director, Member

3. **Average net profit of the company for last three financial years – ₹347.85 lakhs**

4. **Prescribed Corporate Social Responsibility Expenditure (two per cent of the amount as in item 3 above) – ₹6.96 lakhs**

5. **Details of Corporate Social Responsibility spent during the financial year-**

- (a) Total amount to be spent for the financial year- ₹6.96 Lakhs
- (b) Amount unspent, if any: Nothing is remained unspent
- (c) Manner in which the amount spent during the financial year - Detailed below.

S. No.	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: (1)Direct expenditure on projects or programs. (2)Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Livelihood Skill Training (DIKSHA)	<b>Schedule VII / item No II</b> Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled & livelihood enhancement project	1. The project was implemented in local area 2. Area of programme: Tamil Nadu, District Tiruchirappalli	6.96 lakhs	6.96 lakhs	6.96 lakhs	Dalmia Bharat Foundation
	<b>Total</b>			<b>6.96 lakhs</b>	<b>6.96 lakhs</b>	<b>6.96 lakhs</b>	

6. *In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable*
7. *A responsibility statement of the Corporate Social Responsibility Committee that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with Corporate Social Responsibility objectives and Policy of the Company.*

*The implementation and monitoring of Corporate Social Responsibility programmes by Dalmia Refractories Limited, the Company is in compliance with the Corporate Social Responsibility objectives and policy of the Company.*

Date: 16<sup>th</sup> June 2020

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Deepak Thombre**  
Chairman of CSR Committee  
DIN: 02421599  
Place: Pune

### **ANNEXURE-3**

#### **Secretarial Audit Report For The Financial Year Ended 31 March 2020**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,  
The Members  
DALMIA REFRACTORIES LIMITED  
CIN-L2429TN1973PLC006372  
Dalmiapuram P.O. Kallakudi  
Tiruchirappalli  
Tamil Nadu – 621651  
India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DALMIA REFRACTORIES LIMITED (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification (to the extent possible due to the lockdown announced by Government of India) of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, and also the information, explanations and clarifications provided by the Company, its officers, agents and authorized representatives and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, during the conduct of secretarial audit. we hereby report that in our opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020, the Company has complied with the statutory provisions listed hereunder, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') which includes the following:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018\*
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable as the Company has not issued and listed any debt securities during the financial year under review)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the compliance of Companies Act and dealing with client (Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review);
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\*; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018\*;

\*[Not applicable as there was no reportable event held during the financial year under review];

(vi) *Other Laws specifically applicable to the Company:-*

*We have examined the entire framework, processes and procedures of compliance of Environmental Laws, Labour Laws & other General Laws. The reports, compliances etc. with respect to these laws have been examined by us on test check basis.*

#### **Industry Specific laws applicable to the Company #**

*The Company has identified the following laws as specifically applicable to the Company:*

- (a) The Mines Act – 1952 Mines Rule*
- (b) Metalliferous Mines Regulation – 1961*
- (c) Mines Labour Welfare Fund Act*
- (d) Explosives Rules & Regulations*

*#the Company has a proper monitoring system for compliance of Industry specific laws. There are no regular compliances under some acts. However, as and when an event arose the Company has attended the same promptly.*

*We have also examined compliance with the applicable clauses of the following:*

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India(ICSI).*
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) and The Listing Agreements entered into by the Company with The Metropolitan Stock Exchange of India Limited (MSEI) and The Calcutta Stock Exchange Limited.*

*During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above*

#### **We further report that**

*The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.*

*I further report and certify, based on the certificate(s) provided by individual Directors, that none of the Directors on the Board of the Company have been barred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.*

*Adequate notice is given to all Directors of the schedule of the Board and Committee Meetings and the agenda & detailed notes on agenda were sent at least seven days in advance except for the meetings where consent of the Directors was obtained for receiving notice and agenda and notes to agenda less than seven days before the meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.*

*All decisions at Board and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.*

**We further report that** *there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour, environmental and industrial laws, rules, regulations and guidelines.*

*We further report that during the audit period:-*

- A. The Board of Directors of Company in their meeting held on 14th November, 2019 have approved a Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited ('DRL') and its subsidiary GSB Refractories India Private Limited ('GSB India'), Dalmia Bharat Refractories Limited ('DBRL') (formerly known as Sri Dhandauthapani Mines and Minerals Limited) and Dalmia OCL Limited ('DOCL') (formerly known as Dalmia OCL Private Limited/ Ascension Commercio Private Limited) and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013..*

B. Pursuant to a Scheme of Merger under German Laws, GSB Group GmbH, step down subsidiary of the Company have merged into its parent Company, Dalmia Refractories Germany GmbH, wholly owned subsidiary of the Company on 5<sup>th</sup> December 2019. The name of the new merged entity has been changed to “Dalmia GSB Refractories GmbH” (‘Dalmia GSB’).

Place : New Delhi  
Date : 12<sup>th</sup> June 2020

**N C KHANNA**  
Practicing Company Secretary  
C P No. 5143  
FCS No. 4268  
UDIN:- F004268B000339174

This Report is to be read with our letter of even date which is annexed as Annexure A to this Report and forms an integral part of this Report.

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**ANNEXURE-A**  
**Secretarial Audit Report**

To,  
The Members  
DALMIAREFRATORIES LIMITED  
CIN- L2429TN1973PLC006372  
Dalmiapuram P.O. Kallakudi  
Tiruchirappalli  
Tamil Nadu – 621651  
India

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : New Delhi  
Date : 12<sup>th</sup> June 2020

**N C KHANNA**  
Practicing Company Secretary  
C P No. 5143  
FCS No. 4268

## **ANNEXURE-4**

### **Prescribed Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo for the year ended 31<sup>st</sup> March, 2020**

#### **A. Conservation of Energy**

**(a) The steps taken/ impact on conservation of energy:-**

- (i) Extension of the Ring Chamber Kiln resulting in better utilization of waste heat.
- (ii) Change in Office Floor Space layout to conserve power on Lighting and AC's.
- (iii) Replacement of conventional CFL lighting with LED.

**(b) The steps taken by the Company, for utilizing alternate sources of energy:-**

Laying of Transparent sheets on the plants sheds to utilize the sunlight In daytime.

**(c) The capital investment on energy conservation equipments:**

The Company has invested about ₹ 56 lakhs during the FY 2019-20 to conserve the energy.

#### **B. Technology Absorption:**

**1. The efforts made towards technology absorption:**

Continuous efforts are being made for developing better performing products.

**2. The Benefits derived like Product improvement, cost reduction, product development, import substitution, etc.:**

- (i) Product improvement & cost reduction in ALITE bricks -by modifying to a cost effective composition with improved RUL property.
- (ii) Product improvement & cost reduction - Improved the properties of insulation castables by modifying to a New composition.
- (iii) Import Substitution – Developed local sources for Bauxite, substituting part of imported bauxite from china.
- (iv) Product development- Developed new product DAL CR 82 Anti Coating brick.

**3. No technology has been imported in the last three years.**

**4. Expenditure incurred on Research and Development.**

An amount of ₹ 66 lakhs was incurred on Research and development during the year.

#### **C. Foreign Exchange Earnings and Outgo**

**(i) Foreign Exchange earned in terms of actual inflows during the year: ₹ 3,206.29 lakhs.**

**(ii) Foreign Exchange outgo during the year in terms of actual outflows: ₹ 4,076.58 lakhs.**

## **ANNEXURE-5**

### **Details Pertaining to Remuneration as Required Under Section 197(12) of The Companies Act, 2013 Read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) The percentage increase in remuneration of each Director and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20

Sl. No.	Name of Director	Remuneration of Director for Financial year 2019-20 (₹ in lakhs)	% increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. M.K. Doogar Independent Director	2.50	19.05%	0.90:1
2.	Mr. Deepak Thombre Independent Director	2.60	18.18%	0.94:1
3.	Mr. C. Nagaratnam Independent Director	2.60	6.12%	0.94:1
4.	Ms. Leena Rawal Non-Executive Director	1.00	(20%)	0.36:1
5.	Mr. Sameer Nagpal* Executive Director	-	-	-
6.	Mr. C.N. Maheshwari** Chief Executive Officer	-	-	-

\* Mr. Sameer Nagpal, Managing Director of the Company, is in the employment of Dalmia Bharat Limited, a Promoter Group Company and has not drawn any remuneration from the Company during the year.

\*\* Mr. C.N. Maheshwari ceased to be the CEO of the Company w.e.f. 24.05.2019. During his tenure, his services were availed from Dalmia Cement (Bharat) Limited.

Note: 1. Sitting fees paid to Directors for attending the meetings of the Board and committees and Commission paid to the Directors on the net profits of the Company forms part of the Remuneration paid to Directors.

2. The median remuneration of employees of the Company during the financial year 2019-20 was ₹ 2.77 lakhs

- (ii) The percentage increase in the median remuneration of employees in the financial year was 14.36%.

- (iii) There were 320 permanent employees on the rolls of Company as on March 31, 2020.

- (iv) Average percentage increase in the salaries of employees other than managerial personnel is 8.67%. Mr. Sameer Nagpal was appointed as the Managing Director of the Company on 1<sup>st</sup> June, 2018 at Nil Salary. Further, apart from him there was no other Manager or Whole-Time Director in the Company during the financial years 2019-20 and 2018-19 drawing managerial remuneration. Hence, not comparable.

- (v) Percentage increase in remuneration of Chief Financial Officer and Company Secretary of the company was 8% and 27% respectively during the financial year 2019-20.

- (vi) It is hereby affirmed that the remuneration paid during the year ended March 31, 2020 is as per the Remuneration Policy of the Company.



## ANNEXURE-5A

### Statement of particulars of Employees pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year 2019-20

S. No	Name	Age	Designation	Qualifications	Experience (Years)	Date of commencement of Employment	Last Employment held	Remuneration received (in Lakhs)	Whether related to a Director
1	Mr. Manoj Kumar Rathi	51	Deputy Executive Director	CA	24	04-Sep-2018	Grofers India Pvt Ltd	85.15	No
2	Mr. Himanshu Das	51	Assistant Executive Director	B.Tech - Ceramic	26	14-May-2018	Tata Krosaki Ltd	49.28	No
3	Mr. Rahul Goyal	34	Deputy General Manager	CA	12	03-Dec-2018	Eli Research India Pvt Ltd	43.32	No
4	Mr. Sanat Ganguli	38	General Manager	B.Tech	15	03-Mar-2016	Wislo India (Wugang)	42.23	No
5	Mr. Rakesh Gupta	48	General Manager	CA	22	01-May-2018	Jindal ITF Ltd	41.79	No
6	Mr. Nishant Nayan	40	General Manager	LLB	13	01-Mar-2019	Preethi Kitchen Appliances Pvt Ltd	39.42	No
7	Ms. Rohini Kumar	36	Deputy General Manager	MBA	13	09-Apr-2018	Eicher Polaris Pvt Ltd	35.99	No
8	Mr. Sumanta Mukhopadhyay	53	General Manager	B.E., M.B.A	31	15-Feb-2017	V.M. Corporation	33.69	No
9	Mr. Dipankar Das	57	General Manager	B.Tech	34	31-Jan-2005	Kesoram Refractories	26.93	No
10	Mr. Sunil Kumar Barnawal	42	Assistant General Manager	CA	15	17-Sep-2018	Scania Solutions Pvt Ltd.	26.11	No

**Notes:**

1. Remuneration shown above is Cost to Company (CTC), excluding gratuity .
2. None of above employees held 2% or above of the equity shares of the Company as on 31st March, 2020 either himself and/ or alongwith his/ her spouse or dependent children.



*REPORT ON  
CORPORATE  
GOVERNANCE*

# REPORT ON CORPORATE GOVERNANCE

## I. Company's Philosophy on Corporate Governance

Corporate Governance is all about the role and relationship between a Company and its stakeholders to maximize the value ethically and on a sustainable basis.

The company's philosophy on corporate governance is to conduct business in a fair, transparent and ethical manner and enhancing stakeholder value. We believe that our company shall go beyond adherence to regulatory framework. Our corporate structure, business, operations and disclosure practices have been strictly aligned to our Corporate Governance Philosophy. Transparency, accountability, fairness and intensive communication with stakeholders are integral to our functioning. We believe in system driven performance and performance oriented systems. We accord highest priority to these systems and protect the interests of all our shareholders.

Our policies are constantly reviewed and improved keeping in mind our goal of maximization of values to all the stakeholders. The stipulations of Corporate Governance mandated by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time are being fully complied with.

This Chapter along with the Section on Management Discussion and Analysis reports Dalmia Refractories Limited's (DRL's) compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## II. Board Of Directors

### Composition of the Board

As on 31<sup>st</sup> March, 2020, the Company's Board comprised of five members – one Executive Director and four Non-Executive Directors out of which three are Independent Directors and one Woman Director. Mr. Deepak Thombre, a Non-Executive Independent Director is the Chairman of the Board of Directors. The composition of the Board is in conformity with the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015. Further, none of the Directors are related to each other or to any Key Managerial Personnel of the Company.

All the Independent Directors have given a declaration of independence in terms of Section 149(6) of the Companies Act, 2013 and rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules 2014, as amended. In the opinion of the Board, all the Independent Directors fulfil the conditions specified in these regulations and are independent of the management.

### Board Meetings, Directors' Attendance Record and Directorships Held

The Board meetings are generally held at the corporate office of the Company. The Board meets at least once a quarter and additional meetings are held, when necessary.

The Board of Directors met four times during the financial year 2019-20 i.e., on 24<sup>th</sup> May 2019, 13<sup>th</sup> August 2019, 14<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020. The maximum gap between any two meetings was less than 120 days.

None of the Directors are members of more than ten Board level Committees nor are they Chairman of more than five Committees in which they are members. Table 1 gives the details of the composition of the Board, attendance and details of Committee memberships and Committee chairmanships. Table 2 provides the names of the listed entities where the Directors of the Company hold directorship and the category of directorship. And Table 3 is a Chart setting out the skills/expertise/competence of the Directors as identified by the Board in context of the Business (es) and sector(s) for Board to function effectively.

None of the Directors on the board of the Company have been debarred or disqualified from being appointed and continuing as Directors of the Company by SEBI/ Ministry of Corporate Affairs or any other statutory Authority. A Certificate in this regard from Mr. N.C. Khanna, Practising Company Secretary is enclosed at the end of the report.



**Table 1:  
Composition of the Board of Directors**

Name of the Directors	Category	Attendance Particulars			No. of other Directorship(s) and Committee(s) Memberships'/ Chairmanships'		
		Number of Board Meetings		Last AGM	Other Directorships @	Committee Memberships' #	Committee Chairmanships' #
		Held	Attended				
Mr. Deepak Thombre	Independent	4	4	No	-	2	1
Mr. C. Nagaratnam	Independent	4	4	Yes	-	2	1
Mr. M.K. Doogar	Independent	4	4	No	5	9	4
Mr. Sameer Nagpal	Executive	4	4	No	2	-	-
Ms. Leena Rawal	Non-Executive	4	4	No	5	-	-

@ The directorships held by the Directors do not include directorship of foreign companies and private limited companies.

# As required under Regulation 26(1)(b) of the SEBI (LODR) Regulations, 2015, the membership/chairmanship of Audit Committee and Stakeholders' Relationship Committee alone have been considered.

**Table 2:  
Details of other Listed Entities in which directorship is held by the Directors of the Company**

Name of the Directors	Name of the other listed entities in which directorship held	Category
Mr. Deepak Thombre	Nil	-
Mr. C. Nagaratnam	Nil	-
Mr. M.K. Doogar	1. Sanghi Industries Limited 2. Kamdhenu Limited 3. Morgan Ventures Limited 4. Frick India Limited	Non-Executive & Independent Director Non-Executive & Independent Director Non-Executive & Independent Director Non-Executive & Independent Director
Mr. Sameer Nagpal	Nil	-
Ms. Leena Rawal	1. Alirox Abrasives Limited	Whole Time Director & CEO

**Table 3:  
Board Skill Matrix:**

**The list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively are as follows:**

Sl. No.	Experience/ Expertise/Attribute	Comments
1.	Leadership	Should be a Visionary with strategic goal for the Company, help the Company to identify possible road maps and mentor the leadership team to channelize the energy/efforts in appropriate direction. Should be a thought leader and a role model in good governance and ethical conduct of business, while encouraging the organization to maximize shareholder value.

2.	Industry Knowledge and Experience	Should possess domain knowledge in businesses in which the company participates viz. manufacture and sale of Refractory and allied products and services and such other areas as appropriate for betterment of Company business.
3.	Experience and Exposure in policy shaping and industry advocacy	Should possess ability to develop professional relationship with the policy makers and Regulators for Contributing to the shaping of Government policies in the areas of Company's business.
4.	Governance including legal compliance	Should have Commitment, belief and experience in setting corporate governance practices to support the Company's legal Compliance systems and Governance policies/practices.
5.	Expertise/ Experience in Finance & Accounts/ Audit/ Risk Management areas	Should be able to understand Financial policies, accounting statements and disclosure practices and contribute to the financial/risk management polices/ Practices of the Company.

**Table 4:**  
**Chart setting out Core Skills/ Expertise and Competencies of the Directors**

SI No.	Name of the Director	Profession	Skills/expertise/competencies identified by the board of directors as required in the context of its business(es)	Qualification and Experience
1.	Mr. Deepak Thombre	Management Expert (Management Coach)	<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Industry Knowledge and Experience</li> <li>• Experience and Exposure in policy shaping and industry advocacy</li> </ul>	An Engineering Graduate with Masters in Management Studies. Has over 35 years of experience in various managerial capacities in several organizations of repute.
2.	Mr. C. Nagaratnam	Industry Expert (Technical)	<ul style="list-style-type: none"> <li>• Industry Knowledge and Experience</li> <li>• Experience and Exposure in policy shaping and industry advocacy</li> </ul>	Holds a Bachelors degree in Mechanical Engineering. Has over 35 years of experience in the Industry.
3.	Mr. M.K. Doogar	Finance Expert	<ul style="list-style-type: none"> <li>• Expertise/ Experience in Finance &amp; Accounts/ Audit/ Risk Management areas</li> <li>• Governance including legal compliance</li> </ul>	Fellow member of Institute of Chartered Accountants of India. Has over 40 years of experience in the field of Corporate Finance, Taxation, Statutory and Internal Audits of Companies, Banks etc
4.	Mr. Sameer Nagpal	Business/ Management Expert	<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Industry Knowledge and Experience</li> <li>• Experience and Exposure in policy shaping and industry advocacy</li> <li>• Expertise/ Experience in Risk Management areas</li> </ul>	Holds a Bachelor's degree in Mechanical Engineering from Delhi Technological University and a Post Graduate Diploma in Business Management from Indian Institute of Management Calcutta. Has over 25 years of experience in various managerial capacities.
5.	Ms. Leena Rawal	Corporate Law Expert	<ul style="list-style-type: none"> <li>• Governance including legal compliance</li> <li>• Expertise/ Experience in Finance &amp; Accounts/ Audit</li> </ul>	Holds a Bachelors degree in Law from Delhi University and a fellow member of Institute of Company Secretaries of India. Has over 15 years of experience in legal, taxation and Secretarial Compliances.

### **Meeting of Independent Directors and Familiarization Programme**

During the year under review, the Independent Directors met two times on 14<sup>th</sup> November, 2019 and 10<sup>th</sup> February, 2020 without the attendance of non-independent directors and members of the management. All independent directors of the company were present at the meeting. The meeting of the directors on 10<sup>th</sup> February 2020 was held to inter alia:

- i) review the performance of the Non Independent Directors and the Board as a whole;
- ii) assess the quality, quantity and timelines of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company namely, Mr. M.K. Doogar, Mr. C. Nagaratnam and Mr. Deepak Thombre, have given their declaration of independence in terms of Section 149(6) of the Companies Act, 2013 and rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules 2014 as amended. In the opinion of the Board, all the Independent Directors fulfil the conditions specified in these regulations and are independent of the management.

The Company is regularly imparting familiarization programmes for its Independent Directors. The details of such familiarization programme for the year have been disclosed at <https://www.dalmiarefractories.com/upload-/document/Familiarisation-Programme-for-Independent-Directors-2019-20.pdf>

### **Information Supplied to the Board**

The Board has complete access to all the information with the Company. The agenda and the papers for consideration of the Board are circulated well in advance. Adequate information including any important development connected with the business of the Company is circulated as part of Agenda papers and also placed at the meeting to enable the Board to take informed decisions.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company for further strengthening the systems adopted to ensure compliance of all applicable laws.

The Board has accepted all the recommendations made by its Committees during the year.

### **Details of the shares and convertible instruments held by the Directors as on 31<sup>st</sup> March, 2020**

Name of the Director	Category	Number of shares held	No. of Convertible Instruments held
Mr. C. Nagaratnam	Independent	40	Nil
Mr. M. K. Doogar	Independent	Nil	Nil
Mr. Deepak Thombre	Independent	Nil	Nil
Mr. Sameer Nagpal	Executive	Nil	Nil
Ms. Leena Rawal	Non-executive	Nil	Nil

### **III. Committees of the Board**

As on 31<sup>st</sup> March, 2020, the Company has four Board level Committees – Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee Members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

#### **a) Audit Committee**

As on 31<sup>st</sup> March 2020, the Audit Committee comprised of three members namely Mr. Deepak Thombre, Chairman of the Audit Committee, Mr. C. Nagaratnam and Mr. M.K Doogar. The committees' composition met the requirement of section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All members of the Audit Committee possessed requisite accounting and financial management expertise. The Chairman of the Audit Committee was not able to attend the last Annual General Meeting of the Company due to some personal reasons. Mr. C. Nagaratnam, member of the Audit Committee was authorised by the Chairman of

the Committee on his behalf to attend the Annual General Meeting of the Company held on 12<sup>th</sup> September, 2019.

The Audit Committee met four times during the year on

24<sup>th</sup> May 2019, 13<sup>th</sup> August 2019, 14<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020. The time gap between any two meetings was less than four months. The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

#### **Attendance Record of DRL's Audit Committee during 2019-2020**

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
1. Mr. Deepak Thombre	Independent	Chairman	4	4
2. Mr. M.K. Doogar	Independent	Member	4	4
3. Mr. C. Nagaratnam	Independent	Member	4	4

The Board has accepted all the recommendations made by the Audit Committee. The Statutory Auditor and Internal Auditors are also regularly invited by the Audit Committee to discuss their comments and recommendation of accounts, internal controls and processes. The Statutory Auditors and Internal Auditors were present at all Audit Committee meetings held during the year. The Managing Director and Chief Financial Officer are permanent invitees to the meetings of the Committee. Ms. Akansha Jain, Company Secretary, is the Secretary of the Committee.

The Audit Committee has the power to investigate any activity within its terms of reference, to seek information from any employee, to obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Role and terms of reference of the Audit Committee has been defined under Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee reviews the Internal Audit Reports and action taken reports of the management thereupon. It also reviews and discusses with the management and Statutory Auditors, the quarterly results, financial statements and such other related issues before their submission to the Board.

The Broad terms of reference of the Audit Committee therefore include:

- recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statement and the Auditors' report thereon;
- approval or any subsequent modification of transactions of the company with related parties;

- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters, etc.

The following information is reviewed by the Audit Committee:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters/ letters of internal control weaknesses issued by the Statutory Auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

#### **Fees paid to Statutory Auditors**

The amount of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to, the Statutory Auditor in the financial year 2019-20 is disclosed in Note No. 26.

#### **b) Nomination and Remuneration Committee**

As on 31<sup>st</sup> March 2020, the Nomination and Remuneration Committee comprises of three members namely Mr. M.K. Doogar, Chairman of the Audit Committee, Mr. C. Nagaratnam and Mr. Deepak Thombre. Ms. Akansha Jain, Company Secretary is the Secretary to the Committee.

During the financial year ended March 31, 2020, three meetings of the Nomination and Remuneration

Committee were held on 24<sup>th</sup> May 2019, 13<sup>th</sup> August 2019 and 10<sup>th</sup> February, 2020. Mr. N. C. Nagaratnam, member of the Audit committee was authorised by the Chairman of the Committee on his behalf to attend the Annual General Meeting of the Company held on 12<sup>th</sup> September 2019. The composition of Nomination and Remuneration

Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Nomination and Remuneration Committee and the details of meetings attended by the Directors are given below:

### Composition and Attendance Record of DRL'S Nomination and Remuneration Committee during 2019-20

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
1. Mr. M.K. Doogar	Independent	Chairman	3	3
2. Mr. Deepak Thombre	Independent	Member	3	3
3. Mr. C. Nagaratnam	Independent	Member	3	3

### The Terms of Reference of Nomination and Remuneration Committee are:

The Nomination and Remuneration Committee is empowered and authorized, inter-alia, to do all such acts, deeds and things and to perform all such duties as may be required under the Companies Act, 2013 and rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended / modified from time to time, and such other matters as may be referred to the Nomination and Remuneration Committee from time to time, including but not limited to:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to, remuneration for the Directors, Key Managerial Personnel and other employees;
- devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors / Independent Directors in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Identifying and selecting potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- Review and evaluate the performance of the Directors; and
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

### Performance Evaluation Criteria

The Nomination and Remuneration Committee, as part of the Nomination and Remuneration Policy, has formulated criteria and specified the manner of effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external

agency and effective evaluation of performance of key managerial personnel and senior management; and reviews its implementation and compliance.

During the financial year 2019-20, the performance evaluation of the Board and Committees of the Board was carried out by the Board. Further, the performance evaluation of Independent Directors was done by the entire Board excluding the Directors being evaluated.

### Remuneration Paid to Directors

The remuneration payable to the Executive Directors and Non-Executive Directors is decided by the Nomination and Remuneration Committee constituted by the Board of Directors.

The Non-Executive Directors are entitled to sitting fees for attending the Board of Directors meetings and the Committee meetings, profit related commission and reimbursement of expenses incurred by them for undertaking their duties as Directors of the Company.

The sitting fees is paid to the Non-Executive Directors within the limits prescribed under the Companies Act, 2013 and as approved by the Board of Directors of the Company.

The Non-Executive including Independent Directors, apart from the sitting fees, are paid a commission of upto 1% of the net profit of the Company calculated in accordance with the provisions of the Companies Act, 2013, as approved by the shareholders in their general meeting subject to a maximum of ₹ 3 lakhs in aggregate in terms of Articles of Association of the Company. The commission payable is decided by the Board of Directors of the Company. The details of remuneration paid, during the year, to the Directors are given below:-



**Details of remuneration paid to Directors for 2019-20**

(₹ in Lakhs)

Name of the Directors	Category	Sitting Fees	Salary and Perquisites	Retirement Benefits	Commission	Total
Mr. Deepak Thombre	Independent	1.60	-	-	1.00	2.60
Mr. C. Nagaratnam	Independent	1.60	-	-	1.00	2.60
Mr. M.K. Doogar	Independent	1.50	-	-	1.00	2.50
Mr. Sameer Nagpal	Executive	-	-	-	-	-
Ms. Leena Rawal	Non- Executive	1.00	-	-	-	1.00

Mr. Sameer Nagpal, Managing Director has been granted 1,65,000 stock options on 31<sup>st</sup> October, 2018 under the DRL Employee Stock Option Scheme 2018 (DRL ESOP

2018) at a price of ₹ 150/- per share exercisable in the following manner:

Year of Vest	2019-20	2020-21	2021-22	2022-23
% of Vest	10	20	30	40

During the year, 16,500 stock options have been vested with Mr. Sameer Nagpal though he had not exercised any option during the year.

Apart from him, no other Director of the Company has been granted any stock options.

**c) Stakeholders' Relationship Committee**

As on 31<sup>st</sup> March, 2020, the Committee comprises of three members namely Mr. C. Nagaratnam, Mr. Deepak Thombre, Mr. M.K. Doogar with Mr. C. Nagaratnam, Independent Director acting as the Chairman of the Committee. Ms. Akansha Jain, Company Secretary, is the Secretary of the Committee. The constitution,

composition and functioning of the Stakeholders Relationship Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015.

Mr. C. Nagaratnam, Chairman of the Committee was present at the Annual General Meeting of the Company held on 12<sup>th</sup> September 2019.

The Committee specifically looks into issues relating to investors including share related matters and redressal of grievances of Security holders. The composition of Stakeholders' Relationship Committee and details of meetings attended by the members are given below:-

**Attendance Record of DRL's Stakeholders' Relationship Committee during 2019-20**

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
1. Mr. Deepak Thombre	Independent	Member	1	1
2. Mr. M.K. Doogar	Independent	Member	1	1
3. Mr. C. Nagaratnam	Independent	Chairman	1	1

Ms. Akansha Jain, Company Secretary, is the compliance officer of the Company and responsible for ensuring compliance with the requirements of Securities Laws.

The role of the committee shall inter-alia include the following:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- (2) Review of measures taken for effective exercise of voting rights by shareholders;

(3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;

(4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

During the year, complaints received from investors were resolved in time to the satisfaction of the concerned investors. Details regarding the same are given below:-

#### **Details of Complaints from Shareholders during 2019-2020**

Nature of Complaint	Pending as on 1 <sup>st</sup> April 2019	Received during the year	Answered during the year	Pending as on 31 <sup>st</sup> March, 2020
1. Transfer/Transmission/Duplicate	NIL	37	37	NIL
2. Non-receipt of dividend/interest/redemption warrant	NIL	94	94	NIL
4. Non-receipts of Annual Reports	NIL	13	13	NIL
5. Others	NIL	NIL	NIL	NIL
5. Compliants received from:				
- Securities and Exchange Board of India	NIL	2	2	NIL
- Stock Exchanges	NIL	NIL	NIL	NIL
- Registrar of Companies/Department of Company Affairs	NIL	NIL	NIL	NIL
Others	NIL	NIL	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>146</b>	<b>146</b>	<b>NIL</b>

#### **d) Corporate Social Responsibility Committee**

The Company has constituted Corporate Social Responsibility Committee on 24<sup>th</sup> May, 2019 and the Committee met two times during the year ended March 31, 2020.

The composition of Corporate Social Responsibility Committee and details of meetings attended by the members are given below:-

#### **Attendance Record of DRL'S Corporate Social Responsibility Committee during 2019-20**

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
1. Mr. Deepak Thombre	Independent	Chairman	2	2
2. Mr. C. Nagaratnam	Independent	Member	2	2
3. Mr. Sameer Nagpal	Executive	Member	2	2

The role, powers and terms of reference of the Corporate Social Responsibility Committee covers all the areas prescribed under Section 135 of the Companies Act, 2013 besides other terms as referred by the Board of Directors from time to time.

The role of Corporate Social Responsibility Committee broadly includes the following:

- Formulate and recommend Corporate Social Responsibility Policy to the Board.
- Recommend the amount of expenditure to be incurred on activities to be undertaken by the Companies in the areas or subject, specified on Schedule VII of the Companies Act, 2013.
- Monitor the Corporate Social Responsibility Policy from time to time

#### IV. General Body Meetings

The Annual General Meetings (“AGM”) are held at the registered office of the Company. The Chairman/Member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee attend the AGMs to respond to the queries of the shareholders.

The representatives of the Registrar and Share Transfer Agent checks and verifies the attendance of members and Scrutinizer scrutinizes the voting (e-voting and physical) and provide report thereon.

Details of the last three Annual General Meetings (AGMs) are given below:-

##### a.) Details of last three AGMs

Financial year	Date of AGM	Time	Location
2018-2019	12.09.2019	11.00 am	Dalmiapuram, Tiruchirapalli District, Tamil Nadu
2017-2018	19.09.2018	11.00 am	Dalmiapuram, Tiruchirapalli District, Tamil Nadu
2016-2017	24.08.2017	11.00 am	Dalmiapuram, Tiruchirapalli District, Tamil Nadu

##### b.) Special resolutions passed during the last three AGMs

Date of AGM	Particulars
12.09.2019	None
19.09.2018	<ul style="list-style-type: none"> <li>• Re-appointment of Mr. M.K. Doogar as Independent Director of the Company for a term of 2 years with effect from 1<sup>st</sup> April, 2019</li> <li>• Appointment of Mr. Deepak Thombre as Independent Director for a term of 2 years.</li> <li>• Appointment of Mr. Sameer Nagpal as Managing Director for a term of 5 years w.e.f 1<sup>st</sup> June, 2018.</li> <li>• Approval of Dalmia Refractories Limited – Employees Stock Option Plan 2018 (DRL ESOP 2018)</li> <li>• Grant of options equal to or exceeding one percent of the issued capital to the identified employee/directors under the Dalmia Refractories Limited – Employees Stock Option Plan 2018 (DRL ESOP 2018)</li> </ul>
24.08.2017	None

### **c.) E- Voting & Postal Ballot**

All the Resolutions were passed at the AGM during the financial year 2019-20. The Company had provided the facility to members to vote by electronic means in the manner provided in Section 108 of the Companies Act, 2013. No Resolution was passed through Postal Ballot during the financial year 2019-20.

## **V. Means of Communication with Shareholders**

### **a) Quarterly Results**

The quarterly unaudited/audited financial results of the Company prepared in the format prescribed by SEBI LODR are recommended by the Audit Committee and approved by the Board of Directors. The same are limited reviewed/ audited by the Statutory Auditors and are submitted to the Stock Exchanges, on which the shares of the Company are listed, i.e., Metropolitan Stock Exchange of India Ltd (MSEI) and Calcutta Stock Exchange Limited (CSE), within a period of 45 days of the close of every quarter and within a period of 60 days in case of annual financial results.

The financial results are normally published in Financial Express, i.e, the English language national daily newspaper circulating in the whole or substantially the whole of India and in Makkal Kural, i.e., the daily newspaper published in the language of the region where the registered office of the Company is situated, i.e., Tamil.

The financial results are also posted on the website of the Company, i.e., [www.dalmiarefractories.com](http://www.dalmiarefractories.com).

### **b) Disclosures**

Also, the quarterly Shareholding Pattern, Investors Complaints Report, Corporate Governance Report, other Disclosures as per SEBI (LODR) Regulations are also filed electronically on My Listing Portal of MSEI and Compliance Uploader of CSE.

## **VI. General Shareholders Information**

### **a) Annual General Meeting**

The Annual General Meeting of the Company is scheduled to be held on September 23, 2020 at 11 a.m. through video conferencing or other audio video means.

The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, September 22, 2020 to Thursday, the September 23, 2020 (both days inclusive) for the purpose of Annual General Meeting.

### **b) Financial year**

The financial year of the Company is from April 01, 2020 to March 31, 2021.

### **c) Dividend Payment**

The Company has distributed an interim dividend amounting to ₹1.50 per share to those shareholders holding shares as on the record date fixed for this purpose i.e. 20<sup>th</sup> March, 2020. Such dividend was disbursed on 25<sup>th</sup> March, 2020. The Directors have decided to treat the interim dividend paid, as the final dividend for the year.

The dividend was paid through electronic modes of payment facility as approved by the Reserve Bank of India. However, where it was not possible to use electronic mode of payment, demand drafts were issued.

### **d) Shares Transferred to IEPF**

The Company has complied with the requirements of Section 125 of the Companies Act, 2013 and all amounts due to be credited to the Investor Education and Protection Fund have been duly credited within the time specified under the said section.

During the year under review, the Company has transferred 7313 (0.002%) equity shares of the Company to the Demat Account of IEPF Authority of those shareholders of which dividend had remained unclaimed for seven consecutive years.

### **e) Listing of Securities**

The Equity Shares of the Company are listed on the following Stock Exchanges:

- a. Metropolitan Stock Exchange of India Limited, Vibgyor Towers, 4<sup>th</sup> floor, Plot No C 62, G - Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai – 400 098
- b. Calcutta Stock Exchange  
7, Lyons Range, Kolkata – 700 001

The annual listing fee has been paid for the year 2020-21 to both the above-mentioned Stock Exchanges.

### **f) Stock Code**

Metropolitan Stock Exchange of India Limited:  
**DALMIAREF**  
ISIN (for Dematerialized Shares) : **INE200F01017**

### **g) Stock Market Data**

The last traded price of shares was ₹112.50 on 29<sup>th</sup> January, 2015 at NSE.

At present, the shares of the Company are listed at Metropolitan Stock Exchange of India Limited and Calcutta Stock Exchange and no trading has taken place during the year 2019-20.

#### **h) Registrar and Transfer Agent**

KFin Technologies Private Limited  
(Formally known as Karvy Fintech Private Limited)  
Unit- Dalmia Refractories Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad – 500 032  
Tel No: 040-67161500; Fax: 040-23001153;  
Email: einward.ris@kfintech.com;  
Website: www.kfintech.com

All activities in relation to the share transfer facility are maintained by the Registrar and Share Transfer Agent. A compliance certificate to this effect is submitted by the Company with the Stock Exchanges on a half yearly basis.

#### **I) Share Transfer System and dematerialization of shares and liquidity**

The Company has provided demat facility to its shareholders with National Securities Depository Limited as well as Central Depository Services Limited.

As on March 31, 2020, 94.43% of the equity shares of the Company are in the dematerialised form. The promoters of the Company hold their entire shareholding in dematerialized form.

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

A summary of transfer and transmission of shares of the Company and the Reconciliation of Share Capital Audit Report by Manish Ghia & Associates, the Practicing Company Secretary is presented to the Board at the quarterly Board meetings.

#### **j) Unclaimed Suspense Account**

In terms of SEBI (LODR) Regulations, 2015, the Company has opened a demat Unclaimed Suspense Account. However, there are no shares in the said account.

#### **k) Distribution of Shareholding**

The distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31<sup>st</sup> March, 2020 is given below:

#### **Shareholding Pattern by size**

Category ( No. of Equity Shares held)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	3571	95.25	306481	9.72
501-1000	96	2.56	67054	2.13
1001-2000	39	1.04	58074	1.84
2001-3000	10	0.27	24694	0.78
3001-4000	8	0.21	28589	0.91
4001-5000	2	0.05	8645	0.27
5001-10000	8	0.21	66349	2.10
10001-20000	7	0.19	103566	3.29
20001 and above	8	0.21	2488632	78.96
<b>Total</b>	<b>3749</b>	<b>100.00</b>	<b>3152084</b>	<b>100.00</b>

### Shareholding Pattern by ownership

Particulars	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Banks	9	0.25	679	0.02
Directors	2	0.05	58	0.00
H.U.F	32	0.85	11616	0.37
Bodies Corporate	47	1.25	36146	1.15
Non Resident Indians	1	0.03	100	0.00
Non Resident Indian Non Repatriable	8	0.21	1957	0.06
Promoter Bodies Corporate	8	0.21	2043577	64.83
Resident Individuals	3640	97.09	968632	30.73
Trusts	1	0.03	50	0.00
IEPF	1	0.03	89269	2.83
<b>Total</b>	<b>3749</b>	<b>100.00</b>	<b>3152084</b>	<b>100.00</b>

**l) Outstanding GDRs/ADRs/Warrants or any convertible instruments**

Nil

**m) Commodity Price Risk or Foreign Exchange Risk and hedging activities**

The Company has in place a risk management policy for foreign exchange risks. The risks are tracked and monitored on a regular basis and mitigation strategies are adopted in line with the risk management framework.

**n) Details of Plant Locations and Address for Correspondence**

Registered Office Address – Dalmiapuram Plant	Khambalia Plant	Head Office - Correspondence Address
Dalmia Refractories Limited	Dalmia Refractories Limited	Dalmia Refractories Limited
Dalmiapuram, P.O.Kallakudi-621651 Dist. Tiruchirappalli, Tamil Nadu Ph: 04329-235133/144/155 Fax : 04329-235122	P. Box -10, Jam-Khambalia-361305, Dist. Devbhumi Dwarka, Gujarat Ph : 02833-234112 Fax : 02833-234038	4, Scindia House, Connaught Place, New Delhi-110001 Ph: 011-23457100

**o) Website**

The Company has a functional website [www.dalmiarefractories.com](http://www.dalmiarefractories.com) that contains relevant information updated in time in compliance with regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Credit Rating**

During the year, CARE (CARE Ratings Ltd) has given to the Company, the credit rating of CARE A-; under credit

watch with positive implications for long term facilities and CARE A2+; under credit watch with positive implications for short term facilities obtained by the Company from Banks.

**VII. Disclosures**

**a) Related Party Transaction**

All related party transactions are approved by the Audit Committee. There are no materially significant related

party transactions which may have potential conflict with the interests of the Company at large.

The Company's Policy on Related Party Transactions is posted at [www.dalmiarefractories.com](http://www.dalmiarefractories.com). The weblink of the same is <https://www.dalmiarefractories.com/pdf/-Related-Party-Transactions-Policy.pdf>

#### **b) Policy on Material Subsidiaries**

The Company's Policy on Material Subsidiaries is posted at <https://www.dalmiarefractories.com/pdf/Material-Subsidiary-Policy.pdf>

As on 31<sup>st</sup> March, 2020, under this definition, DRL does not have a 'material non-listed Indian Subsidiary'.

All subsidiaries of the Company are Board managed with their respective Boards having rights and obligations to manage such companies in the best interest of their respective stakeholders. The Company monitors the performance of all subsidiary companies inter alia by the following means-

- (a) Financial statements, in particular the investments made by the unlisted subsidiary companies are reviewed and noted by the Audit Committee of the Company.
- (b) All minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board.
- (c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary company is placed before the Board.

#### **c) Details of Non-Compliance by the Company**

During last three years, there were no instances of non-compliance and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets.

#### **d) Whistle Blower Policy**

The Company has an established mechanism for Directors, Employees and stakeholders to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The Company affirms that no personnel have been denied access to the audit committee to lodge their grievances. The weblink of Company's policy on Whistle Blower and Vigil Mechanism is [https://www.dalmiarefractories.com/pdf/Whistleblower-Policy\\_and\\_Vigil-Mechanism.pdf](https://www.dalmiarefractories.com/pdf/Whistleblower-Policy_and_Vigil-Mechanism.pdf)

#### **e) Compliance**

Mandatory requirements:

The Company has complied with all the applicable mandatory requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI LODR Regulations.

#### **Discretionary requirements:**

The discretionary/non-mandatory requirements, as stipulated in Regulation 27(1) read with Part E of Schedule II of the SEBI (LODR) Regulations, other than the half-yearly declaration of financial performance to shareholders, have been adopted by the Company.

The Non-Executive Chairman is entitled to maintain a Chairman's office at the Company's expense and is provided reimbursement of expenses incurred in performance of his duties.

The standalone financial statements of the Company are with unmodified audit opinion.

The internal auditor reports directly to the Audit Committee.

#### **f) Disclosure of Accounting Treatment in Preparation of Financial Statements**

The Company has followed the guidelines of Ind AS specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Amendment Rules, 2015 as amended/ laid down by the Central Government under the provisions of section 129(1) of the Companies Act, 2013 in the preparation of its financial statements.

#### **g) Code for Prevention of Insider-Trading Practices**

In compliance with the SEBI regulations, on prevention of insider trading, the Company has instituted a comprehensive code of conduct for designated persons and their relatives as defined under the code. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Company, and cautioning them of the consequences of violations.

#### **h) Recommendation of Committees**

During the year, the Board has accepted all the recommendations made by the Committees of the Board.

#### **I) Disclosure of Complaints filed under Sexual Harassment Act**

The Company is committed to create a workplace free from harassment and discrimination, where co-workers are respected, and provided an appropriate environment so as to encourage good performance and conduct.

The Company has in place a Policy against sexual harassment of women. During the year no complaint has been received by the Company. As disclosed in the Board Report, during the year no case of sexual harassment was filed in the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**j) Details of utilization of funds raised through preferential allotment or qualified institutions placement**  
No funds have been raised by the Company through preferential allotment or qualified institutions placement in the last three years

#### **VIII. Code of Conduct**

DRL's Board has laid down a code of conduct for all

Board Members and designated senior management of the Company. The Code is available on the website of the Company at <https://www.dalmiarefractories.com/pdf/code-conduct.pdf>.

The Code of Conduct has been circulated to all Board Members and senior management personnel and they have affirmed the compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

#### **IX CEO/CFO Certification**

The Managing Director and CFO certification of the financial statements for the year is enclosed at the end of the report.



# CORPORATE GOVERNANCE CERTIFICATE

## **Independent Auditor's Certificate on compliance with conditions of Corporate Governance as per provisions of chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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

1. The Corporate Governance Report prepared by Dalmia Refractories Limited ("the Company"), contains details as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") with respect to Corporate Governance for the year ended 31<sup>st</sup> March, 2020. This certificate is required by the Company for annual submission to the Stock exchange and to be sent to the shareholders of the Company.

### **Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### **Auditor's Responsibility**

4. Our responsibility is to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance, as stipulated in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India

("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditors' judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedure includes, but not limited to, verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### **Opinion**

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31<sup>st</sup> March, 2020, referred to in paragraph 1 above except that the Chairman of the Audit Committee could not attend the last Annual General Meeting in view of the reason explained in the report on Corporate Governance, Mr. C. Nagaratnam,

member of the Audit Committee was authorised by the Chairman of the Committee on his behalf to attend the Annual General Meeting of the Company held on 12<sup>th</sup> September, 2019.

#### **Other Matters and Restriction on Use**

10. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This Certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty

of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
(Registration No. 101720W/W100355)

**Vijay Napawaliya**  
Partner

Place: Mumbai                      Membership No. 109859  
Dated: 16<sup>th</sup> June 2020      UDIN: 20109859AAAACD4865

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## **DIRECTORS' DISQUALIFICATION CERTIFICATE**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
DALMIA REFRACTORIES LIMITED  
Dalmiapuram P.O. Kallakudi  
Tiruchirappalli  
Tamil Nadu – 621651  
India

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of DALMIA REFRACTORIES LIMITED having CIN: L24297TN1973PLC006372 and having registered office at Dalmiapuram P.O, Kallakudi Tiruchirappalli TN 621651 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Chandrasekaran Nagaratnam	00266838	27/01/2009
2.	Mahendra Doogar Kumar	00319034	29/09/2010
3.	Deepak Ambadas Thombre	02421599	30/10/2008
4.	Leena Rawal	03575675	31/03/2015
5.	Sameer Nagpal	06599230	04/02/2016

*Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.*

Place: New Delhi  
Dated: 2<sup>nd</sup> June 2020

***N C Khanna***  
*(Practicing Company Secretary)*  
FCS No. 4268  
CP No. 5143  
UDIN: F004268B000311630

# CEO - CFO CERTIFICATE

To  
The Board of Directors,  
Dalmia Refractories Limited

Dear Sirs,

As required under Regulation 34(3) read with Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the members of the Board of Directors of the Company and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31<sup>st</sup> March, 2020.

Place: Gurugram  
Dated: 8<sup>th</sup> June 2020

**Sameer Nagpal**  
Managing Director

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To  
The Board of Directors,  
Dalmia Refractories Limited

Dear Sirs,

1. We have reviewed the Financial Statements and Cash Flow Statement for the year ended March 31, 2020 and certify that to the best of our knowledge and belief:
  - 1) These Statements do not contain any materially untrue statement or omit any material fact or contain Statements that might be misleading.
  - 2) These Statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
2. We certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated (wherever applicable) to the Auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Dated: 16<sup>th</sup> June 2020

**Sameer Nagpal**  
Managing Director  
Place: Gurugram

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida



# *FINANCIAL STATEMENT*

# INDEPENDENT AUDITORS' REPORT

To the Members of  
Dalmia Refractories Limited

Report on the Audit of Standalone Financial Statements

## Opinion

We have audited the standalone financial statements of Dalmia Refractories Limited (“the Company”), 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 standalone 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 31st March 2020, and profit and other comprehensive income, 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.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31<sup>st</sup> March 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the matter
<p><b>Inventories</b></p> <p>As of 31<sup>st</sup> March, 2020, inventories appear on the financial statements for an amount of ₹ 6167.98 Lakhs, which constitutes 55.08% of the total current assets. As indicated in note no. 6 to the financial statements, inventories are valued at the lower of cost and net realizable value:</p> <p>The Company may recognize an inventory allowance if inventory items are damaged, if the selling price has declined, or if the estimated costs to completion or to be incurred to make the sale have increased.</p> <p>We focused on this matter because of the:</p> <ul style="list-style-type: none"> <li>• Significance of the inventory balance.</li> <li>• Complexity involved in determining inventory quantities on hand due to the number, location and diversity of inventory storage locations.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Review the Company's process and procedures for physical verification of inventories except material in transit.</li> <li>• Assessing the methods used to value inventories and ensuring ourselves of the consistency of accounting methods.</li> <li>• Testing by sampling the effectiveness of the controls set up by Management to prevent or detect possible errors in valuation of inventories.</li> <li>• Review of the reported acquisition cost on a sample basis.</li> <li>• Analysis of the Company's assessment of net realizable value, as well as review of assumptions and calculations for stock obsolescence.</li> <li>• Assessment of appropriateness of disclosures provided in the financial statements.</li> </ul>

### **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.

### **Responsibilities of Management and those charged with Governance for the Standalone 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 Standalone 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 Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of Standalone 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.
- 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended 31<sup>st</sup> March 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

We draw your attention to the Note no. 42 to the Standalone Financial Statements, regarding "Scheme of Amalgamation and Arrangement amongst the Company (i.e. Dalmia Refractories Limited, GSB Refractories India Private Limited, Dalmia Bharat Refractories Limited, Dalmia OCL Limited and their respective shareholders and creditors wherein Dalmia Refractories Limited will be amalgamated with Dalmia Bharat Refractories Limited and refractory undertaking of Dalmia Bharat Refractories Limited will be transferred and vested to Dalmia OCL Limited on a going concern basis. The appointed date is 1<sup>st</sup> April 2020. Pending approval of the above scheme by the various regulatory authorities, the Standalone Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020 have been prepared on going concern basis. Our opinion is not modified in respect of above matter.

#### **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;
  - d. In our opinion, the aforesaid Standalone financial statements comply with Ind AS prescribed under Section 133 of the Act read with rule ;
  - e. On the basis of the written representations received from the directors of the Company as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 managerial remuneration has been paid / provided by the Company to its directors in accordance with provisions of section 197 read with Schedule V to the Act.
  - h. With respect to the other matters to be included in the Auditor's report in accordance with Rule



11 of the Companies (Audit and 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, as detailed in Note 29 to the Standalone financial statements, has disclosed the impact of pending litigations on its 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
(Registration No. 101720W/W100355)

**Vijay Napawaliya**  
Partner

Place: Mumbai  
Dated: 16<sup>th</sup> June 2020

Membership No. 109859  
UDIN: 20109859AAAACC3236

### **"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 Refractories Limited on the Standalone financial statements for the year ended 31<sup>st</sup> March, 2020)**

- (i) In respect of fixed assets:-
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
  - (c) According to information and explanation given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of its inventories:-

As explained to us, inventories have been physically verified during the year by the management except goods in transit which have been verified with reference to confirmations and/or subsequent receipt of material. In our opinion the frequency of verification is reasonable. Discrepancies noticed on physical verification of

the inventories between the physical inventories and book records were not material, having regard to the size of the operations of the Company and the same have been properly dealt with.

  - (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 to 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) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section

148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

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.

(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

(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 except as mentioned below:-

Name of the Statute	Nature of the Dues	Amount (₹ Lakh)*	Period to which amount Relates	Forum Where the dispute is Pending
Madhya Pradesh Vat Act, 2002	Sales Tax	3.90	2009-10 to 2014-15	Sales Tax Department, Katni
The Gujarat VAT Tax Act, 2003	Sales Tax	35.07	2001-2002	Supreme Court
Finance Act, 1994	Service Tax	75.39	2004-05 to 2011-12	CESTAT Ahmedabad
Finance Act, 1994	Service Tax	80.19	2013-14 to 2014-15	Commissioner (Appeals), Rajkot
Finance Act, 1994	Service Tax	45.07	2014-15	Assistant Commissioner of Central GST & Central Excise, Jamnagar

\*Net off amount paid

(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. There are no dues of Government or debenture holders.

or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(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.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(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 material fraud by the Company or on the Company by its officers

(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 Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. 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.

(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 No. 101720W/W100355)

**Vijay Napawaliya**  
Partner

Place: Mumbai  
Dated: 16<sup>th</sup> June 2020

Membership No. 109859  
UDIN: 20109859AAAACC3236

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### **“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 Refractories Limited on the Standalone 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 Refractories Limited (“the Company”) as of 31<sup>st</sup> March 2020 in conjunction with our audit of the Standalone 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 standalone Ind AS financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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.

### **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 No. 101720W/W100355)

**Vijay Napawaliya**  
Partner

Place: Mumbai  
Dated: 16<sup>th</sup> June 2020

Membership No. 109859

UDIN: 20109859AAAACC3236

**Dalmia Refractories Limited**  
**Balance Sheet as at March 31, 2020**

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non - current assets</b>			
(a) Property, plant and equipment	4	10,339.05	10,530.20
(b) Capital work - in - progress		96.70	38.32
(c) Financial assets			
(i) Investments	5.1	7,102.23	10,177.81
(ii) Loans	5.2	81.48	81.68
<b>Total non-current assets</b>		<b>17,619.46</b>	<b>20,828.01</b>
<b>Current assets</b>			
(a) Inventories	6	6,167.98	4,958.44
(b) Financial assets			
(i) Investments	7.1	0.33	0.30
(ii) Trade receivables	7.2	3,915.14	3,043.05
(iii) Cash and cash equivalents	7.3	27.33	451.14
(iv) Bank balances other than (iii) above	7.4	187.06	168.91
(v) Loans	7.5	317.35	347.68
(vi) Other financial assets	7.6	5.84	6.83
(c) Current tax assets (net)	8	105.45	27.13
(d) Other current assets	9	472.39	309.97
<b>Total current assets</b>		<b>11,198.87</b>	<b>9,313.45</b>
<b>Total assets</b>		<b>28,818.33</b>	<b>30,141.46</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
((a) Equity share capital	10.1	315.21	315.21
(b) Other equity	10.2	16,949.94	18,695.76
<b>Total equity</b>		<b>17,265.15</b>	<b>19,010.97</b>
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
(a) Financial liabilities			
(i) Other financial liabilities	11	227.26	226.18
(b) Provisions	12	341.38	308.70
(c) Deferred tax liabilities (net)	13	1,749.93	1,995.29
<b>Total non-current liabilities</b>		<b>2,318.57</b>	<b>2,530.17</b>

**Dalmia Refractories Limited**  
**Balance Sheet as at March 31, 2020**

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14.1	3,483.26	2,014.00
(ii) Trade payables			
(a) Total outstanding dues of Micro and Small Enterprises	14.2	286.05	316.20
(b) Total outstanding dues of other than Micro and Small Enterprises	14.2	4,231.20	3,280.50
(iii) Other financial liabilities	14.3	149.36	119.59
(b) Other current liabilities	15	1,048.67	2,811.43
(c) Provisions	16	36.07	58.60
<b>Total current liabilities</b>		<b>9,234.61</b>	<b>8,600.32</b>
<b>Total Equity &amp; Liabilities</b>		<b>28,818.33</b>	<b>30,141.46</b>

See accompanying notes to the financial statements

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Akansha Jain**  
Company Secretary  
Place: New Delhi

**Dalmia Refractories Limited**  
**Statement of Profit and Loss for the year ended March 31, 2020**

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue from operations	17	29,058.05	19,786.11
II Other income	18	501.06	545.82
<b>III Total income (I + II)</b>		<b>29,559.11</b>	<b>20,331.93</b>
IV Expenses			
Cost of materials consumed	19	11,646.38	9,950.56
Purchase of stock-in-trade		6,359.94	1,705.85
Changes in inventories of finished goods and work-in-progress	20	(552.60)	(254.05)
Employee benefits expenses	21	3,005.38	2,634.24
Finance costs	22	264.56	163.52
Depreciation expense	23	816.70	789.14
Other expenses	24	5,820.76	4,535.71
<b>Total expenses</b>		<b>27,361.12</b>	<b>19,524.97</b>
V Profit for the year before tax (III-IV)		<b>2,197.99</b>	<b>806.96</b>
VI Tax expense	25		
(1) Current tax		690.00	405.00
(2) Deferred tax		(245.34)	(301.69)
		444.66	103.31
VII Net Profit for the year after tax (V - VI)		<b>1,753.33</b>	<b>703.65</b>
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss	26		
Fair Value of Equity Instruments		(3,487.82)	(3,127.74)
Re-measurement of defined benefit plans		(23.94)	(19.12)
Income tax relating to items that will not be reclassified to profit or loss		6.03	5.57
		(3,505.73)	(3,141.29)
IX Total comprehensive income for the year (VII + VIII)		<b>(1,752.40)</b>	<b>(2,437.64)</b>
X Earning per equity share	29		
Nominal value of equity shares (₹ 10.00 each)			
(1) Basic		55.62	22.32
(2) Diluted		55.62	22.32

See accompanying notes to the financial statements

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Akansha Jain**  
Company Secretary  
Place: New Delhi

**Dalmia Refractories Limited**  
**Cash Flow Statement for the year ended March 31, 2020**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	2,197.99	806.96
Adjustments:		
Depreciation expense	816.70	789.14
Provision no longer required written back	(55.31)	(233.52)
Provision for expected credit loss written back	(27.08)	(12.77)
Bad Debts written off	21.07	27.11
Advances written off	10.52	-
Dividend Income	(28.02)	(11.88)
Finance Cost	264.56	163.52
Interest Income	(46.83)	(34.61)
Profit on sale of Current Investments	-	(29.07)
Financial Guarantee Income	(43.30)	(10.99)
(Profit)/ Loss on disposal of Property, Plant & Equipment	(0.65)	8.06
<b>Operating Profit before working Capital Changes</b>	<b>3,109.65</b>	<b>1,461.95</b>
<u>Adjustments for working Capital changes :</u>		
Inventories	(1,209.54)	219.37
Trade and Other Payables	(705.34)	3,276.45
Trade and Other Receivables	(1,008.49)	(991.55)
<b>Cash Generated from Operations</b>	<b>186.28</b>	<b>3,966.22</b>
Income Tax Paid	768.34	297.29
<b>Net Cash (used in) /from Operating activities</b>	<b>(582.06)</b>	<b>3,668.93</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment and CWIP	(569.19)	(165.85)
Sale proceeds of Property, Plant & Equipment	0.66	43.02
Sale of Current Investments (net)	-	29.07
Investment in Subsidiaries	(442.93)	(2,438.86)
Margin Money/ Fixed Deposits with banks	(18.15)	(148.57)
Interest Received	47.79	30.13
Dividend Received	28.02	11.88
<b>Net Cash used in Investing Activities</b>	<b>(953.80)</b>	<b>(2,639.18)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from/ (Repayment of) of Short term Borrowings (Net)	1,469.26	(504.07)
Finance Cost	(226.20)	(159.21)
Lease Liability paid	(35.25)	-



**Dalmia Refractories Limited**  
**Cash Flow Statement for the year ended March 31, 2020**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend Paid (including tax on dividend)	(95.76)	(21.10)
<b>Net cash from/ ( used in) financing activities</b>	<b>1,112.05</b>	<b>(684.38)</b>
<b>Net (decrease)/ increase in cash and cash equivalents ( A+B+C)</b>	<b>(423.81)</b>	<b>345.37</b>
Cash and cash equivalents (Opening Balance)	451.14	105.77
Cash and cash equivalents (Closing Balance)	27.33	451.14
<b>Change in Cash &amp; Cash Equivalents</b>	<b>(423.81)</b>	<b>345.37</b>

(₹ in Lakhs)

Components of Cash & Cash Equivalents	As At March 31, 2020	As At March 31, 2019
<b>Balances with banks</b>		
- in Current Accounts	22.85	18.27
Gold coins/ Silver Coins/ Stamps	4.48	0.13
Deposits with maturity of less than three months	-	432.74
<b>Net Cash &amp; Cash Equivalents</b>	<b>27.33</b>	<b>451.14</b>

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Akansha Jain**  
Company Secretary  
Place: New Delhi

**Dalmia Refractories Limited**  
**Statement of Changes in Equity for the year ended March 31, 2020**

**(a) Equity Share Capital**

(₹ in Lakhs)

Balance of Equity Share Capital	As at 1 April 2018	Changes during the year	As at 31 March 2019	Changes during the year	As at 31 March 2020
		315.21	-	315.21	-

**(b) Other equity**

(₹ in Lakhs)

Particulars	Reserves and Surplus				Items of other comprehensive income		Total
	Securities Premium	General Reserve	Retained earnings	Share Based Payments Reserve	Equity instruments through other comprehensive income	Actuarial Gain & Losses on DBO	
<b>As at 1 April 2018</b>	<b>588.02</b>	<b>804.82</b>	<b>10,164.52</b>	<b>-</b>	<b>9,550.48</b>	<b>(1.70)</b>	<b>21,106.14</b>
Movement during FY 18-19							
Profit for the year	-	-	703.65	-	-	-	703.65
Other comprehensive income	-	-	-	-	(3,127.74)	(13.55)	(3,141.29)
Dividend	-	-	(15.76)	-	-	-	(15.76)
Tax on Dividend	-	-	(3.24)	-	-	-	(3.24)
Employee share-based payment expense	-	-	-	46.26	-	-	46.26
<b>As at 31 March 2019</b>	<b>588.02</b>	<b>804.82</b>	<b>10,849.17</b>	<b>46.26</b>	<b>6,422.74</b>	<b>(15.25)</b>	<b>18,695.76</b>
Movement during FY 19-20							
Profit for the year	-	-	1,753.33	-	-	-	1,753.33
Other comprehensive income	-	-	-	-	(3,487.82)	(17.91)	(3,505.73)
Dividend	-	-	(78.80)	-	-	-	(78.80)
Tax on Dividend	-	-	(16.20)	-	-	-	(16.20)
Employee share-based payment expense	-	-	-	101.58	-	-	101.58
<b>As at 31 March 2020</b>	<b>588.02</b>	<b>804.82</b>	<b>12,507.50</b>	<b>147.84</b>	<b>2,934.92</b>	<b>(33.16)</b>	<b>16,949.94</b>

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Akansha Jain**  
Company Secretary  
Place: New Delhi

## Notes to the Financial Statements

### Note 1. Corporate Information

The Company is in the business of refractory manufacturing and selling. It produces High Alumina Refractory Bricks, Castables and supplying to Core Industries namely Cement, steel and others. The Company is having manufacturing Units at Dalmiapuram (Tamil Nadu), Khambalia and Katni (Madhya Pradesh) and its corporate office is situated at New Delhi. The Securities of the Company are listed at Calcutta Stock Exchange and Metropolitan Stock Exchange of India Ltd (Formerly MCX Stock Exchange Ltd.).

The registered office of the Company is located at Dalmiapuram, P.O. Kallakudi - 621 651, Dist. Tiruchirappalli, Tamil Nadu.

These financial statements of the Company for the year ended 31<sup>st</sup> March 2020 were approved and adopted by board of directors of the Company in their meeting held on 16<sup>th</sup> June 2020.

### 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, and equity settled share based payments which have been measured at fair value/amortised cost.

#### 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 ₹ lakh rounded off to the nearest thousand, 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:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after thereporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

- Expected to be settled in normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period, or
- 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. Property, plant and equipment

The useful life and residual value of property, plant & equipment are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

### b. Recognition and measurement of defined benefit obligations

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### c. Fair value measurement of financial instruments

When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in 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.

### d. Provisions

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

### e. Impairment of Financial and Non-Financial Assets

The impairment provision for financial assets are based on assumptions about risk of default and expected losses. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past

history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Company assesses at each reporting date whether there is an indication that a Non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which is higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**f. Recoverability of trade receivables:**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**g. Income Tax:**

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

**h. Contingencies:**

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

**i. Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant lease hold improvements undertaken over the lease term, costs

relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**j. Estimation uncertainty relating to the global health pandemic**

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In assessing the recoverability of Company's assets such as Financial Asset and Non-Financial Assets, the Company has considered internal and external information. 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 and the Company expects to recover the carrying amount of all the assets.

**Note 3. Significant Accounting policies**

**3.1 Property, plant and equipment**

All items of Property, plant and equipment are stated at historical cost net of tax/ duty credit availed which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

**Transition to Ind AS:**

On transition to Ind AS, the Company has elected to adopt the fair value of all of its property, plant and equipment as at April 01, 2016 as deemed cost.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation on Property, Plant and Equipment (PPE) is provided over the useful life of assets as specified in schedule II to the Act. Property, Plant and Equipment which are added / disposed off during the year, depreciation is provided pro-rata basis with reference to the month of addition / deletion.

Certain items of PPE has been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided accordingly.

The following methods of depreciation are used for PPE :

Property Plant & Equipment at	
- Dalmiapuram, Khambalia, Katni, Bhilai and Bochum works	Straight Line Method
- Head Office	Written Down Value
Leasehold land	Amortised over the period of lease

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

**3.2 Intangible assets**

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

- for assets acquired in a business combination, at fair value on the date of acquisition
- for separately acquired assets, at cost comprising the purchase price and directly attributable costs to prepare the asset for its intended use.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets that have finite lives are amortized over their estimated useful lives by the

straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. Computer softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of useful lives or period of three years, whichever is less. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**Transition to Ind AS:**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 01, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of intangible assets.

**3.3 Impairment of Non-financial assets**

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-

financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **3.4 Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

### **3.5 Leases**

#### **The Company as a lessee**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or

changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

#### **The Company as a lessor**

A lease for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

### **3.6 Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received. Government grants relating to income are determined and recognised in the statement of profit and loss over the period necessary to match them with the cost that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are reduced from the cost of the assets.

### **3.7 Borrowing Cost**

Borrowing costs specifically relating to the acquisition or construction of qualifying assets

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

### **3.8 Segment Reporting**

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

### **3.9 Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 'Employee Benefits'.

#### **a. Short-term employee benefits**

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

#### **b. Defined contribution plan**

Retirement benefits in the form of provident fund, pension scheme and superannuation scheme and ESI are a defined contribution plan and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

#### **c. Defined benefit plan**

The Company's liabilities on account of gratuity and earned leaves on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS)-19- 'Employee Benefits'. Gratuity liability is funded on year-to-year basis by contribution to respective fund. The Company's Employee Gratuity Fund is managed by Life Insurance Corporation. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Accumulated leaves, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

### **3.10 Inventories**

(a) Inventories are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the material may be the



best available measure of their net realizable value.

- (b) Historical cost is determined on the basis of real time weighted average method.
- (c) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### **3.11 Revenue recognition and other income:**

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

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The performance obligations in our contracts in respect of exports are fulfilled at the time of shipment of goods to customer and in respect of domestic sales on dispatch from factory.

Revenue is measured based on transaction price which is fair value of the consideration received or receivable, after deduction of any discounts, sales incentives / schemes and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and sales incentives / schemes. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

#### **Sale of Goods**

Revenue from operations is recognised in respect of export sales on the basis of shipment of goods to customer and in respect of domestic sales on dispatch from factory.

#### **Sale of Services**

Revenues from sale of services are recognized as per the term of contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

#### **Other Income**

Incentives on exports and other Government

incentives related to operations are recognised in the statement of profit or loss after due consideration of certainty of utilization/receipt of such incentives.

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

#### **Interest Income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Dividend Income:**

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

#### **Contract Balances Trade Receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional.

#### **Contract Liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### **3.12 Foreign Currency Transactions**

- **Initial recognition**

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

- **Conversion**

Foreign currency monetary items are

retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

- **Exchange differences**

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively). Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

### 3.13 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.

### 3.14 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to 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 as outflow of resources will be required to settle the obligation
- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

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

#### **Contingent assets**

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

### **3.15 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.

### **3.16 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**

The Company subsequently measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in OCI, and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of profit and loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at 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 cashflows 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.

**Financial guarantee contracts:** Financial guarantee contracts are recognised as a financial liability at the time when guarantee is issued. The liability is initially at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

Where guarantees in relation to loans of subsidiaries are provided for no compensation, the fair values are expensed out in the Statement of Profit and Loss.

**(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.

**3.17 Dividend Distribution**

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

**3.18 Earning per share**

Basic earning 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 earning 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 antidilutive. 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.

### **3.19 Share Based Payments**

Equity-settled share based payments to employees and directors providing services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-

settled share based payments transactions are set out in Note 33.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**Dalmia Refractories Limited**  
**Notes to the financial statements**

**Non-Current Assets:**

**4. Property, Plant and Equipment**

**Tangible and Intangible assets**

(₹ in Lakhs)

Particulars	Tangible Assets							Intangible Assets		
	Own Assets							Right-of-use Assets Land (Lease Hold)	Vehicles	Total Tangible Assets
	Land (Free Hold)	Buildings	Plant and Machinery	Office Equipments	Furniture and Fixtures	Vehicles	Computer software			
<b>Gross Carrying Amount</b>										
Balance as at 1 April 2018	5,962.11	2,913.67	3,871.56	63.07	14.93	6.75	253.50	-	13,085.59	7.92
Additions	-	-	142.99	18.70	2.68	-	21.10	-	185.47	-
Disposals/Adjustment	-	11.39	71.96	0.14	0.61	-	-	-	84.10	-
Balance as at 31 March 2019	5,962.11	2,902.28	3,942.59	81.63	17.00	6.75	274.60	-	13,186.96	7.92
Additions	-	131.85	275.70	49.84	20.51	-	-	147.66	625.56	-
Disposals/ Adjustment	-	11.00	0.02	-	0.04	-	-	-	11.06	-
<b>Balance as at 31 March 2020</b>	<b>5,962.11</b>	<b>3,023.13</b>	<b>4,218.27</b>	<b>131.47</b>	<b>37.47</b>	<b>6.75</b>	<b>274.60</b>	<b>147.66</b>	<b>13,801.46</b>	<b>7.92</b>
Accumulated Depreciation										
Balance as at 1 April 2018	-	420.00	1,383.41	44.32	5.35	2.54	45.02	-	1,900.64	7.36
Depreciation for the year	-	160.33	593.85	13.02	2.33	1.27	18.34	-	789.14	0.56
Accumulated depreciation on disposals	-	1.14	31.32	0.14	0.42	-	-	-	33.02	-
Balance as at 31 March 2019	-	579.19	1,945.94	57.20	7.26	3.81	63.36	-	2,656.76	7.92
Depreciation for the year	-	151.31	585.67	20.08	4.34	1.27	21.12	32.91	816.70	-
Accumulated depreciation on disposals	-	11.00	0.01	-	0.04	-	-	-	11.05	-
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>719.50</b>	<b>2,531.60</b>	<b>77.28</b>	<b>11.56</b>	<b>5.08</b>	<b>84.48</b>	<b>32.91</b>	<b>3,462.41</b>	<b>7.92</b>
Net Carrying Amount										
As at 31 March 2019	5,962.11	2,323.09	1,996.65	24.43	9.74	2.94	211.24	-	10,530.20	-
As at 31 March 2020	5,962.11	2,303.63	1,686.67	54.19	25.91	1.67	190.12	114.75	10,339.05	-

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>5</b>	<b><u>Non- Current Assets: Financial Assets</u></b>		
	<b>5.1 Investments</b>		
A	<u>Unquoted Investments</u>		
	Investment in Subsidiaries (At Cost)		
	5,100,000 (March 31, 2019: 5,100,000) shares of Dalmia Seven Refractories Limited of ₹ 10 each fully paid up	510.00	510.00
	1,825,000 (March 31, 2019: 1,825,000) shares of Dalmia GSB Refractories GmbH of Euro 1 each fully paid up (Refer Note 30)	1,489.37	1,489.37
	350,211 (March 31, 2019: 262,500) shares of GSB Refractories India Private Limited of ₹ 10 each fully paid up	1,472.63	1,060.39
	Deemed Investment in Dalmia GSB Refractories GmbH (Refer Note 30)	200.68	200.68
	The list of subsidiaries along with proportion of ownership interest held and country of incorporation are disclosed in Note 40 of Consolidated Financial Statements.		
B	<u>Quoted Investments</u>		
	Quoted fully paid up Equity Shares of Others (At FVOCI)		
	1,000 shares (March 31, 2019: 1000) shares of Dalmia Bharat Sugar Industries Limited of ₹ 2.00 each	0.49	1.24
	698,952 shares (March 31, 2019: 698,952) shares of Dalmia Bharat Limited of ₹ 2.00 each	3,429.06	6,916.13
		<b>7,102.23</b>	<b>10,177.81</b>
	<b>Aggregate amount of Non Current Investments</b>		
	<b>Particulars</b>		
	Aggregate amount of quoted investments	3,429.55	6,917.37
	Market value of quoted investments	3,429.55	6,917.37
	Aggregate amount of unquoted investments	3,672.68	3,260.44
	<b>5.2 Loans</b>		
	<b>Advances to Employees</b>		
	- Unsecured & Good	5.81	-
	<b>Security Deposit</b>		
	- Unsecured & Good	75.67	81.68
		<b>81.48</b>	<b>81.68</b>
	<b><u>Current Assets:</u></b>		
<b>6</b>	<b>Inventories</b>		
	Raw materials	2,406.25	1,907.09
	Work - in - progress	217.85	271.70
	Finished goods	2,740.53	2,134.08
	Stores and spares	506.95	472.89
	Loose tools	4.12	2.89



**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
	<b>Goods in transit:</b>		
	Raw materials	290.96	166.88
	Stores and spares	1.32	2.91
		<u>6,167.98</u>	<u>4,958.44</u>
<b>7</b>	<b>Current financial assets</b>		
	<b>7.1 Current Investments</b>		
	<b>Mutual Funds (At FVTPL)</b>		
	HDFC Floating Rate Fund (Units 3276.954; March 31, 2019: 3084.371)	0.33	0.30
		<u>0.33</u>	<u>0.30</u>
	Aggregate Book value of quoted investments	0.33	0.30
	Fair value of quoted investments	0.33	0.30
	<b>7.2 Trade Receivables</b>		
	- Trade Receivable considered good - Secured	-	-
	- Trade Receivable considered good - Unsecured	3,915.14	3,043.05
	- Trade Receivables which have significant increase in Credit Risk	-	-
	- Trade Receivables - credit impaired	146.04	179.92
		<u>4,061.18</u>	<u>3,222.97</u>
	Less:- Provision for expected credit loss	<u>(146.04)</u>	<u>(179.92)</u>
		<u>3,915.14</u>	<u>3,043.05</u>
	<b>7.3 Cash &amp; Cash Equivalents</b>		
	Balances with banks		
	- in Current Accounts	22.85	18.27
	Gold coins/ Silver Coins/ Stamps	4.48	0.13
	Deposits with maturity of less than three months	-	432.74
		<u>27.33</u>	<u>451.14</u>
	<b>7.4 Bank Balances</b>		
	Fixed Deposits (of maturity exceeding three months but upto one year)*	166.83	155.00
	Margin money	8.67	1.59
	Margin Money with bank (including accrued interest)		
	- Earmarked for unpaid dividend	9.31	10.07
	- Earmarked for Debenture and Interest	2.25	2.25
		<u>187.06</u>	<u>168.91</u>

\*Includes deposits of ₹ 166.83 lakh (31 March 2019 : ₹ 155 lakh) pledged with banks for the purpose of DSRA.

There is no amount due and outstanding to be credited to the Investor Education and Protection Fund. During FY 2019-20, ₹ 2.42 lakh (PY 2018-19 ₹ 2.88 lakh) on account of unclaimed dividend and NCD Application money was credited to the Investor Education and Protection Fund.

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>7.5</b>	<b>Loans</b>		
	<b>Amount recoverable from employees</b>		
	- Unsecured, considered good	5.48	14.19
	<b>Amount recoverable from others</b>		
	- Unsecured, considered good	311.87	333.49
		<b>317.35</b>	<b>347.68</b>
<b>7.6</b>	<b>Others Financial Assets</b>		
	<b>Unsecured, considered good</b>		
	- Interest receivable	5.84	6.83
		<b>5.84</b>	<b>6.83</b>
<b>8</b>	<b>Current Tax Assets (net)</b>		
	Advance income tax (net of provision for tax)	105.45	27.13
		<b>105.45</b>	<b>27.13</b>
<b>9</b>	<b>Other Current Assets</b>		
	Prepaid expenses	45.34	49.44
	Balance with statutory authorities	427.05	260.53
		<b>472.39</b>	<b>309.97</b>
<b>10</b>	<b>Equity:</b>		
	<b>10.1 Share Capital</b>		
	<b>Authorised</b>		
	5,000,000 Equity Shares of ₹ 10 each	500.00	500.00
	<b>Issued, Subscribed &amp; fully paid up</b>		
	3,152,084 Equity shares of ₹ 10 each	315.21	315.21
	<b>(i) Reconciliation of number and amount of equity shares outstanding:</b>		
		<b>No. of shares</b>	<b>Amount</b>
	As at 1 April 2018	31,52,084	315.21
	Movement during the year	-	-
	As at 31 March 2019	31,52,084	315.21
	Movement during the year	-	-
	<b>As at 31 March 2020</b>	<b>31,52,084</b>	<b>315.21</b>

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

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

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020		As at March 31, 2019	
<b>(ii) Details of shareholders holding more than 5% shares in the company</b>					
		<b>As at March 31, 2020</b>		<b>As at March 31, 2019</b>	
	<b>Equity shares of ₹ 10 each fully paid</b>	<b>Number</b>	<b>% Holding</b>	<b>Number</b>	<b>% Holding</b>
	Akhyar Estate Holding Private Limited	14,46,840	45.90%	14,46,840	45.90%
	Garvita Solutions Service and Private Limited	3,49,530	11.09%	3,49,530	11.09%
	Alirox Abrasives Limited	2,47,187	7.84%	2,47,187	7.84%
	Mahendra Girdharilal Wadhawani	1,81,067	5.74%	1,81,067	5.74%
<b>10.2 Other Equity</b>					
<b>a</b>	<b>Securities Premium Account</b>				
	Opening and Closing Balance		588.02		588.02
<b>b</b>	<b>General Reserve</b>				
	Opening and Closing Balance		804.82		804.82
<b>c</b>	<b>Share Based Payment Reserve</b>				
	Opening Balance		46.26		-
	Employee share-based payment expense		101.58		46.26
	Closing Balance		<u>147.84</u>		<u>46.26</u>
<b>d</b>	<b>Retained Earnings</b>				
	Opening balance		10,849.17		10,164.52
	Add: Net Profit for the year		1,753.33		703.65
	Less: Appropriations				
	Dividend on equity shares		(78.80)		(15.76)
	Tax on dividend		(16.20)		(3.24)
	Closing Balance		<u>12,507.50</u>		<u>10,849.17</u>
<b>f</b>	<b>Other Comprehensive Income</b>				
	Opening Balance		6,407.49		9,548.78
	Addition During the year		(3,487.82)		(3,127.74)
	Total Income recognised on Equity instruments		2,919.67		6,421.04
	Actuarial Gain & Losses on DBO (net of tax)		(17.91)		(13.55)
	Closing Balance		<u>2,901.76</u>		<u>6,407.49</u>
	<b>Total</b>		<u><b>16,949.94</b></u>		<u><b>18,695.76</b></u>

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>Nature and Purpose Of Reserves</b>			
(a)	Securities premium represents the amount received in excess of par value of securities. Securities Premium is utilised in accordance with the Provisions of the Companies Act, 2013.		
(b)	General Reserve is free reserve created by the Company by transfer from retained earnings.		
(c)	Share based payments reserve - Amount attributable towards share options granted to an employee of the company has been credited to the reserve.		
(d)	Equity instruments through other comprehensive income - The Company has elected to recognise changes in the fair value of investment in equity instruments in other comprehensive income. The changes are accumulated with in Fair Value through Other Comprehensive Income equity instruments reserve with in equity. The Company will transfer the amount from this reserve to retained earnings when the relevant equity securities are derecognised.		
<b>Non - current liabilities:</b>			
<b>11 Financial Liabilities</b>			
	Payable towards purchase consideration of Investment	-	79.78
	Lease Liabilities	88.42	-
	Financial guarantee obligation	138.84	146.40
		<b>227.26</b>	<b>226.18</b>
<b>12 Provisions</b>			
	Provision for employee benefits (Refer Note 32)		
	- Gratuity	50.68	11.22
	- Leave Encashment	27.96	38.92
	Provision against asset retirement obligation*	262.74	258.56
		<b>341.38</b>	<b>308.70</b>
	* The movement in provision for asset retirement obligation is as follows:		
	Opening Balance	258.56	263.34
	Unwinding of discount (Refer Note 22)	20.14	20.52
	Payments	(15.96)	(25.30)
	Closing Balance	<b>262.74</b>	<b>258.56</b>
<b>13 Deferred Tax Liability</b>			
	<b>Deferred tax liability</b>		
	On account of Property, Plant & Equipment	1,814.88	2,080.69
		<b>1,814.88</b>	<b>2,080.69</b>
	<b>Deferred tax assets</b>		
	On account of expenditure charged to Statement of profit and loss but allowed for tax purposes on payment basis.	28.19	33.01
	On account of provision for doubtful debts	36.76	52.39
		<b>64.95</b>	<b>85.40</b>
	Net deferred tax liability	<b>1,749.93</b>	<b>1,995.29</b>

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(i) Movement in deferred tax items

**FY 19-20**

Deferred tax liability / (asset) on account of

Difference in Book value of Tangible and Intangible assets

2,080.69 (265.81) - 1,814.88

Expenses allowed on payment basis

(33.01) 4.84 (6.03) (28.19)

Provision created for bad & Doubtful debts

(52.39) 15.63 - (36.76)

Net Deferred tax liability / (asset)

1,995.29 (245.34) (6.03) 1,749.93

Opening Balance	Recognised in Profit & Loss Account	Recognised in other comprehensive income	Closing balance
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**FY 18-19**

Deferred tax liability / (asset) on account of

Difference in Book value of Tangible and Intangible assets

2,440.49 (359.80) - 2,080.69

Difference in Book value of Inventory

18.06 (18.06) - -

Expenses allowed on payment basis

(35.00) 7.56 (5.57) (33.01)

Provision created for bad & Doubtful debts

(83.23) 30.84 - (52.39)

Recognition of DTA on business losses and accumulated depreciation

(37.77) 37.77 - -

Net Deferred tax liability / (asset)

2,302.55 (301.69) (5.57) 1,995.29

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
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**Current liabilities:**

**14 Financial Liabilities:**

**14.1 Borrowings**

**Secured - at amortised cost**

**Loans from banks repayable on demand**

- Cash Credit

3,176.89 1,707.63

- Bill Discounting

306.37 306.37

**3,483.26 2,014.00**

- The above borrowings are secured by first pari passu charge on the entire current assets, moveable fixed assets and by equitable mortgage of immovable fixed assets both present and future, (excluding vehicles financed by other banks/FIs).
- The Cash Credit facility and Bill Discounting carries interest which varies from 8.60% to 9.55%.

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>14.2 Trade Payables</b>			
a	Total outstanding dues of Micro and Small Enterprises (Refer note below)	286.05	316.20
b	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	4,231.20	3,280.50
	<b>Total</b>	<b>4,517.25</b>	<b>3,596.70</b>
Details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the company is as under:			
	<b>Particular</b>		
	Principal amount due and remaining unpaid	286.05	326.94
	Interest due on above and unpaid interest	-	-
	Interest paid	-	-
	Payment made beyond the appointed day during the year	-	-
	Interest due and payable for the period of delay	-	-
	Interest accrued and remaining unpaid	-	-
	Amount of further interest remaining due and payable in succeeding years	-	-
		<b>286.05</b>	<b>326.94</b>
<b>14.3 Other financial liabilities</b>			
	Unpaid matured debentures and interest	2.25	2.25
	Unpaid Dividend	9.31	10.07
	Payable towards purchase consideration of Investment	80.20	31.11
	Financial guarantee obligation	25.78	43.30
	Lease Liability	31.17	-
	Deferred Employee loan	0.65	-
	Book Overdraft	-	32.85
		<b>149.36</b>	<b>119.59</b>
<b>15 Other current liabilities</b>			
	Advances from Customers	668.91	2,498.50
	Security deposits from Customers	223.81	30.72
	Statutory Liabilities	70.70	162.29
	Other payables (Bonus, Superannuation, etc.)	85.25	119.92
		<b>1,048.67</b>	<b>2,811.43</b>
<b>16 Provisions</b>			
	Provision for employee benefits (Refer Note 32)		
	- Leave Encashment	4.91	56.81
	- Gratuity	31.16	1.79
		<b>36.07</b>	<b>58.60</b>

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>17</b>	<b>Revenue from operations</b>		
	<b>A. Sale of products</b>		
	Refractories	19,713.25	17,270.01
	Calcined Bauxite	26.01	326.91
	Traded goods	7,632.58	1,866.85
		<b>27,371.84</b>	<b>19,463.77</b>
	<b>B. Sale of Services</b>	1,630.34	200.33
	<b>C. Other Operating Revenue</b>		
	Scrap Sales	55.87	122.01
		<b>29,058.05</b>	<b>19,786.11</b>
	Disaggregated revenue information is disclosed above.		
	Reconciliation of Revenue from operations with contract price:		
	<b>Particulars</b>		
	Contract Price	29,065.78	19,792.65
	Reduction towards variable consideration components*	7.73	6.54
	<b>Revenue from Operations</b>	<b>29,058.05</b>	<b>19,786.11</b>
	* The reduction towards variable consideration comprises of volume discounts, rebates, etc.		
<b>18</b>	<b>Other income</b>		
	Interest income from bank/others	46.83	34.61
	Dividend income	28.02	11.88
	Provision/liabilities no longer required written back	55.31	233.52
	Provision for expected credit loss written back	27.08	12.77
	Financial Guarantee income	43.30	10.99
	Profit on Sale of an Property plant and equipment	0.65	-
	Foreign Exchange Fluctuations	42.67	-
	Net profit/loss on sale of current investments	-	29.07
	Other non operating income	257.20	212.98
		<b>501.06</b>	<b>545.82</b>
<b>19</b>	<b>Cost of Materials consumed</b>		
	Raw Material Consumed	11,646.38	9,950.56
		<b>11,646.38</b>	<b>9,950.56</b>
<b>20</b>	<b>Changes in inventories of finished goods and work - in - progress</b>		
	Inventories at the beginning of the year		
	Work-in-Progress	271.70	234.91
	Finished Goods	2,134.08	1,916.82
		<b>2,405.78</b>	<b>2,151.73</b>

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Less - Inventories at the end of the year		
	Work-in-Progress	217.85	271.70
	Finished Goods	2,740.53	2,134.08
		<b>2,958.38</b>	<b>2,405.78</b>
	Changes in inventories of finished goods and work - in - progress	(552.60)	(254.05)
<b>21</b>	<b>Employee benefits expenses</b>		
	Salaries, wages, Allowances & Commission	2,537.80	2,286.46
	Contribution to Provident & Other funds	108.56	101.93
	Employee share-based payment expense	101.58	46.26
	Gratuity & Pension	99.57	84.94
	Staff welfare expense	157.87	114.65
		<b>3,005.38</b>	<b>2,634.24</b>
<b>22</b>	<b>Finance costs</b>		
	Interest on Cash Credits	124.34	95.36
	Unwinding Discount	38.36	4.31
	Interest - Others	101.86	63.85
		<b>264.56</b>	<b>163.52</b>
<b>23</b>	<b>Depreciation expense</b>		
	Depreciation on tangible assets	816.70	789.14
		<b>816.70</b>	<b>789.14</b>
<b>24</b>	<b>Other expenses</b>		
	Consumption of stores & spare parts	232.21	209.82
	Power and fuel	1,119.91	1,328.20
	Packing, freight & transport	1,101.47	713.02
	Commission	229.65	210.95
	Rent	17.44	4.61
	Repairs to buildings	51.10	28.34
	Repairs to machinery	355.30	357.30
	Repairs others	41.11	36.43
	Insurance	24.69	9.23
	Rates and taxes	64.40	57.08
	Payment to the auditors		
	- Statutory Audit fees	11.25	10.00
	- Limited Review fees	11.25	7.50
	- Certification fees	10.70	5.75
	- for reimbursement of expenses	1.62	0.42
	Advertisement & publicity	4.21	3.05



**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Bad Debt written off	21.07	27.11
	Advances written off	10.52	-
	Foreign Exchange Fluctuations	-	155.06
	Travelling & Conveyance	320.09	298.82
	Donations	1.42	0.89
	Professional & Legal Fees	432.28	681.01
	Brick Lining Expenses	1,403.41	179.92
	Loss on Sale of Property plant and equipment	-	8.06
	Corporate social responsibility expenses (Refer Note 35)	6.96	-
	Miscellaneous expenses	348.70	203.14
		<b>5,820.76</b>	<b>4,535.71</b>
<b>25</b>	<b>Tax expense</b>		
	Current tax	690.00	405.00
	<u>Deferred tax</u>		
	- Deferred tax credit	(245.34)	(301.69)
		<b>444.66</b>	<b>103.31</b>
	<u>Income tax recognised in other comprehensive income into:</u>		
	Items that will not be reclassified to profit or loss	6.03	5.57
	Items that will be reclassified to profit or loss	-	-
	<b>Total income tax expense recognised in other comprehensive income</b>	<b>6.03</b>	<b>5.57</b>
	<b>Total income tax expense recognised in profit &amp; loss account</b>	<b>444.66</b>	<b>103.31</b>
	<b>Reconciliation of income tax expense and the accounting profit multiplied by Company's tax rate:</b>	25.168%	29.120%
	Profit before tax	2,197.99	806.96
	Income tax expense calculated at <b>25.168%</b> (including surcharge and education cess)	553.19	234.99
	Effect of income that is not chargeable to tax	18.06	5.04
	Impact of change in tax rate	(130.29)	(133.90)
	Effect of expenses that are deductible in determining taxable profit	(25.22)	(34.73)
	Effect of expenses that are non-deductible in determining taxable profit	28.92	31.91
	<b>Total income tax expense recognised in profit &amp; loss account</b>	<b>444.66</b>	<b>103.31</b>
<b>26</b>	<b>Other Comprehensive Income</b>		
	<b>Item that will not be reclassified to profit or loss</b>		
	- Actuarial loss on defined benefit obligation	(23.94)	(19.12)
	- Income tax relating to Actuarial loss	6.03	5.57
	<b>Items that will be reclassified to profit or loss</b>		
	- Fair valuation of equity instruments at FVOCI	(3,487.82)	(3,127.74)
	<b>Total Other Comprehensive Income</b>	<b>(3,505.73)</b>	<b>(3,141.29)</b>

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Note No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>27</b>	<b>Earning per Share</b>		
	Net profit for the year attributable to Equity Shareholders for Basic EPS	1,753.33	703.65
	Add: Share based payment (net of tax)	76.01	32.79
	Net profit for the year attributable to Equity Shareholders for Diluted EPS	1,829.34	736.44
	Weighted average number of equity shares outstanding during the year for Basic EPS (in numbers)	31,52,084	31,52,084
	Weighted average number of equity shares outstanding during the year for Diluted EPS (in numbers)	31,75,491	31,75,491
	Earnings per share of ₹ 10 each		
	Basic	55.62	22.32
	Diluted*	55.62	22.32
	Face value per equity share	10.00	10.00
	* As the Diluted Earning per share is anti dilutive, Basic Earning per share has been considered as Diluted earning per share.		

**28 Capital Commitments**

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	3.79

**29 Contingent Liabilities**

(₹ in Lakhs)

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i	Bank Guarantees	1,157.11	453.83
ii	Claims against the Group not acknowledged as debt and being contested before the appropriate authorities		
-	Service tax matters	206.16	193.09
-	Sale tax matters	84.42	84.42
-	Other matters	25.78	25.78
-	Provident Fund : The Honourable Supreme Court has passed a decision on 28 <sup>th</sup> February, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.	Amount not determinable	Amount not determinable

**Dalmia Refractories Limited**  
**Notes to the financial statements**

- 30 The Company has, on 11<sup>th</sup> December 2018, acquired 100% stake by investing ₹ 1,489.37 lakh in Rheinsee 690 VV GMBH, a limited liability company incorporated under German laws which has been renamed as "Dalmia Refractories Germany GmbH" for expansion of operations internationally. In turn, Dalmia Refractories Germany GmbH, has taken over 100 % stake in GSB Group GmbH during the month of January, 2019.

On 24<sup>th</sup> January 2019, the Company has made an investment of ₹ 1060.39 lakh towards acquiring a 35% stake in GSB Refractories India Private Limited, subsidiary of GSB Group GmbH making GSB Refractories India Private Limited, a wholly owned subsidiary of the Company.

Further, on 5<sup>th</sup> December 2019, pursuant to a Scheme of Merger under German Laws, GSB Group GmbH, step down subsidiary of Dalmia Refractories Limited (DRL) have merged into its parent Company, Dalmia Refractories Germany GmbH, which is the wholly owned subsidiary of DRL. The name of the new merged entity is "Dalmia GSB Refractories GmbH" ('Dalmia GSB'). DRL continues to hold 100% shareholding of Dalmia GSB.

**31 Segment Information**

**(i) General Disclosure**

The Company is primarily in the business of refractory manufacturing and selling. It produces High Alumina Refractory Bricks, Castables and Supplying to Core Industries namely Cement, steel and others. Hence, there is only one identified reportable segment as per IndAS 108 - Operating Segments.

The above reportable segment has been identified based on the significant components of the enterprise for which discrete financial information is available and is reviewed by the Chief operating decision maker (CODM) to assess the performance and allocate resources to the operating segments.

**(ii) Entity-wide disclosure required by IND AS 108 are made as follows:**

**a) Revenues from external sales and services**

(₹ in Lakhs)

Particulars	2019-20	2018-19
India	25,851.76	17,969.10
Outside India	3,206.29	1,817.01
<b>Total Revenue as per statement of profit and loss</b>	<b>29,058.05</b>	<b>19,786.11</b>

**b) Segment Assets**

All Assets are within India only.

**iii) Information about major customers:**

There are 2 customers in FY 2019-20 where revenues from those two customers aggregating to ₹ 10,562.60 lakh exceeds 10 per cent or more from each customer of entity's revenues during the current year.

**32 Employee Benefits**

**Gratuity**

The Parent Company has a defined benefit gratuity plan. The gratuity is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded through Gratuity Fund Trust with an insurance company in the form of a qualifying insurance policy. The Trust is responsible for the administration of the plan assets and for the determination of investment strategy. The Company makes provision of such gratuity asset/ liability in the books of account on the basis of actuarial valuation carried out by an independent actuary.

**Dalmia Refractories Limited**  
**Notes to the financial statements**

**A. Statement of profit and loss**

**Net employee benefit expense**

(₹ in Lakhs)

Particulars	2019-20		2018-19	
	Gratuity (funded)	Leave encashment	Gratuity (funded)	Leave encashment
Current Service cost	30.72	5.17	29.40	7.53
Interest Cost	30.09	7.32	28.11	7.82
Expected return on plan asset	(26.38)	-	(28.11)	-
<b>Total Expense</b>	<b>34.43</b>	<b>12.49</b>	<b>29.40</b>	<b>15.35</b>

**B. Balance Sheet**

**(i) Details of Plan assets/ (liabilities) for gratuity and Leave Encashment**

(₹ in Lakhs)

Particulars	2019-20		2018-19	
	Gratuity (funded)	Leave encashment	Gratuity (funded)	Leave encashment
Present value of Obligation as at year-end	444.93	32.86	393.31	95.73
Fair value of plan assets	363.09	-	344.79	-
Net Asset/(Liability) recognised in the balance sheet*	<b>(81.84)</b>	<b>(32.86)</b>	<b>(48.52)</b>	<b>(95.73)</b>

\* Payment made towards Gratuity for planned Asset is Nil for FY 2019-20 & ₹ 35.51 lakh for FY 2018-19.

**(ii) Changes in the present value of the defined benefit obligation are as follows:**

(₹ in Lakhs)

Particulars	2019-20		2018-19	
	Gratuity (funded)	Leave encashment	Gratuity (funded)	Leave encashment
Opening defined benefit obligation	<b>393.32</b>	<b>95.73</b>	363.68	101.19
Interest cost	<b>30.09</b>	<b>7.32</b>	28.11	7.82
Current service cost	<b>30.72</b>	<b>5.17</b>	29.40	7.53
Benefit paid	<b>(32.62)</b>	<b>(55.60)</b>	(51.76)	(20.03)
Actuarial (gains)/losses on obligation	<b>23.42</b>	<b>(19.76)</b>	23.89	(0.78)
Closing defined benefit obligation	<b>444.93</b>	<b>32.86</b>	393.32	95.73

**Dalmia Refractories Limited**  
**Notes to the financial statements**

**(iii) Changes in the fair value of plan assets (gratuity) are as follows:**

(₹ in Lakhs)

Particulars	2019-20	2018-19
Opening fair value of plan assets	344.80	363.68
Expected return on Plan Assets	26.38	28.11
Contribution during the year	48.52	-
Amount Receivable from LIC	(25.46)	(12.71)
Actuarial gains / (loss) on plan asset	(0.52)	4.77
Benefits paid	(30.63)	(39.05)
Closing fair value of plan assets	363.09	344.80

**(iv) The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:**

Particulars	2019-20	2018-19
Discount rate (%)	6.80%	7.65%
Expected salary increase (%)	6.00%	7.50%
<b>Demographic Assumptions</b>		
Retirement Age (year)	58 years	58 years
Mortality rates inclusive of provision for disability	100% of IALM	100% of IALM
Withdrawal rate	(2012 - 14)	(2006 - 08)
Up to 30 years	3%	3%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by Actuary.

**(v) Contribution to defined contribution plans:**

(₹ in Lakhs)

Particulars	2019-20	2018-19
Provident and other funds	108.56	101.93

**Dalmia Refractories Limited**  
**Notes to the financial statements**

(vi) Sensitivity analysis of the defined benefit obligation:

(₹ in Lakhs)

Particulars	2019-20		2018-19	
	Gratuity (funded)	Leave encashment	Gratuity (funded)	Leave encashment
<b>Impact of the change in discount rate</b>				
Impact due to increase of 0.50%	(12.97)	(1.43)	(12.60)	(4.49)
Impact due to decrease of 0.50%	13.87	1.55	13.50	4.72
<b>Impact of the change in salary increase</b>				
Impact due to increase of 0.50%	13.91	1.56	13.45	4.68
Impact due to decrease of 0.50%	(13.13)	(1.45)	(12.67)	(4.51)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

(vii) Other comprehensive income (OCI):

(₹ in Lakhs)

Particulars	Gratuity	
	2019-20	2018-19
Net cumulative unrecognized actuarial (gain)/loss opening	-	-
Actuarial gain/(loss) for the year on PBO	(23.42)	(23.89)
Actuarial gain/(loss) for the year on plan asset	(0.52)	4.77
Unrecognized actuarial (gain)/loss at the end of the year	-	-
Total actuarial (gain)/loss at the end of the year	(23.94)	(19.12)

**33 Share Based Payments**

The Company offered equity based awards through the Company's stock option plan introduced during FY 2018-19.

**Dalmia Refractories Limited Employee Stock Option Plan 2018**

The Company introduced Dalmia Refractories Limited Employee Stock Option Plan 2018 (DRL ESOP), which was approved by the shareholders of the Company to provide equity settled incentive to eligible employees and directors (excluding independent director) of the Company.

The details of share options for the year ended 31st March 2020 is presented below:

Particulars	ESOP 2018
Options as at 1st April, 2019	1,65,000
Options granted during the year	-
Options forfeited during the year	-
Options exercised during the year	-
Options outstanding as at 31st March, 2020	1,65,000

**Dalmia Refractories Limited**  
**Notes to the financial statements**

The stock options under the DRL ESOP 2018 were granted on 31<sup>st</sup> October, 2018. The exercise price of the option is Rs 150 per share.

The fair value of stock options has been determined at the date of grant of the stock options. This fair value, adjusted by the Company's estimate of the number of stock options that will eventually vest, is expensed over the vesting period.

The fair values were calculated using the Black-Scholes European Call Option Pricing Model for tenure based stock options. The inputs to the model include the share price based on the DCF Method at date of grant, exercise price, expected life of options, annual volatility, expected dividends and the risk free rate of interest. Annual volatility has been calculated using median of comparable peers (to the extent data available). All options are assumed to be exercised within 1.25 years - 4.25 years from the date of respective vesting.

The assumptions used in the calculations of the charge in respect of the stock options granted are set out below:

Particulars	ESOP 2018
Number of Options	1,65,000
Exercise Price	150
Share Price at the date of grant as per DCF Method calculated by the valuer	281
Vesting Period	1) 10% of the options on completion of 1 year from Grant Date 2) 20% of the options on completion of 2 year from Grant Date 3) 30% of the options on completion of 3 years from Grant Date 4) 40% of the options on completion of 4 years from Grant Date
Annual Volatility	45.91 % - 49.34%
Expected option life	1.25 - 4.25 years
Expected dividends	0.18%
Risk free interest rate	7.59% - 7.75%
Fair value per option granted	1) 149.81 for vesting of shares on completion of 1 year from Grant Date 2) 164.10 for vesting of shares on completion of 2 years from Grant Date 3) 176.14 for vesting of shares on completion of 3 years from Grant Date 4) 187.59 for vesting of shares on completion of 4 years from Grant Date

The Company recognised total expenses of ₹ 101.58 lakh (PY Rs 46.26 lakh) to the above equity settled share based payment transactions for the year ended 31<sup>st</sup> March, 2020. Equity Settled employee stock options reserve outstanding with respect to the above scheme as at year end is Rs 147.84 lakh.

**34 Related Party Disclosures**

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

**A. Relationships**

**i. Subsidiaries of the Company (including step down subsidiaries):**

Dalmia Seven Refractories Limited

Dalmia GSB Refractories GmbH (w.e.f 12<sup>th</sup> December 2018) (Refer Note 30)

GSB Refractories India Private Limited (w.e.f 1<sup>st</sup> January 2019)

**Dalmia Refractories Limited**  
**Notes to the financial statements**

**ii. Key Managerial Person and Directors**

Mr. Sameer Nagpal	Managing Director (w.e.f. 01-Jun-2018)
Mr. C.N. Maheshwari	Chief Executive Officer (till 24-May-2019)
Mr. Manoj Kumar Rathi	Chief Financial Officer (since 31-Oct-2018)
Mr. S.K. Srivastava	Chief Financial Officer (till 30-Sep-2018)
Ms. Akansha Jain	Company Secretary
Mr. Deepak Thombre	Independent Director
Mr. C. Nagaratnam	Independent Director
Mr. M.K. Doogar	Independent Director
Ms. Leena Rawal	Non-Executive Director
Mr. N. Gopalaswamy	Independent Director (till 31.03.2019)
Mr. P.D. Mathur	Independent Director (till 31.03.2019)

**iii. Shareholder(s) having substantial stake in the Parent Company**

Akhyar Estate Holdings Private Limited

**iv. Promoters of the Parent Company**

Mr J.H. Dalmia and Mr Y.H. Dalmia

**v. Enterprises controlled by the Promoters of the Parent Company with whom transactions have taken place:-**

Dalmia Cement (Bharat) Limited, Adhunik Cement Limited, Dalmia Bharat Sugar & Industries Limited, OCL India Limited, Dalmia DSP Limited, Calcom Cement (India) Limited, Dalmia Cement East Limited, Alirox Abrasives Limited, Govan Travels (Prop. Dalmia Bharat Sugar & Industries Limited), Shri Chamundeswari Minerals Limited, Dalmia Bharat Limited, Dalmia Bharat Group Foundation, Garvita Solution Services and Holdings Private Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Keshav Power Limited, Shree Nirman Limited

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

(₹ in Lakhs)

Nature of Relationship	Name of Related Party	Nature of Transaction	For the year	
			2019-20	2018-19
Promoter Controlled enterprises	Dalmia Cement (Bharat) Limited	Sale of Goods	3832.08	1798.33
	OCL India Limited		-	268.47
	Dalmia DSP Limited		170.83	67.20
	Calcom Cement (India) Limited		43.68	117.31
	Dalmia Cement East Limited		-	13.69
	Adhunik Cement Limited		-	7.39
	Dalmia Bharat Sugar & Industries Limited		4.67	5.70
	Dalmia Cement (Bharat) Limited	Sale of Services	441.52	6.00
		Commission	-	6.46
		Dalmia Bharat Limited	Dividend received	27.96
	Dalmia Bharat Sugar & Industries Limited		0.04	-



**Dalmia Refractories Limited**  
**Notes to the financial statements**

(₹ in Lakhs)

Nature of Relationship	Name of Related Party	Nature of Transaction	For the year	
			2019-20	2018-19
Promoter Controlled enterprises	Akhyar Estate Holdings Private Limited	Dividend paid	21.70	2.47
	Garvita Solution Services and Holdings Private Limited		5.24	3.50
	Alirox Abrasives Limited		3.71	14.47
	Himgiri Commercial Limited*		0.00	0.00
	Valley Agro Industries Limited*		0.00	0.00
	Keshav Power Limited*		0.00	0.00
	Shree Nirman Limited*		0.00	0.00
	Dalmia Cement (Bharat) Limited	Purchase of goods & Services	2335.46	346.85
	OCL India Limited		-	315.44
	Govan Travels (Prop. Dalmia Bharat Sugar & Industries Limited)		90.75	81.27
	Alirox Abrasives Limited		30.00	30.00
	Dalmia Bharat Group Foundation	Corporate Social Responsibility expenses	6.96	-
	Dalmia Bharat Limited	Reimbursement of expenses paid	36.47	129.08
	Dalmia Cement (Bharat) Limited		1.64	1.05
Shri Chamundeswari Minerals Limited	1.08		1.82	
Subsidiaries	GSB Refractories India Private Limited	Investment	412.24	1,060.39
	Dalmia GSB Refractories GmbH		-	1,690.05
	Dalmia Seven Refractories Limited	Reimbursement of expenses received	-	19.55
		Rent	81.87	85.00
		Sale of Goods & Services	14.17	312.16
		Purchase of goods & Services	1,241.94	1,302.83
	Dalmia GSB Refractories GmbH	Financial Guarantee income	43.30	10.99
Unwinding discount		18.22	-	
Key Management Personnel	Mr. C.N Maheshwari - CEO	Salary & Perquisites	-	79.52
	Mr. Manoj Kumar Rathi - CFO		76.88	33.55
	Mr. S.K Srivastava - CFO		-	24.60
	Ms. Akansha Jain - CS		6.59	5.87
Directors	Mr. Deepak Thombre	Sitting fees and commission	2.60	2.20
	Mr. C. Nagarathnam		2.60	2.45
	Mr. M.K. Doogar		2.50	2.10
	Ms. Leena Rawal		1.00	1.25
	Mr. N. Gopaldaswamy		-	2.50
	Mr. P.D. Mathur		-	2.50

\* Dividend paid amounting to ₹ 7.5/- (FY 2018-19: ₹ 5/-).

**Dalmia Refractories Limited**  
**Notes to the financial statements**

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

(₹ in Lakhs)

Nature of Relationship	Name of Related Party	Nature of Transaction	For the year	
			31-Mar-20	31-Mar-19
Promoter Controlled enterprises	Dalmia Cement (Bharat) Limited	Outstanding balance at year end (Amount Receivable)	284.25	452.60
	Dalmia DSP Limited		-	12.06
Subsidiaries	Dalmia Seven Refractories Limited	Investment	96.97	3.49
	GSB Refractories India Private Limited		1,472.63	1,060.39
	Dalmia GSB Refractories GmbH		1,690.05	1,690.05
	Dalmia Seven Refractories Limited		510.00	510.00
Promoter Controlled enterprises	Dalmia Bharat Sugar Industries Limited		0.49	1.24
	Dalmia Bharat Limited		3,429.06	6,916.13
Subsidiaries	Dalmia GSB Refractories GmbH	Corporate Guarantee	164.62	189.69
Promoter Controlled enterprises	Dalmia Bharat Limited	Outstanding balance at year end (Amount Payable)	16.33	23.72
	Dalmia Cement (Bharat) Limited		876.39	328.21
	Govan Travels (Prop. Dalmia Bharat Sugar & Industries Limited)		12.80	4.32
Subsidiaries	Dalmia Seven Refractories Limited		39.47	59.55

**35 Expenditure incurred on Corporate Social Responsibilities**

- (a) CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹ 6.96 lakh (Previous Year Nil).
- (b) Expenditure related to Corporate Social Responsibility is ₹ 6.96 lakh (Previous Year Nil).
- (c) Out of note (b) above, ₹ 6.96 lakh (Previous Year ₹ Nil) contributed to Dalmia Bharat Group Foundation, which is related party.

**36 Dividend**

The Board of Directors have declared an interim dividend of ₹ 1.50/- (15%) per equity share of ₹ 10/- each and the same was paid to shareholders during March 2020. The interim dividend is treated as final dividend for the financial year 2019-20.

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

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

**38 Details of Loans Given, Investment made and Guarantee given covered u/s 186(4) of the Companies Act, 2013**

There are no Loans given by the Company.

Investments made are given by the Company under respective head.

Corporate guarantee given by the Company in respect of loans as at 31<sup>st</sup> March, 2020:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Dalmia GSB Refractories GmbH	8,791.29	8,791.29

The above guarantee is given for business purpose.

**Dalmia Refractories Limited**  
**Notes to the financial statements**

**39 Financial Risk Management Objectives And Policies**

**Financial Risk Factors**

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise appropriate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

**A. Credit Risk :**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments.

To manage this, Company periodically assesses the financial reliability of customers, taking into account factors such as credit track record in the market and past dealings with the Company for extension of credit to customer Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each quarter end on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 40. The Company evaluates the concentration of risk with respect to trade receivables as low, the trade receivables are located in several jurisdictions and operate in largely independent markets.

(₹ in Lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Upto 6 months	More than 6 months	Upto 6 months	More than 6 months
Gross carrying amount (A)	3,777.81	283.37	3,017.07	205.91
Expected Credit Losses (B)	-	(146.04)	-	(179.92)
<b>Net Carrying Amount (A-B)</b>	<b>3,777.81</b>	<b>137.33</b>	<b>3,017.07</b>	<b>25.99</b>

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company. The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 and March 31, 2019 is the carrying amounts as illustrated in note 40.

**B. Liquidity Risk :**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities and short term loans. The table below summarises the maturity profile of the Company's financial liabilities based on contracted undiscounted payments (excluding transaction cost on borrowings).

Table hereunder provides the current ratios of the Company as at the year end:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total current assets	11,198.87	9,313.45
Total current liabilities	9,234.61	8,600.32
<b>Current ratio</b>	<b>1.21</b>	<b>1.08</b>

**Dalmia Refractories Limited**  
**Notes to the financial statements**

The table below summarises the maturity profile of the Company's financial liabilities:

(₹ in Lakhs)				
Particulars	Payable on demand	Less than 1 year	More than 1 year	Total
<b>As at 31 March 2019</b>				
Borrowings	2,014.00	-	-	2,014.00
Other financial Liabilities	45.18	74.41	-	119.59
Trade and other payables	-	3,596.70	-	3,596.70
<b>Total</b>	<b>2,059.18</b>	<b>3,671.11</b>	<b>-</b>	<b>5,730.29</b>
<b>As at 31 March 2020</b>				
Borrowings	3,483.26	-	-	3,483.26
Other financial Liabilities	12.21	137.15	-	149.36
Trade and other payables	-	4,517.25	-	4,517.25
<b>Total</b>	<b>3,495.47</b>	<b>4,654.40</b>	<b>-</b>	<b>8,149.88</b>

**C. Market Risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the risk of movements in interest rates, inventory price and foreign currency exchange rates that affects its assets, liabilities and future transactions. The Company is exposed to following key market risks:

**(i) Interest Rate Risk :**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowings obligations in the form of cash credit and buyer's credit carrying floating interest rates.

(₹ in Lakhs)			
Particulars	Fixed Rate Borrowing	Variable Rate Borrowing	Total Borrowing
As at March 31, 2020	-	3,483.26	<b>3,483.26</b>
As at March 31, 2019	-	2,014.00	<b>2,014.00</b>

Sensitivity analysis - For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Sensitivity on variable rate borrowings	Impact on Statement of Profit & Loss	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest rate increase by 0.25%	(6.87)	(5.67)
Interest rate decrease by 0.25%	6.87	5.67

**Dalmia Refractories Limited**  
**Notes to the financial statements**

**(ii) Foreign Currency Risk :**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowings and foreign payables on account import of raw materials and other consumables. This foreign currency risk is covered by using foreign exchange forward contracts.

The details of foreign currency exposure is as follows:

Particulars	Foreign Currency (FC)	FY 2019-20 (in lakh)		FY 2018-19 (in lakh)	
		In FC	In ₹	In FC	In ₹
<b>Unhedged Foreign Currency</b>					
Trade Payables - Purchase of Raw Material	USD	11.96	903.22	1.77	122.53
	Euro	0.14	11.56	0.30	23.50
Trade Receivable - Export	USD	9.55	720.85	0.41	28.13
	Euro	0.77	64.43	0.41	31.72
Advances received from customers - Export	USD	0.07	5.32	0.11	7.79
	Euro	-	-	0.32	24.98
<b>Hedged Foreign Currency</b>					
Trade Payables - Purchase of Raw Material	USD	2.91	210.44	5.69	400.34

**Rate Sensitivity**

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

(₹ in Lakhs)

Particulars	Increase / Decrease in basis points	Impact on Profit & Loss Account	
		For the year ended 31 March 2020	For the year ended 31 March 2019
USD Sensitivity	+ 50 basis points	(0.12)	(0.07)
	- 50 basis points	0.12	0.07
Euro Sensitivity	+ 50 basis points	0.03	(0.01)
	- 50 basis points	(0.03)	0.01

\* Holding all other variable constant

**Impact of COVID-19**

The Company has made detailed assessment of impact of COVID-19 on the aforementioned risks i.e. credit risk, liquidity risk, market risk, currency risk and interest risk and does not foresee any material impact on account of the same. However, the management will continue to closely monitor the evolving situation and assess its impact on the business of the Company.

**Dalmia Refractories Limited**  
**Notes to the financial statements**

**40 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 Group has classified its financial instruments into the three levels prescribed under the accounting standard.

**Financial Assets**

(₹ in Lakhs)

S. No.	Particulars	Note	Fair value hierarchy	As at March 31, 2020		As at March 31, 2019	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>1</b>	<b>Financial assets designated at fair value through profit and loss</b>						
	<u>Current</u>						
	- Investment in mutual funds	A	Level-1	0.33	0.33	0.30	0.30
<b>2</b>	<b>Financial assets designated at fair value through other comprehensive income</b>						
	<u>Non-Current</u>						
	- Investment In Equity shares	B	Level-1	3,429.55	3,429.55	6,917.37	6,917.37
<b>3</b>	<b>Financial assets designated at amortised cost</b>	D					
	<u>Non-Current</u>						
	a) Loans			81.48	81.48	81.48	81.48
	<u>Current</u>						
	a) Trade receivables*			3,915.14	3,915.14	3,043.05	3,043.05
	b) Cash & Cash Equivalents*			27.33	27.33	451.14	451.14
	c) Other Bank Balances*			187.06	187.06	168.91	168.91
	d) Loans*			317.35	317.35	347.68	347.68
	e) Other financial assets*			5.84	5.84	6.83	6.83
<b>4</b>	<b>Investment in subsidiary company</b>	C		3,672.68	3,672.68	3,260.44	3,260.44
				<b>11,636.76</b>	<b>11,636.76</b>	<b>14,277.40</b>	<b>14,277.40</b>

**Financial Liabilities**

(₹ in Lakhs)

S. No.	Particulars		Fair value hierarchy	As at March 31, 2020		As at March 31, 2019	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>1</b>	<b>Financial liability designated at amortised cost</b>	D					
	<u>Non-Current</u>						
	- Other financial liability			227.26	227.26	226.18	226.18
	<u>Current</u>						
	- Borrowings			3,483.26	3,483.26	2,014.00	2,014.00
	- Trade payables*			4,517.25	4,517.25	3,596.70	3,596.70
	- Other financial liability*			149.36	149.36	119.59	119.59
				<b>8,377.13</b>	<b>8,377.13</b>	<b>5,956.47</b>	<b>5,956.47</b>

**Dalmia Refractories Limited**  
**Notes to the financial statements**

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 fair value its quoted investments in equity share through OCI.
- C Company has opted to value its investments in subsidiaries at cost.
- D Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

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

**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).

**41 Capital Management**

For the purpose of the Company's capital management, equity includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders and net debt includes interest bearing loans and borrowings less cash and cash equivalents. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Debt <sup>^</sup>	3,483.26	2,014.00
Cash & bank balances	214.39	620.05
Net Debt	3,268.87	1,393.95
Total Equity	17,265.15	19,010.97
<b>Net debt to equity ratio (Gearing Ratio)</b>	0.19	0.07

<sup>^</sup> Debt is defined as long-term and short-term borrowings

- 42** The Board of Directors of Company in their meeting held on 14<sup>th</sup> November, 2019, approved a Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited ('DRL') and its subsidiary GSB Refractories India Private Limited ('GSB India'), Dalmia Bharat Refractories Limited ('DBRL') (formerly known as Sri Dhandauthapani Mines and Minerals Limited) and Dalmia OCL Limited ('DOCL') (formerly known as Dalmia OCL Private Limited/ Ascension Commercio Private Limited) and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 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 DOCL by way of slump exchange on a going concern basis. Pursuant to this Scheme, DRL and GSB India will stand dissolved. The appointed date of the said Scheme will be 1<sup>st</sup> April, 2020.

The Board of Directors of Dalmia Cement (Bharat) Limited ('DCBL') and DBRL in their respective meetings held on 14<sup>th</sup> November, 2019, approved a Scheme of Arrangement amongst DCBL and DBRL and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 1') for transfer and vesting of refractory undertaking of DCBL to DBRL, by way of slump exchange on a going concern basis. The appointed date of the said Scheme would be 1<sup>st</sup> April, 2019.

**Dalmia Refractories Limited**  
**Notes to the financial statements**

Pending approval of the above scheme by the various regulatory authorities, the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020 have been prepared on going concern basis.

- 43 Effective 1<sup>st</sup> April, 2019, the Company has adopted Ind AS 116 'Leases' under the modified retrospective approach without adjustment of comparatives. The Standard is applied to contracts that remain as at 1<sup>st</sup> April, 2019. This has resulted in recognizing a Right-of-Use asset and a corresponding Lease Liability of ₹ 147.66 lakh as at 1<sup>st</sup> April, 2019. The impact on the profit for the year ended 31-March-2020 is not material.
- 44 The Company's operations were impacted in the month of March 2020, due to temporary shutdown of manufacturing facilities following nationwide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. The Company has been taking various precautionary measures to protect its employees and their families from COVID-19. Operations at manufacturing facilities have resumed in a phased manner from mid of April taking into account directives from the Government.
- The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. However, the management will continue to closely monitor the evolving situation and assess its impact on the business of the Company.
- 45 The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended 31<sup>st</sup> March, 2020 and re-measured the balance of net deferred tax liabilities, basis the rate prescribed in the aforesaid section and recognised the effect of change in the statement of profit and loss.
- 46 The figures for the previous year have been regrouped/ rearranged wherever considered necessary, to make them comparable.

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Akansha Jain**  
Company Secretary  
Place: New Delhi



# INDEPENDENT AUDITORS' REPORT

To the Members of  
Dalmia Refractories Limited

Report on the Audit of Consolidated Financial Statements

## Opinion

We have audited the accompanying consolidated financial statements of Dalmia Refractories Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2020, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31<sup>st</sup> March 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the matter
<p><b>Inventories</b></p> <p>As of 31<sup>st</sup> March, 2020, inventories appear on the financial statements for an amount of ₹ 8420.96 lakhs, which constitutes 45.61% of the total current assets. As indicated in note no. 7 to the financial statements, inventories are valued at the lower of cost and net realizable value:</p> <p>The Group may recognize an inventory allowance if inventory items are damaged, if the selling price has declined, or if the estimated costs to completion or to be incurred to make the sale have increased.</p> <p>We focused on this matter because of the:</p> <ul style="list-style-type: none"> <li>• Significance of the inventory balance.</li> <li>• Complexity involved in determining inventory quantities on hand due to the number, location and diversity of inventory storage locations.</li> <li>• Valuation procedure including of obsolete inventories.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Review the Group's process and procedures for physical verification of inventories except material in transit.</li> <li>• Assessing the methods used to value inventories and ensuring ourselves of the consistency of accounting methods.</li> <li>• Testing by sampling the effectiveness of the controls set up by Management to prevent or detect possible errors in valuation of inventories.</li> <li>• Review of the reported acquisition cost on a sample basis.</li> <li>• Analysis of the Group's assessment of net realizable value, as well as review of assumptions and calculations for stock obsolescence.</li> <li>• Assessment of appropriateness of disclosures provided in the financial statements.</li> <li>• Performed inquiry procedures as per SA 600 "Using the work of another auditor" on the above matter.</li> </ul>

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

The Holding 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 consolidated financial statements and our auditor's report thereon.

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the

Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditors' Responsibility for the Audit of Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances Under section 143(3)(I) of the 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and,

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements

for the year ended 31<sup>st</sup> March 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

- (i) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of ₹ 17,791.08 Lakh as at 31<sup>st</sup> March, 2020, total revenues of ₹ 14,743.43 Lakh and net cash flows amounting to ₹ (1,829.31) Lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries are based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

- (ii) We draw your attention to the Note no. 47 to the Consolidated Financial Statements, regarding "Scheme of Amalgamation and Arrangement amongst the Company (i.e. Dalmia Refractories Limited, GSB Refractories India Private Limited, Dalmia Bharat Refractories Limited, Dalmia OCL Limited and their respective shareholders and creditors wherein Dalmia Refractories Limited and GSB Refractories India Private Limited will be amalgamated with Dalmia Bharat Refractories Limited and refractory undertaking of Dalmia Bharat Refractories Limited will be transferred and vested to Dalmia OCL Limited on a going concern basis. The appointed date is 1st April 2020. Pending approval of the above scheme by the various regulatory authorities, the Financial Statement of the Group for the year ended 31st March, 2020 have been prepared on going concern basis. Our opinion is not modified in respect of above matter.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, 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 internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 managerial remuneration has been paid / provided by the Holding Company to its directors in accordance with provisions of section 197 read with Schedule V to the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer note 31 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31<sup>st</sup> March 2020 and in case of subsidiary incorporated in India there were no amounts which were required to be transferred to the investor education and protection fund during the year ended 31<sup>st</sup> March 2020.

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
(Registration No. 101720W/W100355)

**Vijay Napawaliya**  
Partner

Place: Mumbai  
Dated: 16<sup>th</sup> June 2020

Membership No. 109859  
UDIN: 20109859AAAACB9562

## **“Annexure A” to the Independent Auditor's Report**

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2020, we have audited the internal financial controls over financial reporting of Dalmia Refractories Limited (“hereinafter referred to as the Holding Company”) and its subsidiaries incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company, its subsidiaries, which are company, incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is company incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary company, which is a company incorporated in India.

### **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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding and its subsidiaries which are company incorporated in India, have, 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 criteria for internal financial control over financial reporting established by the Group considering the essential components of

internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matter**

Our aforesaid report under Section 143(3)(I) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
(Registration No. 101720W/W100355)

**Vijay Napawaliya**  
Partner

Place: Mumbai                      Membership No. 109859  
Dated: 16<sup>th</sup> June 2020      UDIN: 20109859AAAACB9562

**Dalmia Refractories Limited**  
**Consolidated Balance Sheet as at March 31, 2020**

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non - current assets</b>			
(a) Property, plant and equipment	4	14,787.44	13,313.52
(b) Capital work - in - progress		96.70	1,709.91
(c) Goodwill		2,659.83	2,659.83
(d) Other intangible assets	4	4,192.65	4,790.04
(e) Financial assets			
(i) Investments	5.1	3,429.55	6,917.37
(ii) Loans	5.2	91.76	94.46
(f) Other Non-Current assets	6	2.97	0.68
(g) Deferred tax assets (net)	14	232.47	145.84
<b>Total non-current assets</b>		<b>25,493.37</b>	<b>29,631.65</b>
<b>Current assets</b>			
(a) Inventories	7	8,420.96	7,477.19
(b) Financial assets			
(i) Investments	8.1	0.33	0.30
(ii) Trade receivables	8.2	7,163.78	6,129.94
(iii) Cash and cash equivalents	8.3	923.42	3,086.58
(iv) Bank balances other than (iii) above	8.4	187.06	173.91
(v) Loans	8.5	334.45	225.01
(vi) Other financial assets	8.6	577.17	366.90
(c) Current tax assets (net)	9	106.98	27.36
(d) Other current assets	10	748.56	1,293.67
<b>Total current assets</b>		<b>18,462.71</b>	<b>18,780.86</b>
<b>Total assets</b>		<b>43,956.08</b>	<b>48,412.51</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share-capital	11.1	315.21	315.21
(b) Other equity	11.2	16,269.03	18,636.44
(c) Equity Attributable to owners of Dalmia Refractories Limited		16,584.24	18,951.65
(d) Non Controlling Interests		115.88	282.01
<b>Total equity</b>		<b>16,700.12</b>	<b>19,233.66</b>

**Dalmia Refractories Limited**  
**Consolidated Balance Sheet as at March 31, 2020**

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	12.1	9,779.26	9,648.07
(ii) Other Financial Liabilities	12.2	165.09	479.45
(b) Provisions	13	373.82	341.69
(c) Deferred tax liabilities (net)	14	1,793.37	2,027.10
<b>Total non-current liabilities</b>		<b>12,111.54</b>	<b>12,496.31</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15.1	4,809.66	3,848.03
(ii) Trade payables			
(a) Total outstanding dues of Micro and Small Enterprises	15.2	527.63	481.45
(b) Total outstanding dues of other than Micro and Small Enterprises	15.2	6,527.94	5,847.59
(iii) Other financial liabilities	15.3	1,148.38	2,207.33
(b) Current tax liability (net)	16	411.91	235.66
(c) Other current liabilities	17	1,613.06	3,945.20
(d) Provisions	18	105.84	117.28
<b>Total current liabilities</b>		<b>15,144.42</b>	<b>16,682.54</b>
<b>Total Equity &amp; Liabilities</b>		<b>43,956.08</b>	<b>48,412.51</b>

See accompanying notes to the financial statements

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Akansha Jain**  
Company Secretary  
Place: New Delhi



**Dalmia Refractories Limited**  
**Consolidated Profit and Loss Statement for the year ended March 31, 2020**

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue from operations	19	45,010.42	24,142.04
II Other income	20	337.84	460.31
<b>III Total income (I + II)</b>		<b>45,348.26</b>	<b>24,602.35</b>
IV Expenses			
Cost of materials consumed	21	21,747.39	13,484.59
Purchase of stock-in-trade		5,239.36	409.80
Changes in inventories of finished goods and work-in-progress	22	(559.63)	(497.31)
Employee benefits expenses	23	5,577.17	3,571.85
Finance costs	24	841.99	314.00
Depreciation and amortization expense	25	1,778.05	1,077.76
Other expenses	26	8,374.08	5,654.15
<b>Total expenses</b>		<b>42,998.41</b>	<b>24,014.84</b>
V Profit for the year before tax (III-IV)		2,349.85	587.51
VI Tax expense	27		
(1) Current tax		1,061.63	614.80
(2) Deferred tax		(325.33)	(422.01)
		<b>736.30</b>	<b>192.79</b>
VII Net Profit/(Loss) for the year after tax (V - VI)		1,613.55	394.72
VIII Other comprehensive income			
<b>Items that will not be reclassified to profit or loss</b>	28		
Fair Value of Equity Instruments		(3,487.82)	(3,127.74)
Re-measurement of defined benefit plans		(14.58)	(18.68)
Income tax relating to items that will not be reclassified to profit or loss		3.69	5.44
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences in translating the financial statements of foreign operations		(292.99)	103.80
		<b>(3,791.70)</b>	<b>(3,037.18)</b>
IX Total comprehensive income for the year (VII + VIII)		<b>(2,178.15)</b>	<b>(2,642.46)</b>
X <b>Net Profit / (Loss) Attributable to</b>			
a) Owners of the Company		1,780.16	564.52
b) Non Controlling Interest		(166.61)	(169.80)
XI <b>Other Comprehensive Income Attributable to</b>			
a) Owners of the Company		(3,792.17)	(3,037.18)
b) Non Controlling Interest		0.47	-

**Dalmia Refractories Limited**  
**Consolidated Profit and Loss Statement for the year ended March 31, 2020**

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>XII Total Comprehensive Income Attributable to</b>			
a) Owners of the Company		(2,012.01)	(2,472.66)
b) Non Controlling Interest		(166.14)	(169.80)
<b>XIII Earning per equity share</b>	29		
Nominal value of equity shares (₹ 10.00 each)			
(1) Basic		56.48	17.91
(2) Diluted		56.48	17.91

See accompanying notes to the financial statements

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16th June 2020

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Akansha Jain**  
Company Secretary  
Place: New Delhi

**Dalmia Refractories Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2020**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	2,349.85	587.51
Adjustments:		
Depreciation & Amortization Expense	1,778.05	1,077.76
Provision no longer required written back	(55.31)	(235.89)
Provision for expected credit loss written back	-	(12.77)
Provision for expected credit loss	58.50	-
Bad Debts written off	29.70	27.11
Advances written off	10.52	12.90
Dividend Income	(28.02)	(11.88)
Finance Cost	841.99	314.00
Interest Income	(50.35)	(36.90)
Profit on sale of Current Investments	-	(31.13)
(Profit)/ Loss on disposal of Property, Plant & Equipment	(0.65)	8.06
<b>Operating Profit before working Capital Changes</b>	<b>4,934.28</b>	<b>1,698.77</b>
<u>Adjustments for working Capital changes :</u>		
Inventories	(943.77)	(2,299.38)
Trade and Other Payables	(2,238.93)	7,719.40
Trade and Other Receivables	(643.35)	(5,232.98)
<b>Cash Generated from Operations</b>	<b>1,108.23</b>	<b>1,885.81</b>
Net Direct Taxes Paid	873.40	240.27
<b>Net Cash from Operating activities</b>	<b>234.83</b>	<b>1,645.54</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment and CWIP	(984.53)	(4,794.21)
Sale proceeds of Property, Plant & Equipment	0.65	43.02
Payment on account of Acquisition of subsidiaries	(1,660.53)	(5,299.08)
Sale of Current Investments (net)	-	505.13
Margin Money/ Fixed Deposits with banks	(13.15)	(153.57)
Interest Received	50.32	32.10
Dividend Received	28.02	11.88
<b>Net Cash used in Investing Activities</b>	<b>(2,579.22)</b>	<b>(9,654.73)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds of Short term Borrowings (net)	961.63	1,661.56
Proceeds of Long term Borrowings	-	9,648.07
Repayment of Long term Borrowings	172.45	-
Finance Cost	(821.85)	(309.69)
Lease Liability paid	(35.24)	-

**Dalmia Refractories Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2020**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividends Paid (including tax on dividend)	(95.76)	(21.10)
<b>Net cash from / (used in) financing activities</b>	<b>181.23</b>	<b>10,978.84</b>
<b>Net (decrease)/ increase in cash and cash equivalents ( A+B+C)</b>	<b>(2,163.16)</b>	<b>2,969.65</b>
Cash and cash equivalents (Opening Balance)	3,086.58	116.93
Cash and cash equivalents (Closing Balance)	923.42	3,086.58
<b>Change in Cash &amp; Cash Equivalents</b>	<b>(2,163.16)</b>	<b>2,969.65</b>

(₹ in Lakhs)

Components of Cash & Cash Equivalents	As At March 31, 2020	As At March 31, 2019
<b>Balances with banks</b>		
- in Current Accounts	918.60	2,650.75
- Deposits with original maturity of less than 3 months	-	432.74
Cash on hand	0.33	2.96
Gold coins/ Silver Coins/ Stamps	4.49	0.13
<b>Net Cash &amp; Cash Equivalents</b>	<b>923.42</b>	<b>3,086.58</b>

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Akansha Jain**  
Company Secretary  
Place: New Delhi

**Dalmia Refractories Limited**  
**Consolidated Statement of Changes in Equity for the year ended March 31, 2020**

**(a) Equity Share Capital**

(₹ in Lakhs)

Balance of Equity Share Capital	As at 1 April 2018	Changes during the year	As at 31 March 2019	Changes during the year	As at 31 March 2020
		315.21	-	315.21	-

**(b) Other equity**

(₹ in Lakhs)

Particulars	Reserves and Surplus					Items of other comprehensive income		Total
	Securities Premium	General Reserve	Share Based Payments Reserve	Foreign Currency Translation Reserve	Retained earnings	Equity instruments through other comprehensive income	Actuarial Gain & Losses on DBO	
<b>As at 1 April 2018</b>	<b>588.02</b>	<b>804.82</b>	<b>-</b>	<b>-</b>	<b>9,881.57</b>	<b>9,550.48</b>	<b>(1.70)</b>	<b>20,823.19</b>
Movement during FY 18-19								
Profit of the year	-	-	-	-	564.52	-	-	564.52
Other comprehensive income	-	-	-	-	-	(3,127.74)	(13.24)	(3,140.98)
Dividend	-	-	-	-	(15.76)	-	-	(15.76)
Tax on Dividend	-	-	-	-	(3.24)	-	-	(3.24)
Foreign Currency Translation Reserve	-	-	-	362.46	-	-	-	362.46
Employee share-based payment expense	-	-	46.26	-	-	-	-	46.26
<b>As at 31 March 2019</b>	<b>588.02</b>	<b>804.82</b>	<b>46.26</b>	<b>362.46</b>	<b>10,427.09</b>	<b>6,422.74</b>	<b>(14.94)</b>	<b>18,636.45</b>
Movement During FY 19-20								
Profit of the year	-	-	-	-	1,780.16	-	-	1,780.16
Other comprehensive income	-	-	-	-	-	(3,487.82)	(10.89)	(3,498.71)
Dividend	-	-	-	-	(78.80)	-	-	(78.80)
Tax on Dividend	-	-	-	-	(16.20)	-	-	(16.20)
Foreign Currency Translation Reserve	-	-	-	(655.45)	-	-	-	(655.45)
Employee share-based payment expense	-	-	101.58	-	-	-	-	101.58
<b>As at 31 March 2020</b>	<b>588.02</b>	<b>804.82</b>	<b>147.84</b>	<b>(292.99)</b>	<b>12,112.25</b>	<b>2,934.92</b>	<b>(25.83)</b>	<b>16,269.03</b>

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Akansha Jain**  
Company Secretary  
Place: New Delhi

## Notes to the Consolidated Financial Statements

### Note 1. Corporate Information

The consolidated financial statements comprise financial statements of Dalmia Refractories Limited ("the parent company") and its subsidiaries namely, Dalmia Seven Refractories Limited, GSB Refractories India Private Limited and Dalmia GSB Refractories GmbH (collectively, "the Group") for the year ended 31<sup>st</sup> March, 2020.

The Group is in the business of refractory manufacturing and selling. It produces High Alumina Refractory Bricks, Castables, pre-cast shapes like lances, snorkels, other refractory products and supplying to Core Industries namely Cement, steel and others. It is having manufacturing Units at Dalmiapuram (Tamil Nadu), Khambalia (Gujarat), Katni (Madhya Pradesh), Bhilai (Chattisgarh) and Bochum (Germany) and its corporate office is situated at New Delhi. The Securities of the Parent Company are listed at Calcutta Stock Exchange and Metropolitan Stock Exchange of India Ltd (Formerly MCX Stock Exchange Ltd.).

The registered office of the Parent Company is located at Dalmiapuram, P.O. Kallakudi - 621 651, Dist. Tiruchirappalli, Tamil Nadu.

These consolidated financial statements of the Group for the year ended 31<sup>st</sup> March 2020 were approved and adopted by board of directors of the Parent Company in their meeting held 16th June 2020.

### 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 consolidated 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 consolidated financial statements have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31<sup>st</sup> March, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements, the Group's voting rights and potential voting rights and the size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date the Group obtains control and assets, liabilities, income and expenses of a subsidiary disposed off during the year are included in the consolidated financial statements till the date the Group ceases to control the subsidiary.

#### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The difference between the cost of investment in the subsidiaries and the Parent's share of net assets at the time of acquisition of control in the subsidiaries is recognised in the consolidated financial statement as goodwill. However, resultant gain (bargain purchase) is recognized in other comprehensive income on the acquisition date and accumulated to capital reserve in equity.

- (c) *Intra-Group balances and transactions, and any unrealized income and expenses arising from intra Group transactions, are eliminated in preparing the consolidated financial statements.*
- (d) *Consolidated statement of profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.*
- (e) *Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If an entity of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.*
- (f) *Consolidated financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March. When the end of the reporting period of the parent is different from that of a subsidiary, if any, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the consolidated financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.*
- (g) *Consolidated statement of profit and loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.*
- (h) *For the acquisition of additional interests in subsidiaries, where there is no change in the control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests, the difference between the cash received from sale or listing of the subsidiary*

*shares and the increase to non-controlling interest is also recognised in equity. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in consolidated statement of profit and loss. Any investment retained is recognised at fair value. The results of subsidiaries acquired or disposed off during the year are included in the consolidated statement of Profit and Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.*

#### **Historical cost convention**

*The financial statements have been prepared under the historical cost convention, except for the certain financial assets and liabilities, and equity settled share based payments which have been measured at fair value/amortised cost.*

#### **Functional and presentation currency**

*The consolidated financial statements are presented in 'Indian Rupees', which is also the Parent Company functional currency. Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates are presented in Indian Rupees which is also the Parent Company functional currency. All amounts are rounded to the nearest lakh, unless otherwise stated. The functional currency for all the entities in the Group is Indian Rupees except following subsidiary:-*

- a) *Dalmia GSB Refractories GmbH - Euro*  
*In case of all foreign companies, translation of financial statements to the presentation currency is done for assets and liabilities using the exchange rate in effect at the balance sheet date, and for revenue, expenses and cash flow items using the average exchange rate for the reported period. Profit/(loss) resulting from such transactions are included in foreign currency translation reserve under other component of equity*

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

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

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

### **a. Property, plant and equipment and intangible assets**

The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

### **b. Recognition and measurement of defined benefit obligations**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### **c. Fair value measurement of financial instruments**

When the fair value of the financial assets



and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in 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.

**d. Provisions**

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

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

The impairment provision for financial assets are based on assumptions about risk of default and expected losses. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group 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 Group estimates the asset's recoverable amount which is higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**f. Recoverability of trade receivables:**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the

counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**g. Income Tax:**

The Group 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 consolidated financial statements.

**h. Contingencies:**

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

**I. Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant lease hold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**j. Estimation uncertainty relating to the global health pandemic**

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In assessing the recoverability of Company's assets such as Financial Asset and Non-Financial Assets, the Group has considered internal and external information. The Group 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 and the Group expects to recover the carrying amount of all the assets.

### **Note 3. Significant Accounting policies:**

#### **3.1 Business Combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values, except certain assets and liabilities required to be measured as per the applicable standard. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purpose of impairment testing, goodwill acquired in a

business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

#### **3.2 Share Based Payments**

Equity-settled share based payments to employees and directors providing services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 34.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Parent Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Parent Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### **3.3 Property, plant and equipment**

All items of Property, plant and equipment are stated at historical cost net of tax/ duty credit availed which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the

items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

**Transition to Ind AS:**

On transition to Ind AS, the Group has elected to adopt the fair value of all of its property, plant and equipment as deemed cost.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation on Property, Plant and Equipment (PPE) and is provided over the useful life of assets as specified in schedule II to the Act. Property, Plant and Equipment which are added / disposed off during the year, depreciation is provided pro-rata basis with reference to the month of addition / deletion.

Certain items of PPE has been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided accordingly.

The following methods of depreciation are used for PPE :

Property Plant & Equipment at	
- Dalmiapuram, Khambalia, Katni, Bhilai and Bochum works	Straight Line Method
- Head Office	Written Down Value
Leasehold land	Amortised over the period of lease

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological

obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

**3.4 Intangible assets**

Intangible Assets that the Group controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

- a. for assets acquired in a business combination i.e. Customer Contract, Customer Relationship, Technology at fair value on the date of acquisition
- b. for separately acquired assets, at cost comprising the purchase price and directly attributable costs to prepare the asset for its intended use.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. Computer softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of useful lives or period of three years, whichever is less. Customer Contract, Customer Relationship and Technology are amortised over 6 months, 10 years and 10 years respectively by the straight line method. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the

carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

#### **Transition to Ind AS:**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at April 01, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of intangible assets.

### **3.5 Impairment of Non-financial assets**

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **3.6 Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

### **3.7 Leases**

#### **The Group as a lessee**

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these

short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

#### **The Group as a lessor**

A lease for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

### **3.8 Government Grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received.

Government grants relating to income are determined and recognised in the statement of profit and loss over the period necessary to match them with the cost that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are reduced from the cost of the assets.

### **3.9 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 Group 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 Group 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.

### **3.10 Segment Reporting**

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

### **3.11 Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 'Employee Benefits'.

#### **a. Short-term employee benefits**

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

#### **b. Defined contribution plan**

Retirement benefits in the form of provident fund, pension scheme and superannuation scheme and ESI are a defined contribution plan and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

#### **c. Defined benefit plan**

The Group's liabilities on account of gratuity and earned leaves on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from registered actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19- 'Employee Benefits'. Gratuity liability is funded on year-to-year basis by contribution to respective fund. The Group's Employee Gratuity Fund is managed by Life Insurance Corporation. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Accumulated leaves, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement

purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

### 3.12 Inventories

- a. Inventories are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the material may be the best available measure of their net realizable value.
- b. Historical cost is determined on the basis of real time weighted average method.
- c. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 3.13 Revenue recognition and other income:

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

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. The performance obligations in our contracts in respect of exports are fulfilled at the time of shipment of goods to customer and in respect of domestic sales on dispatch from factory.

Revenue is measured based on transaction price which is fair value of the consideration received or receivable, after deduction of any discounts, sales incentives / schemes and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated

experience is used to estimate the provision for such discounts and sales incentives / schemes. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

#### **Sale of Goods**

Revenue from operations is recognised in respect of export sales on the basis of shipment of goods to customer and in respect of domestic sales on dispatch from factory.

#### **Sale of Services**

Revenues from sale of services are recognized as per the term of contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

#### **Other Income**

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

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

#### Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Dividend Income:

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

#### **Contract Balances**

##### Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional.

##### Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the

Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### 3.14 Foreign Currency Transactions

- **Initial recognition**  
Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.
- **Conversion**  
Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
- **Exchange differences**  
The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively). Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

### 3.15 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 Group 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.

### 3.16 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group 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 Group 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 Group.
- 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.

### **3.17 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 Group'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 Group are segregated based on the available information.

### **3.18 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 Group 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 Group has made an irrevocable election at the time of initial recognition to account for the equity investment at cost.

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

##### **(ii) Measurement**

At initial recognition, the Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

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

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

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

#### **Equity investments**

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value

gains and losses on equity investments in OCI, and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of profit and loss as other income when the Group'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 Group 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 Group 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 Group 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 cashflows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the 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 Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(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 Group 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 Group'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.

**Financial guarantee contracts:** Financial guarantee contracts are recognised as a financial liability at the time when guarantee is issued. The liability is initially at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

(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 Group 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.

**3.19 Dividend Distribution**

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

**3.20 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 antidilutive. 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 Refractories Limited**  
**Notes to the Consolidated financial statements**

**Non-Current Assets:**

**4. Property, Plant and Equipment**

(₹ in Lakhs)

Particulars	Tangible Assets						Intangible Assets				Total Intangible Assets										
	Own Assets			Right-of-use Assets			Computer software	Customer Relationship	Technology	Total Tangible Assets											
	Land (Free Hold)	Buildings	Plant and Machinery	Office Equipments	Furniture and Fixtures	Vehicles						Land (Lease Hold)	Vehicles (Lease Hold)								
<b>Gross Carrying Amount</b>																					
Balance as at 1 April 2018	5,962.11	2,913.67	3,935.86	64.91	14.93	6.75	328.77	-	13,227.00	7.92	-	-	-	-	-	-	-	-	-	-	7.92
Additions	-	186.45	231.13	21.51	3.41	-	21.10	-	463.60	1.98	-	-	-	-	-	-	-	-	-	-	1.98
Additions on acquisition of subsidiary companies	579.43	1,159.86	555.22	75.32	2.39	13.95	32.60	-	2,418.77	2.32	239.34	3,909.24	877.59	5,028.49							
Disposals/Adjustment	-	11.39	71.96	0.14	0.61	-	-	-	84.10	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	6,541.54	4,248.59	4,650.25	161.60	20.12	20.70	382.47	-	16,025.27	12.22	239.34	3,909.24	877.59	5,038.39							
Additions	-	262.04	1,778.57	117.67	41.51	-	-	448.58	2,648.37	6.20	-	-	-	6.20							
Disposals/Adjustment	-	11.00	0.02	-	0.04	-	-	-	11.06	-	-	-	-	-							
<b>Balance as at 31 March 2020</b>	<b>6,541.54</b>	<b>4,499.63</b>	<b>6,428.80</b>	<b>279.27</b>	<b>61.59</b>	<b>20.70</b>	<b>382.47</b>	<b>448.58</b>	<b>18,662.58</b>	<b>18.42</b>	<b>239.34</b>	<b>3,909.24</b>	<b>877.59</b>	<b>5,044.59</b>							
<b>Accumulated Depreciation</b>																					
Balance as at 1 April 2018	-	420.00	1,383.91	44.59	5.35	2.54	51.08	-	1,907.47	7.92	-	-	-	7.92							
Depreciation for the year	-	170.81	608.81	18.38	2.45	1.80	35.05	-	837.30	0.54	120.22	97.73	21.94	240.43							
Accumulated depreciation on disposals	-	1.14	31.32	0.14	0.42	-	-	-	33.02	-	-	-	-	-							
Balance as at 31 March 2019	-	589.67	1,961.40	62.83	7.38	4.34	86.13	-	2,711.75	8.46	120.22	97.73	21.94	248.35							
Depreciation for the year	-	195.85	731.82	45.56	6.27	3.42	43.00	148.54	1,174.46	5.79	119.12	390.92	87.76	603.59							
Accumulated depreciation on disposals	-	11.00	0.02	-	0.04	-	-	-	11.06	-	-	-	-	-							
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>774.52</b>	<b>2,693.20</b>	<b>108.39</b>	<b>13.61</b>	<b>7.76</b>	<b>129.13</b>	<b>148.54</b>	<b>3,875.15</b>	<b>14.25</b>	<b>239.34</b>	<b>488.66</b>	<b>109.70</b>	<b>851.95</b>							
<b>Net Carrying Amount</b>																					
As at 31 March 2019	6,541.54	3,658.92	2,668.85	98.77	12.74	16.36	296.34	-	13,313.52	3.76	119.12	3,811.51	855.65	4,790.04							
As at 31 March 2020	6,541.54	3,725.11	3,735.60	170.88	47.98	12.94	253.34	300.04	14,787.44	4.17	-	3,420.59	767.89	4,192.65							

**Note 1: Assets under construction**

Capital work in progress as at March 31, 2019 comprised expenditure of ₹ 1,671.60 lakh for the new line at Karni for manufacturing of monolithic/castables consisting of plant & machinery, civil construction, preoperative expenses pending allocation etc. (Refer Note 32)

**Note 2: Capitalised borrowing costs**

The amount of borrowing costs capitalised during the year ended March 31, 2020 is ₹ 7.91 lakh (March 31, 2019: ₹ 20.24 lakh). The rate used to determine the amount of borrowing costs eligible for capitalisation is 9.26% (March 31, 2019: 9.27%), which is the effective interest rate of the specific borrowing. The effective interest rate of the specific borrowing reduced due to disbursement of last tranche.

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>5</b>	<b><u>Non- Current Assets: Financial Assets</u></b>		
	<b>5.1 Investments</b>		
	<u>Quoted Investments</u>		
	Quoted fully paid up Equity Shares of Others (At FVOCI)		
	1,000 shares (March 31, 2019: 1000) shares of Dalmia Bharat Sugar Industries Limited of ₹ 2.00 each	0.49	1.24
	698,952 shares (March 31, 2019: 698,952) shares of Dalmia Bharat Limited of ₹ 2.00 each	3,429.06	6,916.13
		<u>3,429.55</u>	<u>6,917.37</u>
	<b>Aggregate amount of Non Current Investments</b>		
	<b>Particulars</b>		
	Aggregate amount of quoted investments	3,429.55	6,917.37
	Market value of quoted investments	3,429.55	6,917.37
	<b>5.2 Loans</b>		
	<b>Advances to Employees</b>		
	- Unsecured & Good	5.81	-
	<b>Security Deposit</b>		
	- Unsecured & Good	85.95	94.46
		<u>91.76</u>	<u>94.46</u>
<b>6</b>	<b>Other non-current assets</b>		
	Prepaid expenses	2.97	0.68
		<u>2.97</u>	<u>0.68</u>
	<b><u>Current Assets:</u></b>		
<b>7</b>	<b>Inventories</b>		
	Raw materials	3,921.99	3,609.31
	Work - in - progress	379.91	450.40
	Finished goods	3,241.68	2,611.56
	Stores and spares	580.14	541.29
	Loose tools	4.96	3.94
	<b>Goods in transit:</b>		
	Raw materials	290.96	257.78
	Stores and spares	1.32	2.91
		<u>8,420.96</u>	<u>7,477.19</u>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>8</b>	<b>Current financial assets</b>		
<b>8.1</b>	<b>Current Investments</b>		
	<b>Mutual Funds (At FVTPL)</b>		
	HDFC Floating Rate Fund (Units 3276.954; March 31, 2019: 3084.371)	0.33	0.30
		<u>0.33</u>	<u>0.30</u>
	Aggregate Book value of quoted investments	0.33	0.30
	Fair value of quoted investments	0.33	0.30
<b>8.2</b>	<b>Trade Receivables</b>		
	- Trade Receivable considered good - Secured	-	-
	- Trade Receivable considered good - Unsecured	7,163.78	6,129.94
	- Trade Receivables which have significant increase in Credit Risk	-	-
	- Trade Receivables - credit impaired	<u>237.67</u>	<u>179.92</u>
		7,401.45	6,309.86
	Less:- Provision for expected credit loss	<u>(237.67)</u>	<u>(179.92)</u>
		<u>7,163.78</u>	<u>6,129.94</u>
<b>8.3</b>	<b>Cash &amp; Cash Equivalents</b>		
	Balances with banks		
	- in Current Accounts	918.60	2,650.75
	Cash in Hand	0.33	2.96
	Gold coins/ Silver Coins/ Stamps	4.49	0.13
	Deposits with maturity of less than three months	<u>-</u>	<u>432.74</u>
		<u>923.42</u>	<u>3,086.58</u>
<b>8.4</b>	<b>Bank Balances</b>		
	Fixed Deposits (of maturity exceeding three months but upto one year)*	166.83	160.00
	Margin money	8.67	1.59
	Margin Money with bank (including accrued interest)		
	- Earmarked for unpaid dividend	9.31	10.07
	- Earmarked for Debenture and Interest	<u>2.25</u>	<u>2.25</u>
		<u>187.06</u>	<u>173.91</u>

\*Includes deposits of ₹ 166.83 lakh (31 March 2019 : ₹ 155 lakh) pledged with banks for the purpose of DSRA.

There is no amount due and outstanding to be credited to the Investor Education and Protection Fund. During FY 2019-20, ₹ 2.42 lakh (PY 2018-19 ₹ 2.88 lakh) on account of unclaimed dividend and NCD Application money was credited to the Investor Education and Protection Fund

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>8.5</b>	<b>Loans</b>		
	<b>Amount recoverable from employees</b>		
	- Unsecured, considered good	9.35	19.46
	<b>Amount recoverable from others</b>		
	- Unsecured, considered good	325.10	205.55
		<b>334.45</b>	<b>225.01</b>
<b>8.6</b>	<b>Others Financial Assets</b>		
	<b>Unsecured, considered good</b>		
	- Interest receivable	5.84	7.15
	- Retention money	5.00	-
	- Unbilled revenue	566.33	359.75
		<b>577.17</b>	<b>366.90</b>
<b>9</b>	<b>Current Tax Assets (net)</b>		
	Advance income tax (net of provision for tax)	106.98	27.36
		<b>106.98</b>	<b>27.36</b>
<b>10</b>	<b>Other Current Assets</b>		
	Prepaid expenses	49.50	51.79
	Balance with statutory authorities	667.72	1,080.13
	Subsidy receivable	7.81	23.00
	Other Receivables	23.53	138.75
		<b>748.56</b>	<b>1,293.67</b>
<b>11</b>	<b>Equity:</b>		
	<b>11.1 Share Capital</b>		
	<b>Authorised</b>		
	5,000,000 Equity Shares of ₹ 10 each	500.00	500.00
	<b>Issued, Subscribed &amp; fully paid up</b>		
	3,152,084 Equity shares of ₹ 10 each	315.21	315.21
	<b>(i) Reconciliation of number and amount of equity shares outstanding:</b>		
		<b>No. of shares</b>	<b>Amount</b>
	As at 1 April 2018	31,52,084	315.21
	Movement during the year	-	-
	As at 31 March 2019	31,52,084	315.21
	Movement during the year	-	-
	<b>As at 31 March 2020</b>	<b>31,52,084</b>	<b>315.21</b>

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

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

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020		As at March 31, 2019	
<b>(ii) Details of shareholders holding more than 5% shares in the parent company</b>					
	<b>Equity shares of ₹ 10 each fully paid</b>	<b>Number</b>	<b>% Holding</b>	<b>Number</b>	<b>% Holding</b>
	Akhyar Estate Holding Private Limited	14,46,840	45.90%	14,46,840	45.90%
	Garvita Solutions Service and Private Limited	3,49,530	11.09%	3,49,530	11.09%
	Alirox Abrasives Limited	2,47,187	7.84%	2,47,187	7.84%
	Mahendra Girdharilal Wadhawani	1,81,067	5.74%	1,81,067	5.74%
<b>11.2 Other Equity</b>					
<b>a</b>	<b>Securities Premium Account</b>				
	Opening and Closing Balance		588.02		588.02
<b>b</b>	<b>General Reserve</b>				
	Opening and Closing Balance		804.82		804.82
<b>c</b>	<b>Share Based Payment Reserve</b>				
	Opening Balance		46.26		-
	Employee share-based payment expense		101.58		46.26
	Closing Balance		<u>147.84</u>		<u>46.26</u>
<b>d</b>	<b>Foreign currency Translation Reserve</b>				
	Opening Balance		362.46		-
	Currency translation adjustments		(655.45)		362.46
	Closing Balance		<u>(292.99)</u>		<u>362.46</u>
<b>e</b>	<b>Retained Earnings</b>				
	Opening balance		10,427.09		9,881.57
	Add: Net Profit for the year		1,780.16		564.51
	Less: Appropriations				
	Dividend on equity shares		(78.80)		(15.76)
	Tax on dividend		(16.20)		(3.24)
	Closing Balance		<u>12,112.25</u>		<u>10,427.08</u>
<b>f</b>	<b>Other Comprehensive Income</b>				
	Opening Balance		6,407.80		9,548.78
	Addition During the year		(3,487.82)		(3,127.74)
	Total Income recognised on Equity instruments		2,919.98		6,421.04
	Actuarial Gain & Losses on DBO (net of tax)		(10.89)		(13.24)
	Closing Balance		<u>2,909.09</u>		<u>6,407.80</u>
	<b>Total</b>		<u><b>16,269.03</b></u>		<u><b>18,636.44</b></u>



**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

**Nature and Purpose Of Reserves**

- (a) Securities premium represents the amount received in excess of par value of securities. Securities Premium is utilised in accordance with the Provisions of the Companies Act, 2013.
- (b) General Reserve is free reserve created by the Group by transfer from retained earnings.
- (c) Share based payments reserve - Amount attributable towards share options granted to an employee of the Group has been credited to the reserve.
- (d) Equity instruments through other comprehensive income - The Group has elected to recognise changes in the fair value of investment in equity instruments in other comprehensive income. The changes are accumulated with in Fair Value through Other Comprehensive Income equity instruments reserve with in equity. The Group will transfer the amount from this reserve to retained earnings when the relevant equity securities are derecognised.
- (e) Foreign Currency Translation Reserve - Exchange differences arising on translating of the foreign operations as described in accounting policy are accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment in foreign subsidiaries are disposed off.

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non - current liabilities:</b>			
<b>12 Financial Liabilities</b>			
<b>12.1 Borrowings</b>			
<b><u>Secured at amortised cost</u></b>			
	Loans from banks		
	- term loans	9,779.26	9,648.07
		<u>9,779.26</u>	<u>9,648.07</u>
a	Loan of ₹ 8,404.59 lakh (31-March-2019: ₹ 8547.26 lakh) as shown in long-term borrowings and current maturities of long term debt is secured by equitable mortgage of Factory Land and Building at Dalmiapuram, Khambalia, Katni and Bochum Units of the Group. Also secured by first pari-passu charge over moveable fixed assets and hypothecation of Stocks and other current assets. No current assets belonging to Bochum unit are hypothecated for the purpose of this loan.  Processing fees paid amounting to ₹ 341.92 lakh had been netted off from the loan amount in FY 2018-19. The interest rate for the said Term Loans is 2.93% and effective interest rate is 3.75%. The term loan has to be repaid in quarterly instalments. It is secured by 100% of the shares of DRLs investment in Dalmia GSB.		
b	Loan of ₹ 1,760.00 lakh (31-March-2019: ₹ 1,700 lakh) as shown in long-term borrowings and current maturities of long term debt is secured by equitable mortgage of factory land at Katni and plant & machinery. It is further secured by first charge over movable and immovable fixed assets of Dalmia Seven Refractories Limited. It is repayable in quarterly instalment ranging from ₹ 21.25 lakh to ₹ 127.50 lakh starting from October 09, 2020 after a moratorium period of two years. It carried interest rate of one year MCLR plus spread of 70 bps p.a. to be reset annually. The interest rate for the current year varied from 9.10% to 9.40%.		
c	Loan of Nil (31-March-2019: ₹ 90.28 lakh) as shown in long-term borrowings and current maturities of long term debt was secured by equitable mortgage of Factory Land and Building at Joratarai, Rajnandgaon of GSB Refractories India Private Limited and was also secured by first charge over moveable fixed assets and hypothecation of stocks and other current assets of GSB India Refractories India Private Limited as collateral extension. The interest rate for the said Term Loan varied from 11.50% to 11.65%		
<b>12.2 Other Financial Liabilities</b>			
	Payable towards purchase consideration of Investment	-	479.45
	Lease liability	165.09	-
		<u>165.09</u>	<u>479.45</u>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>13</b>	<b>Provisions</b>		
	Provision for employee benefits (Refer Note 34)		
	- Gratuity	80.65	40.52
	- Leave Encashment	30.43	42.61
	Provision against asset retiring obligation*	262.74	258.56
		<b>373.82</b>	<b>341.69</b>
	* The movement in provision for asset retirement obligation is as follows:		
	Opening Balance	258.56	263.34
	Unwinding of discount (Refer Note 24)	20.14	20.52
	Payments	(15.96)	(25.30)
	Closing Balance	<b>262.74</b>	<b>258.56</b>
<b>14</b>	<b>Deferred Tax Liability</b>		
	<b>Deferred tax liability</b>		
	On account of Property, Plant & Equipment	1,878.34	2,089.91
	Income not allowed for tax purpose	40.79	29.48
		<b>1,919.13</b>	<b>2,119.39</b>
	<b>Deferred tax assets</b>		
	On account of expenditure charged to Statement of profit and loss but allowed for tax purposes on payment basis.	147.28	154.41
	On account of provision for doubtful debts	44.20	52.39
	On account of unabsorbed depreciation & business losses	166.75	31.33
		<b>358.23</b>	<b>238.13</b>
	Net deferred tax liability	<b>1,560.90</b>	<b>1,881.26</b>

**Movement in deferred tax items**

	Opening Balance	Recognised in Profit & Loss Account	Recognised in other comprehensive income	Closing balance
<b>FY 19-20</b>				
Deferred tax liability / (asset) on account of				
Difference in Book value of Tangible and Intangible assets	2,089.91	(212.85)		1,878.34
Expenses allowed on payment basis	(154.41)	3.44	3.69	(147.28)
Provision created for bad & Doubtful debts	(52.39)	8.19		(44.20)
Income not allowed for tax purpose	29.48	11.31		40.79
Recognition of DTA on business losses and accumulated depreciation	(31.33)	(135.42)		(166.75)
Net Deferred tax liability / (asset)	<b>1,881.26</b>	<b>(325.33)</b>	<b>3.69</b>	<b>1,560.90</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

Movement in deferred tax items	Opening Balance	Recognised in Profit & Loss Account	Recognised in other comprehensive income	Closing balance
<b>FY 18-19</b>				
Deferred tax liability / (asset) on account of				
Difference in Book value of Tangible and Intangible assets	2,441.17	(351.26)	-	2,089.91
Difference in Book value of Inventory	18.06	(18.06)	-	-
Expenses allowed on payment basis	(35.01)	(113.96)	(5.44)	(154.41)
Provision created for bad & Doubtful debts	(83.23)	30.84	-	(52.39)
Income not allowed for tax purpose	-	29.48	-	29.48
Recognition of DTA on business losses and accumulated depreciation	(69.10)	37.77	-	(31.33)
Net Deferred tax liability / (asset)	2,271.89	(385.19)	(5.44)	1,881.26

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current liabilities:</b>			
<b>15 Financial Liabilities:</b>			
<b>15.1 Borrowings</b>			
<b><u>Secured - at amortised cost</u></b>			
<b>Loans from banks repayable on demand</b>			
	- Cash Credit	3,467.96	2,273.17
	- for factoring of Trade receivables	1,035.33	1,143.37
	- Bill Discounting	306.37	306.37
<b><u>Unsecured</u></b>			
	- from Director of Subsidiary Company	-	125.12
		<b>4,809.66</b>	<b>3,848.03</b>

- a The borrowings amounting to ₹ 3,176.89 lakh (31-March-2019: ₹ 1,707.63 lakh) of Parent Company are secured by first pari passu charge on the entire current assets, moveable fixed assets and by equitable mortgage of immovable fixed assets both present and future, (excluding vehicles financed by other banks/FIs).
- b The borrowings amounting to ₹ 291.07 lakh (31-March-2019: ₹ 368.71 lakh) of Dalmia Seven Refractories Limited are secured by hypothecation of stocks of raw material, semi finished goods, finished goods, stores and spares, book debts and moveable assets of Dalmia Seven Refractories Limited.
- c The borrowings amounting to ₹ 196.83 lakh of GSB Refractories India Private Limited as on 31-March-2019 has been repaid in FY 2019-20 and facility has been taken from another bank are secured by exclusive hypothecation of current assets, both present and future situated at Joratarai Rajnandgaon in the name of GSB Refractories India Private Limited.
- d The Cash Credit facility and Bill Discounting of the Parent Company carries interest which varies from 8.60% to 9.55%.
- e The Cash Credit facility of GSB Refractories India Private Limited carries interest which varies from 8.75% to 11.25%.
- f The Cash Credit facility of Dalmia Seven Refractories Limited carries interest which varies from 9.25% to 9.53%.
- g Dalmia GSB Refractories GmbH has taken the factoring facility against trade receivables. These factoring are in the nature of recourse and company is liable to pay in case of default from Trade receivables. It carries interest rate of 2.47%.
- h The borrowings amounting to Nil (31-March-2019: ₹ 125.12 lakh) was interest free loan taken by GSB Refractories India Private Limited from its Director.

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>15.2 Trade Payables</b>			
a	Total outstanding dues of Micro and Small Enterprises (Refer note below)	527.63	481.45
b	Total outstanding dues of other than Micro Enterprises and Small Enterprises	6,527.94	5,847.59
	<b>Total</b>	<b>7,055.57</b>	<b>6,329.04</b>
Details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the group is as under:			
<b>Particular</b>			
	Principal amount due and remaining unpaid	568.52	492.19
	Interest due on above and unpaid interest	-	-
	Interest paid	-	-
	Payment made beyond the appointed day during the year	-	-
	Interest due and payable for the period of delay	-	-
	Interest accrued and remaining unpaid	-	-
	Amount of further interest remaining due and payable in succeeding years	-	-
		<u>568.52</u>	<u>492.19</u>
<b>15.3 Other financial liabilities</b>			
	Current maturities of long-term debt	372.87	331.61
	Unpaid matured debentures and interest	2.25	2.25
	Unpaid Dividend	9.31	10.07
	Book Overdraft	-	32.85
	Payable towards purchase consideration of Investment	490.26	1,671.34
	Lease Liability	135.71	-
	Deferred Employee loan	0.65	-
	Other payables	137.33	159.22
		<u>1,148.38</u>	<u>2,207.34</u>
<b>16</b>	<b>Current Tax Liability (net)</b>		
	Provision for Tax (Net of Advance Income Tax)	411.91	235.66
		<u>411.91</u>	<u>235.66</u>
<b>17</b>	<b>Other current liabilities</b>		
	Advances from Customers	684.40	2,615.65
	Security deposits from Customers	223.81	30.72
	Statutory Liabilities	125.11	592.54
	Employee's benefits payable	10.42	53.49
	Liability for capital assets	454.44	460.49
	Other payables (Bonus, Superannuation, etc.)	114.88	192.31
		<u>1,613.06</u>	<u>3,945.20</u>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	As at March 31, 2020	As at March 31, 2019
<b>18</b>	<b>Provisions</b>		
	Other Provisions	68.86	57.36
	Provision for employee benefits (Refer Note 34)		
	- Leave Encashment	5.11	57.18
	- Gratuity	31.87	2.74
		<u>105.84</u>	<u>117.28</u>

(₹ in Lakhs)

Note No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>19</b>	<b>Revenue from operations</b>		
A.	Sale of products		
	Refractories	35,400.72	21,281.21
	Calcined Bauxite	26.01	306.60
	Traded goods	7,654.62	1,893.14
		<u>43,081.35</u>	<u>23,480.95</u>
B.	Sale of Services	1,783.18	520.24
C.	Other Operating Revenue		
	Scrap Sales	145.89	140.85
		<u>45,010.42</u>	<u>24,142.04</u>

Disaggregated revenue information is disclosed above.

Reconciliation of Revenue from operations with contract price:

Particulars		
Contract Price	45,018.15	24,148.58
Reduction towards variable consideration components*	7.73	6.54
<b>Revenue from Operations</b>	<u>45,010.42</u>	<u>24,142.04</u>

\* The reduction towards variable consideration comprises of volume discounts, rebates, etc.

<b>20</b>	<b>Other income</b>		
	Interest income from bank/others	50.35	36.90
	Lease rental income	2.38	0.58
	Dividend income	28.02	11.88
	Provision/liabilities no longer required written back	55.31	235.89
	Provision for expected credit loss written back	-	12.77
	Profit on Sale of an Property plant and equipment	0.65	-
	Net profit/loss on sale of current investments	-	31.13
	Other non operating income	203.13	131.16
		<u>337.84</u>	<u>460.31</u>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>21</b>	<b>Cost of Materials consumed</b>		
	Raw Material Consumed	21,747.39	13,484.59
		<b>21,747.39</b>	<b>13,484.59</b>
<b>22</b>	<b>Changes in inventories of finished goods and work - in - progress</b>		
	Inventories at the beginning of the year		
	Work-in-Progress	450.40	234.91
	Finished Goods	2,611.56	1,916.82
		<b>3,061.96</b>	<b>2,151.73</b>
	On Acquisition of Subsidiary Companies		
	Work-in-Progress	-	159.65
	Finished Goods	-	253.27
		<b>-</b>	<b>412.92</b>
	Less - Inventories at the end of the year		
	Work-in-Progress	379.91	450.40
	Finished Goods	3,241.68	2,611.56
		<b>3,621.59</b>	<b>3,061.96</b>
	Changes in inventories of finished goods and work - in - progress	(559.63)	(497.31)
<b>23</b>	<b>Employee benefits expenses</b>		
	Salaries, wages, Allowances & Commission	4,787.19	3,140.84
	Contribution to Provident & Other funds	376.01	162.80
	Employee share-based payment expense	101.58	46.26
	Gratuity & Pension	118.55	93.53
	Staff welfare expense	193.84	128.42
		<b>5,577.17</b>	<b>3,571.85</b>
<b>24</b>	<b>Finance costs</b>		
	Interest on Term Loans	479.45	106.16
	Interest on Cash Credits	170.53	115.98
	Unwinding Discount	20.14	4.31
	Interest - Others	171.87	87.55
		<b>841.99</b>	<b>314.00</b>
<b>25</b>	<b>Depreciation and amortization expense</b>		
	Depreciation of tangible assets	1,174.46	837.30
	Amortization of intangible assets	603.59	240.46
		<b>1,778.05</b>	<b>1,077.76</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>26</b>	<b>Other expenses</b>		
	Consumption of stores & spare parts	482.38	210.95
	Power and fuel	1,434.11	1,494.57
	Packing, freight & transport	1,412.34	779.23
	Commission	448.75	274.30
	Rent	45.85	39.94
	Repairs to buildings	56.71	32.35
	Repairs to machinery	537.11	421.87
	Repairs others	55.11	42.96
	Insurance	50.55	59.13
	Rates and taxes	86.54	65.68
	Payment to the auditors		
	- Statutory Audit fees	43.63	26.67
	- Limited Review fees	13.95	7.50
	- Certification fees	12.20	5.75
	- for reimbursement of expenses	2.89	0.42
	Advertisement & publicity	55.12	56.02
	Bad Debt written off	29.70	27.11
	Advances written off	10.52	12.90
	Foreign Exchange Fluctuations	16.99	159.59
	Provision for expected credit loss	58.50	-
	Travelling & Conveyance	571.03	447.45
	Donations	1.41	0.89
	Professional & Legal Fees	780.69	785.25
	Brick Lining Expenses	1,529.71	420.21
	Loss on Sale of Property plant and equipment	-	8.06
	Corporate social responsibility expenses (Refer Note 37)	6.96	-
	Miscellaneous expenses	631.33	275.35
		<b>8,374.08</b>	<b>5,654.15</b>
<b>27</b>	<b>Tax expense</b>		
	Current tax	1,061.63	614.80
	<u>Deferred tax</u>		
	- Deferred tax credit	(325.33)	(422.01)
		<b>736.30</b>	<b>192.79</b>
	Income tax recognised in other comprehensive income		
	<u>Income tax recognised in other comprehensive income into:</u>		
	Items that will not be reclassified to profit or loss	3.69	5.44
	Items that will be reclassified to profit or loss	-	-
	<b>Total income tax expense recognised in other comprehensive income</b>	<b>3.69</b>	<b>5.44</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Note No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	<b>Total income tax expense recognised in profit &amp; loss account</b>	<b>736.30</b>	<b>192.79</b>
	<b>Reconciliation of income tax expense and the accounting profit multiplied by Company's tax rate:</b>	25.168%	29.12%
	Profit before tax	2,349.85	587.51
	Income tax expense calculated at 25.168% (including surcharge and education cess)	507.36	171.08
	Effect of income that is not chargeable to tax	18.06	5.04
	Effect of income chargeable at different rate of tax	-	-
	Impact of change in tax rate	( 137.72)	(133.58)
	Effect of expenses that are deductible in determining taxable profit	( 12.92)	(30.16)
	Effect of expenses that are non-deductible in determining taxable profit	50.72	38.81
	Other Difference due to Temporary differences in Tax Base	310.80	141.60
	<b>Total income tax expense recognised in profit &amp; loss account</b>	<b>736.30</b>	<b>192.79</b>
<b>28</b>	<b>Other Comprehensive Income</b>		
	<b>Item that will not be reclassified to profit or loss</b>		
	- Actuarial gain / (loss) on defined benefit obligation	(14.58)	(18.68)
	- Fair valuation of equity instruments at FVOCI	(3,487.82)	(3,127.74)
	- Income tax relating to Actuarial loss	3.69	5.44
	<b>Items that will be reclassified to profit or loss</b>		
	Exchange differences in translating the financial statements of foreign operations	(292.99)	103.80
	<b>Total Other Comprehensive Income</b>	<b>(3,791.70)</b>	<b>(3,037.18)</b>
<b>29</b>	<b>Earning per Share</b>		
	Net profit for the year attributable to Equity Shareholders for Basic EPS	1,780.16	564.52
	Add: Share based payment (net of tax)	76.01	32.79
	Net profit for the year attributable to Equity Shareholders for Diluted EPS	1,856.17	597.31
	Weighted average number of equity shares outstanding during the year for Basic EPS (in numbers)	3,152,084	31,52,084
	Weighted average number of equity shares outstanding during the year for Diluted EPS (in numbers)	3,175,491	31,75,491
	Earning per share of ₹ 10 each (in ₹)		
	Basic	56.48	17.91
	Diluted*	56.48	17.91
	Face value per equity shares ( in ₹)	10.00	10.00
	* As the Diluted Earning per share is anti dilutive, Basic Earning per share has been considered as Diluted earning per share.		



**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

**30 Capital Commitments**

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	39.61	54.07

**31 Contingent Liabilities**

(₹ in Lakhs)

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i	Bank Guarantees	1,157.11	453.83
ii	Claims against the Group not acknowledged as debt and being contested before the appropriate authorities		
-	Service tax matters	206.16	193.09
-	Sale tax matters	84.42	84.42
-	Other matters	25.78	25.78
-	Provident Fund : The Honourable Supreme Court has passed a decision on 28th February, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.	Amount not determinable	Amount not determinable

- 32** The Group incurred expenditure related to acquisition/ construction of property plant and equipment and therefore accounted for the same as pre-operative expenses under capital work in progress. Details of such expenses capitalised and carried forward as part of capital work in progress are given below:

(₹ in Lakhs)

	2019-20	2018-19
<b>Opening Balance</b>	<b>1,671.60</b>	<b>1.69</b>
<b>Expenditure incurred during the year</b>		
Purchase of Materials	58.40	1,892.98
Interest and financial charges	7.92	20.24
Civil Work	74.42	31.54
Computer software	7.81	1.98

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

	2019-20	2018-19
Store & spares	5.86	1.99
Others expenses	19.13	1.29
<b>Total expense for the year</b>	<b>1,845.14</b>	<b>1,951.71</b>
Less: capitalised during the year	1,845.14	280.11
<b>Carried forward as a part of Capital Work in Progress</b>	<b>-</b>	<b>1,671.60</b>

**33 Segment Information**

**(i) General Disclosure**

As per Indian Accounting Standard 108 on "Operating Segment " (IND AS 108), the Group has identified and reported geographical as primary segment taking into account the differing risks and return, the organization structure and the internal reporting system.

These Segments are organized into two main business segment based on geographies:

- (a) Domestic : Operations within India
- (b) International : Operations Outside India.

**(ii) Entity-wide disclosure required by IND AS 108 are made as follows:**

**a) Segment Revenue**

(₹ in Lakhs)

Particulars	2019-20	2018-19
Domestic	34,288.89	21,426.21
International	11,059.37	3,176.14
<b>Total</b>	<b>45,348.26</b>	<b>24,602.35</b>
Less : Inter segment Revenue	-	-
<b>Total Revenue</b>	<b>45,348.26</b>	<b>24,602.35</b>

**b) Segment Results**

(₹ in Lakhs)

Particulars	2019-20	2018-19
Domestic	1,966.41	445.07
International	1,225.43	456.44
<b>Total</b>	<b>3,191.84</b>	<b>901.51</b>
Less : Finance Cost	841.99	314.00
<b>Profit Before Tax</b>	<b>2,349.85</b>	<b>587.51</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

**c) Segment Assets**

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Domestic	37,738.83	39,667.00
International	6,217.25	8,745.51
<b>Total</b>	<b>43,956.08</b>	<b>48,412.51</b>

**d) Segment Liability**

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Domestic	15,423.55	15,107.53
International	11,832.41	14,071.33
<b>Total</b>	<b>27,255.96</b>	<b>29,178.86</b>

**iii) Information about major customers:**

There are 2 customers in FY 2019-20 where revenues from those two customers aggregating to ₹ 11,784.91 lakh exceeds 10 per cent or more from each customer of Group's revenues during the current year.

**34 Employee Benefits**

**Gratuity**

The Parent Company has a defined benefit gratuity plan. The gratuity is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme in Parent Company is funded through Gratuity Fund Trust with an insurance company in the form of a qualifying insurance policy. The Trust is responsible for the administration of the plan assets and for the determination of investment strategy. The Parent Company makes provision of such gratuity asset/ liability in the books of account on the basis of actuarial valuation carried out by an independent actuary.

**A. Statement of profit and loss**

**Net employee benefit expense**

(₹ in Lakhs)

Particulars	2019-20			2018-19		
	Gratuity (funded)	Gratuity (unfunded)	Leave encashment	Gratuity (funded)	Gratuity (unfunded)	Leave encashment
Current Service cost	30.72	7.47	6.65	29.4	5.79	10.73
Interest Cost	30.09	2.31	7.63	28.11	1.71	8.68
Expected return on plan asset	(26.38)	-	-	(28.11)	-	-
<b>Total Expense</b>	<b>34.43</b>	<b>9.78</b>	<b>14.28</b>	<b>29.40</b>	<b>7.50</b>	<b>19.41</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

**B. Balance Sheet**

**(i) Details of Plan assets/ (liabilities) for gratuity and Leave Encashment**

(₹ in Lakhs)

Particulars	2019-20			2018-19		
	Gratuity (funded)	Gratuity (unfunded)	Leave encashment	Gratuity (funded)	Gratuity (unfunded)	Leave encashment
Present value of Obligation as at year-end	444.93	30.68	35.53	393.31	30.26	99.79
Fair value of plan assets	363.09	-	-	344.79	-	-
Net Liability recognized in the Balance Sheet*	(81.84)	(30.68)	(35.53)	(48.52)	(30.26)	(99.79)

\* Payment made towards Gratuity for planned Asset is Nil for FY 2019-20 & ₹ 35.51 lakh for FY 2018-19.

**(ii) Changes in the present value of the defined benefit obligation are as follows:**

(₹ in Lakhs)

Particulars	2019-20			2018-19		
	Gratuity (funded)	Gratuity (unfunded)	Leave encashment	Gratuity (funded)	Gratuity (unfunded)	Leave encashment
Opening defined benefit obligation	393.32	7.06	99.79	363.68	-	101.19
Interest cost	30.09	2.31	7.63	28.11	1.71	8.68
Current service cost	30.72	7.47	6.65	29.40	5.79	10.73
Benefit paid	(32.62)	-	(56.84)	(51.76)	-	(20.03)
Actuarial (gains)/losses on obligation	23.42	(9.37)	(21.70)	23.89	(0.44)	(0.78)
Closing defined benefit obligation	444.93	7.47	35.53	393.32	7.06	99.79

**(iii) Changes in the fair value of plan assets (gratuity) are as follows:**

(₹ in Lakhs)

Particulars	2019-20	2018-19
Opening fair value of plan assets	344.80	363.68
Expected return on Plan Assets	26.38	28.11
Contribution during the year	48.52	-
Amount Receivable from LIC	(25.46)	(12.71)
Actuarial gains / (loss) on plan asset	(0.52)	4.77
Benefits paid	(30.63)	(39.05)
Closing fair value of plan assets	363.09	344.80

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(iv) The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

Particulars	2019-20	2018-19
Discount rate (%)	6.80%	7.65%
Expected salary increase (%)	6.00%	7.50%
<b>Demographic Assumptions</b>		
Retirement Age (year)	58 years	58 years
Mortality rates inclusive of provision for disability	100% of IALM	100% of IALM
Withdrawal rate	(2012 - 14)	(2006 - 08)
Up to 30 Years	3%	3%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by Actuary.

(v) Contribution to defined contribution plans:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Provident and other funds	376.01	162.80

(vi) Sensitivity analysis of the defined benefit obligation:

(₹ in Lakhs)

Particulars	2019-20			2018-19		
	Gratuity (funded)	Gratuity (unfunded)	Leave encashment	Gratuity (funded)	Gratuity (unfunded)	Leave encashment
<b>Impact of the change in discount rate</b>						
Present value of obligation at the end of the period						
Impact due to increase of 0.50%	(12.97)	(1.78)	(1.59)	(12.60)	(1.61)	(7.45)
Impact due to decrease of 0.50%	13.87	1.95	1.72	13.50	1.75	8.57
<b>Impact of the change in salary increase</b>						
Present value of obligation at the end of the period						
Impact due to increase of 0.50%	13.91	1.53	1.74	13.45	1.32	8.51
Impact due to decrease of 0.50%	(13.13)	(1.40)	(1.61)	(12.67)	(1.21)	(7.48)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(vii) Other comprehensive income (OCI):

Particulars	(₹ in Lakhs)	
	Gratuity	
	2019-20	2018-19
Net cumulative unrecognized actuarial (gain)/loss opening		
Actuarial gain/(loss) for the year on PBO	(14.05)	(23.45)
Actuarial gain/(loss) for the year on plan asset	(0.52)	4.77
Unrecognized actuarial (gain)/loss at the end of the year	-	-
Total actuarial (gain)/loss at the end of the year	(14.57)	(18.68)

(viii) The above information is only in respect of holding and subsidiary companies incorporated in India

**35 Share Based Payments**

The Parent Company offered equity based awards through the Company's stock option plan introduced during FY 2018-19.

**Dalmia Refractories Limited Employee Stock Option Plan 2018**

The Parent Company introduced Dalmia Refractories Limited Employee Stock Option Plan 2018 (DRL ESOP), which was approved by the shareholders of the Company to provide equity settled incentive to eligible employees and directors (excluding independent director) of the Parent Company

The details of share options for the year ended 31st March 2020 is presented below:

Particulars	ESOP 2018
Options as at 1st April, 2019	1,65,000
Options granted during the year	-
Options forfeited during the year	-
Options exercised during the year	-
Options outstanding as at 31st March, 2020	1,65,000

The stock options under the DRL ESOP 2018 were granted on 31st October, 2018. The exercise price of the option is ₹ 150 per share.

The fair value of stock options has been determined at the date of grant of the stock options. This fair value, adjusted by the Company's estimate of the number of stock options that will eventually vest, is expensed on over the vesting period.

The fair values were calculated using the Black-Scholes European Call Option Pricing Model for tenure based stock options. The inputs to the model include the share price based on the DCF Method at date of grant, exercise price, expected life of options, annual volatility, expected dividends and the risk free rate of interest. Annual volatility has been calculated using median of comparable peers (to the extent data available). All options are assumed to be exercised within 1.25 years - 4.25 years from the date of respective vesting.

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

The assumptions used in the calculations of the charge in respect of the stock options granted are set out below:

Particulars	ESOP 2018
Number of Options	1,65,000
Exercise Price	150
Share Price at the date of grant as per DCF Method calculated by the valuer	281
Vesting Period	1) 10% of the options on completion of 1 year from Grant Date
	2) 20% of the options on completion of 2 year from Grant Date
	3) 30% of the options on completion of 3 years from Grant Date
	4) 40% of the options on completion of 4 years from Grant Date
Annual Volatility	45.91 % - 49.34%
Expected option life	1.25 - 4.25 years
Expected dividends	0.18%
Risk free interest rate	7.59% - 7.75%
Fair value per option granted	1) 149.81 for vesting of shares on completion of 1 year from Grant Date
	2) 164.10 for vesting of shares on completion of 2 years from Grant Date
	3) 176.14 for vesting of shares on completion of 3 years from Grant Date
	4) 187.59 for vesting of shares on completion of 4 years from Grant Date

The Group recognised total expenses of ₹ 101.58 lakh (PY ₹ 46.26 lakh) to the above equity settled share based payment transactions for the year ended 31<sup>st</sup> March, 2020. Equity Settled employee stock options reserve outstanding with respect to the above scheme as at year end is ₹147.84 lakh.

**36 Related Party Disclosures**

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

**A. Relationships**

**i. Key Managerial Person and Directors**

Mr. Sameer Nagpal	Managing Director (w.e.f. 01-Jun-18)
Mr. C.N. Maheshwari	Chief Executive Officer (till 24-May-2019)
Mr. Manoj Kumar Rathi	Chief Financial Officer (since 31-Oct-18)
Mr. S.K. Srivastava	Chief Financial Officer (till 30-Sep-18)
Ms. Akansha Jain	Company Secretary
Mr. Deepak Thombre	Independent Director
Mr. C. Nagaratnam	Independent Director
Mr. M.K. Doogar	Independent Director
Ms. Leena Rawal	Non-Executive Director
Mr. N. Gopalaswamy	Independent Director (till 31.03.2019)
Mr. P.D. Mathur	Independent Director (till 31.03.2019)

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

**ii. Shareholder(s) having substantial stake in the Parent Company**

Akhyar Estate Holdings Private Limited

**iii. Promoters of the Parent Company**

Mr J.H. Dalmia and Mr Y.H. Dalmia

**iv. Enterprises controlled by the Promoters of the Parent Company with whom transactions have taken place:-**

Dalmia Cement (Bharat) Limited, Adhunik Cement Limited, Dalmia Bharat Sugar & Industries Limited, OCL India Limited, Dalmia DSP Limited, Calcom Cement (India) Limited, Dalmia Cement East Limited, Alirox Abrasives Limited, Govan Travels (Prop. Dalmia Bharat Sugar & Industries Limited), Shri Chamundeswari Minerals Limited, Dalmia Bharat Limited, Dalmia Bharat Group Foundation, Garvita Solution Services and Holdings Private Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Keshav Power Limited, Shree Nirman Limited

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

(₹ in Lakhs)

Nature of Relationship	Name of Related Party	Nature of Transaction	For the year	
			2019-20	2018-19
Promoter Controlled enterprises	Dalmia Cement (Bharat) Limited	Sale of Goods	<b>5,054.39</b>	1,891.41
	OCL India Limited		-	268.47
	Dalmia DSP Limited		<b>186.23</b>	67.20
	Calcom Cement (India) Limited		<b>59.35</b>	117.31
	Dalmia Cement East Limited		-	13.69
	Adhunik Cement Limited		-	7.39
	Dalmia Bharat Sugar & Industries Limited		<b>4.67</b>	5.70
	Dalmia Cement (Bharat) Limited	Sale of Services	<b>441.52</b>	6.00
		Commission	-	6.46
	Dalmia Bharat Limited	Dividend received	<b>27.96</b>	11.88
	Dalmia Bharat Sugar & Industries Limited		<b>0.04</b>	-
	Akhyar Estate Holdings Private Limited	Dividend paid	<b>21.70</b>	2.47
	Garvita Solution Services and Holdings Private Limited		<b>5.24</b>	3.50
	Alirox Abrasives Limited		<b>3.71</b>	14.47
	Himgiri Commercial Limited*		<b>0.00</b>	0.00
	Valley Agro Industries Limited*		<b>0.00</b>	0.00
Keshav Power Limited*	<b>0.00</b>		0.00	
Shree Nirman Limited*	<b>0.00</b>		0.00	
Dalmia Cement (Bharat) Limited	Purchase of goods & Services	<b>2,735.06</b>	375.85	
OCL India Limited		-	318.66	
Govan Travels (Prop. Dalmia Bharat Sugar & Industries Limited)		<b>119.59</b>	131.71	
Alirox Abrasives Limited		<b>30.00</b>	30.00	



**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Nature of Relationship	Name of Related Party	Nature of Transaction	For the year	
			2019-20	2018-19
Promoter Controlled enterprises	Dalmia Bharat Group Foundation	Corporate Social Responsibility expenses	6.96	-
	Dalmia Bharat Limited	Reimbursement of expenses paid	43.30	129.08
	Dalmia Cement (Bharat) Limited		1.64	1.05
	Shri Chamundeswari Minerals Limited		1.08	1.82
Key Management Personnel of Parent Company	Mr. C.N Maheshwari - CEO	Salary & Perquisites	-	79.52
	Mr. Manoj Kumar Rathi - CFO		76.88	33.55
	Mr. S.K Srivastava - CFO		-	24.60
	Ms. Akansha Jain - CS		6.59	5.87
Directors of Parent Company	Mr. Deepak Thombre	Sitting fees and commission	2.60	2.20
	Mr. C. Nagaratnam		2.60	2.45
	Mr. M.K. Doogar		2.50	2.10
	Ms. Leena Rawal		1.00	1.25
	Mr. N. Gopaldaswamy		-	2.50
	Mr. P.D. Mathur		-	2.50

\* Dividend paid amounting to ₹ 7.5/- (FY 2018-19: ₹ 5/-).

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

(₹ in Lakhs)

Nature of Relationship	Name of Related Party	Nature of Transaction	For the year	
			31-Mar-20	31-Mar-19
Promoter Controlled enterprises	Dalmia Cement (Bharat) Limited	Outstanding balance at year end (Amount Receivable)	695.13	452.60
	Dalmia DSP Limited		10.15	12.06
	Dalmia Bharat Sugar Industries Limited	Investments	0.49	1.24
	Dalmia Bharat Limited		3,429.06	6,916.13
	Dalmia Cement (Bharat) Limited	Outstanding balance at year end (Amount Payable)	1,197.59	335.10
	Dalmia Bharat Limited		15.66	23.72
Govan Travels (Prop. Dalmia Bharat Sugar & Industries Limited)	13.93		5.43	

**37 Expenditure incurred on Corporate Social Responsibilities**

- CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹ 6.96 lakh (Previous Year Nil).
- Expenditure related to Corporate Social Responsibility is ₹ 6.96 lakh (Previous Year Nil).
- Out of note (b) above, ₹ 6.96 lakh (Previous Year ₹ Nil) contributed to Dalmia Bharat Group Foundation, which is related party

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

**38 Dividend**

The Board of Directors have declared an interim dividend of ₹ 1.50/- (15%) per equity share of ₹ 10/- each and the same was paid to shareholders during March 2020. The interim dividend is treated as final dividend for the financial year 2019-20.

**39 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

**40 The subsidiaries considered in the consolidated financial statements are :-**

Sl. No.	Name of Company	Principal place of business	Proportion (%) of shareholding	
			31-Mar-20	31-Mar-19
1	Dalmia Seven Refractories Limited	India	51%	51%
2	Dalmia GSB Refractories GmbH (w.e.f 12th December, 2018) (Refer Note 43)	Germany	100%	100%
3	GSB Refractories India Private Limited (w.e.f 1st January 2019)	India	42%	35%

**41 Financial information of subsidiary that have material non-controlling interests is provided below:-**

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation	% equity interest	
		As at March 31, 2020	As at March 31, 2019
Dalmia Seven Refractories Limited	India	49%	49%

Summarised financial information for subsidiary that has non-controlling interest that are material to the Group. The amounts disclosed for a subsidiary are before inter-company eliminations

(₹ in Lakhs)

Summarised Balance Sheet	Dalmia Seven Refractories Limited	
	As at March 31, 2020	As at March 31, 2019
Current assets	1,135.05	1185.17
Current liabilities	1,790.73	1377.41
Net current assets / (liabilities)	(655.68)	(192.24)
Non-current assets	3,020.66	2461.87
Non-current liabilities	2,128.48	1694.06
Net non-current assets	892.18	767.81
Net assets	236.50	575.57
Accumulated NCI	115.88	282.01

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

(₹ in Lakhs)

Summarised Statement of Profit and Loss	Dalmia Seven Refractories Limited	
	As at March 31, 2020	As at March 31, 2019
Revenue from operations	3,678.40	1869.09
Loss for the year	(340.03)	(346.53)
Other comprehensive income	0.96	-
Total comprehensive income	(339.07)	(346.53)
Loss allocated to NCI	(166.14)	(169.80)
Dividends paid to NCI	Nil	Nil

(₹ in Lakhs)

Summarised Statement of Cash Flows	Dalmia Seven Refractories Limited	
	As at March 31, 2020	As at March 31, 2019
Cash flow used in operating activities	436.63	(506.98)
Cash flow used in investing activities	(173.55)	(1473.95)
Cash flow from financing activities	(292.80)	2006.91
Net (decrease)/ increase in cash and cash	(29.72)	25.98

**42 Additional Information, as required under Schedule III to the Act, of enterprises consolidated as Subsidiary:**

Name of the entity in the Group	Net Assets, i.e, total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)	As % of consolidated other comprehensive income	Amount (₹ in Lakhs)	As % total comprehensive income	Amount (₹ in Lakhs)
<b>Parent</b>								
Dalmia Refractories Limited	103%	17,265.15	109%	1,753.33	92%	(3,505.73)	80%	(1,752.40)
<b>Subsidiaries</b>								
<b>Indian</b>								
1. Dalmia Seven Refractories Limited	1%	236.50	(21%)	(340.03)	0%	0.96	16%	(339.07)
2. GSB Refractories India Private Limited	8%	1,332.75	12%	186.19	0%	6.06	9%	192.25
<b>Foreign</b>								
1. Dalmia GSB Refractories GMBH	21%	3,457.99	39%	621.93	6%	(241.51)	(17%)	380.42
Consolidation adjustments/ Eliminations	(33%)	(5,592.27)	(38%)	(607.87)	1%	(51.48)	30%	(659.35)
<b>Total</b>	<b>100%</b>	<b>16,700.12</b>	<b>100%</b>	<b>1,613.55</b>	<b>100%</b>	<b>(3,791.70)</b>	<b>100%</b>	<b>(2,178.15)</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

**43 Business Combination**

Summary of acquisitions during the year ended 31<sup>st</sup> March, 2019

On 11<sup>th</sup> December 2018, Dalmia Refractories Limited ('the Company') acquired 100% of voting rights in Rheinsee 690 VV GMBH, a limited liability company incorporated under German laws which had been renamed as "Dalmia Refractories Germany GmbH" for expansion of operations internationally. This entity was not having any operations but was bought to acquire another entities in refractory domain.

In the month of January 2019, Dalmia Refractories Germany GmbH acquired 100% of voting shares of GSB Group GmbH, an unlisted company based in Germany and engaged in manufacturing of all types of pre-cast shapes likes lances, snorkels and other refractory products. GSB Germany GmbH owns 65% shares of GSB Refractories India Private Limited, an unlisted company based in India which also became step-down subsidiary of Dalmia Refractories Limited on the date of acquiring shares of GSB Group GmbH.

On the same date, Dalmia Refractories Limited acquired 35% of voting shares of GSB Refractories India Private Limited, an unlisted company based in India having similar business operations as GSB Germany GmbH

Further, on 5<sup>th</sup> December 2019, pursuant to a Scheme of Merger under German Laws, GSB Group GmbH, step down subsidiary of Dalmia Refractories Limited (DRL) have merged into its parent Company, Dalmia Refractories Germany GmbH, which is the wholly owned subsidiary of DRL. The name of the new merged entity is "Dalmia GSB Refractories GmbH" ('Dalmia GSB'). DRL continues to hold 100% shareholding of Dalmia GSB.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the companies acquired as at the date of acquisition were

(₹ in Lakhs)

Particulars	Fair value recognised on acquisition		
	Dalmia Refractories Germany GMBH	GSB Group GMBH	GSB Refractories India Private Limited
<b>Assets</b>			
Property, plant and equipment	-	303.45	415.25
Inventories	-	1,208.31	615.53
Receivables and other assets	2.87	705.95	732.02
Cash and cash equivalents	19.95	421.82	243.23
Deferred Tax Assets	-	-	2.68
	<b>22.82</b>	<b>2,639.53</b>	<b>2,008.71</b>
<b>Liabilities</b>			
Borrowings	-	0.06	242.52
Trade Payables	-	1,407.03	668.86
Provisions	-	-	65.54
Other liabilities	-	273.30	241.96
	-	1,680.39	1,218.88
<b>Net Identifiable assets at fair value</b>	<b>22.82</b>	<b>959.14</b>	<b>789.83</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

Calculation of Goodwill

(₹ in Lakhs)

Particulars	Amount
Consideration transferred	9,457.79
Less:- Net Identifiable assets acquired	1,771.79
Less:- Intangible Assets on acquisition	
Customer Contracts	239.34
Customer Relationship	3,909.24
Technology	877.59
<b>Goodwill</b>	<b>2,659.83</b>

Revenue and Profit Contribution:-

Dalmia Refractories Germany GmbH did not contribute any revenue and contributed loss of ₹ 84.86 lakh for the period from 12<sup>th</sup> December, 2018 to 31<sup>st</sup> March 2019.

GSB Group GmbH contributed revenue of ₹ 3,173.75 lakh and profit of ₹ 311.12 lakh for the period from 1<sup>st</sup> January, 2019 to 31<sup>st</sup> March 2019.

GSB Refractories India Private Limited contributed revenue of ₹ 695.52 lakh and profit of ₹ 62.23 lakh for the period from 1<sup>st</sup> January 2019 to 31<sup>st</sup> March 2019.

**44 Financial Risk Management Objectives And Policies**

**Financial Risk Factors**

The Group's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Group realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's senior management oversees the management of these risks and devise appropriate risk management framework for the Group. The senior management provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives

**A. Credit Risk :**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments.

To manage this, Group periodically assesses the financial reliability of customers, taking into account factors such as credit track record in the market and past dealings with the Group for extension of credit to customer Group monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each quarter end on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 45. The Group evaluates the concentration of risk with respect to trade receivables as low, the trade receivables are located in several jurisdictions and operate in largely independent markets.

(₹ in Lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Upto 6 months	More than 6 months	Upto 6 months	More than 6 months
Gross carrying amount (A)	6,977.38	424.07	6,103.95	205.91
Expected Credit Losses (B)	-	(237.67)	-	(179.92)
<b>Net Carrying Amount (A-B)</b>	<b>6,977.38</b>	<b>186.40</b>	<b>6,103.95</b>	<b>25.99</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Group. The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 and March 31, 2019 is the carrying amounts as illustrated in note 45.

**B. Liquidity Risk :**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities, short term loans and buyers credit. The table below summarises the maturity profile of the Group's financial liabilities based on contracted undiscounted payments (excluding transaction cost on borrowings).

Table hereunder provides the current ratios of the Group as at the year end:

(₹ in Lakhs)		
Particulars	As at March 31, 2020	As at March 31, 2019
Total current assets	18,462.71	18,780.86
Total current liabilities	15,144.42	16,682.54
<b>Current ratio</b>	<b>1.22</b>	<b>1.13</b>

The table below summarises the maturity profile of the Group's financial liabilities :

(₹ in Lakhs)				
Particulars	Payable on demand	Less than 1 year	More than 1 year	Total
<b>As at 31 March 2019</b>				
Borrowings	2,273.17	1,906.47	9,648.07	13,827.71
Other financial Liabilities	45.16	1,830.56	479.45	2,355.17
Trade and other payables	-	6,329.04	-	6,329.04
<b>Total</b>	<b>2,318.33</b>	<b>10,066.07</b>	<b>10,127.52</b>	<b>22,511.92</b>
<b>As at 31 March 2020</b>				
Borrowings	3,467.96	1,714.57	9,779.26	14,961.79
Other financial Liabilities	147.92	627.59	165.09	940.60
Trade and other payables	-	7,055.57	-	7,055.57
<b>Total</b>	<b>3,615.88</b>	<b>9,397.73</b>	<b>9,944.35</b>	<b>22,957.96</b>

**Dalmia Refractories Limited**  
**Notes to the Consolidated financial statements**

**C. Market Risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to the risk of movements in interest rates, inventory price and foreign currency exchange rates that affects its assets, liabilities and future transactions. The Group is exposed to following key market risks:

**(i) Interest Rate Risk :**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term borrowings obligations in the form of term loans, cash credit and buyer's credit carrying floating interest rates.

(₹ in Lakhs)

Particulars	Fixed Rate Borrowing	Variable Rate Borrowing	Total Borrowing
As at March 31, 2020	-	14,961.79	<b>14,961.79</b>
As at March 31, 2019	-	13,827.71	<b>13,827.71</b>

Sensitivity analysis - For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

(₹ in Lakhs)

Sensitivity on variable rate borrowings	Impact on Profit & Loss Account	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest rate increase by 0.25%	(35.99)	(20.43)
Interest rate decrease by 0.25%	35.99	20.43

**(ii) Foreign Currency Risk :**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency denominated borrowings and foreign payables on account import of raw materials and other consumables. This foreign currency risk is covered by using foreign exchange forward contracts.

The details of foreign currency exposure is as follows:

Particulars	Foreign Currency (FC)	FY 2019-20 (in lakh)		FY 2018-19 (in lakh)	
		In FC	In ₹	In FC	In ₹
<b>Unhedged Foreign Currency</b>					
Trade and Other Payables	USD	14.82	1,118.88	6.40	442.64
	Euro	6.79	565.55	6.55	509.11
Trade Receivables	USD	9.55	720.85	0.41	28.13
	Euro	0.83	69.31	0.53	41.05
Advances received from customers	USD	0.07	5.32	0.11	7.79
	Euro	-	-	0.32	24.98
<b>Hedged Foreign Currency</b>					
Trade Payables - Purchase of Raw Material	USD	2.91	210.44	5.69	400.34

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**Rate Sensitivity**

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

(₹ in Lakhs)

Particulars	Increase / Decrease in basis points	Impact on Profit & Loss Account	
		For the year ended 31 March 2020	For the year ended 31 March 2019
USD Sensitivity	+ 50 basis points	(0.27)	(0.31)
	- 50 basis points	0.27	0.31
Euro Sensitivity	+ 50 basis points	(0.30)	(0.32)
	- 50 basis points	0.30	(0.32)

\* Holding all other variable constant

**Impact of COVID-19**

The Group has made detailed assessment of impact of COVID-19 on the aforementioned risks i.e. credit risk, liquidity risk, market risk, currency risk and interest risk and does not foresee any material impact on account of the same. However, the management will continue to closely monitor the evolving situation and assess its impact on the business of the Group.

**45 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 Group has classified its financial instruments into the three levels prescribed under the accounting standard.

**Financial Assets**

(₹ in Lakhs)

S. No.	Particulars	Note	Fair value hierarchy	As at March 31, 2020		As at March 31, 2019	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>1</b>	<b>Financial assets designated at fair value through profit and loss</b>						
	<u>Current</u>						
	- Investment in mutual funds and others	A	Level-1	0.33	0.33	0.30	0.30
<b>2</b>	<b>Financial assets designated at fair value through other comprehensive income</b>						
	<u>Non-Current</u>						
	- Investment In Equity shares	B	Level-1	3,429.55	3,429.55	6,917.37	6,917.37
<b>3</b>	<b>Financial assets designated at amortised cost</b>	C					
	<u>Non-Current</u>						
	a) Loans			91.76	91.76	94.46	94.46
	<u>Current</u>						
	a) Trade receivables*			7,163.78	7,163.78	6,129.94	6,129.94
	b) Cash & Cash Equivalents*			923.42	923.42	3,086.58	3,086.58
	c) Other Bank Balances*			187.06	187.06	173.91	173.91
	d) Loans*			334.45	334.45	225.01	225.01
	e) Other financial assets*			577.17	577.17	366.90	366.90
				<b>12,707.52</b>	<b>12,707.52</b>	<b>16,994.47</b>	<b>16,994.47</b>



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**Financial Liabilities**

(₹ in Lakhs)

S. No.	Particulars		Fair value hierarchy	As at March 31, 2020		As at March 31, 2019	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	<b>Financial liability designated at amortised cost</b>	C					
	<u>Non-Current</u>						
	- Borrowings		9,779.26	9,779.26	9,648.07	9,648.07	
	- Other financial liability		165.09	165.09	479.45	479.45	
	<u>Current</u>						
	- Borrowings		4,809.66	4,809.66	3,848.03	3,848.03	
	- Trade payables*		7,055.57	7,055.57	6,329.04	6,329.04	
	- Other financial liability*		1,148.38	1,148.38	2,207.33	2,207.33	
			<b>22,957.96</b>	<b>22,957.96</b>	<b>22,511.92</b>	<b>22,511.92</b>	

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 Group has opted to fair value its mutual fund investment through profit & loss.
- B Group has opted to fair value its quoted investments in equity share through OCI.
- C Group has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition, processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

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

**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).

**46 Capital Management**

For the purpose of the Group's capital management, equity includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders and net debt includes interest bearing loans and borrowings less cash and cash equivalents. The primary objective of the Group's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long-term borrowings and short-term borrowings. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (i)	14,961.79	13,827.71
Cash & bank balances	1,110.48	3,260.49
Net Debt	13,851.31	10,567.22
Total Equity	16,700.12	19,233.66
<b>Net debt to equity ratio (Gearing Ratio)</b>	<b>0.83</b>	<b>0.55</b>

(i) Debt is defined as long-term and short-term borrowings.

**Dalmia Refractories Limited**  
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47 The Board of Directors of Parent Company in their meeting held on 14th November, 2019, approved a Scheme of Amalgamation and Arrangement amongst Dalmia Refractories Limited ('DRL') and its subsidiary GSB Refractories India Private Limited ('GSB India'), Dalmia Bharat Refractories Limited ('DBRL') (formerly known as Sri Dhandauthapani Mines and Minerals Limited) and Dalmia OCL Limited ('DOCL') (formerly known as Dalmia OCL Private Limited/ Ascension Comercio Private Limited) and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 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 DOCL by way of slump exchange on a going concern basis. Pursuant to this Scheme, DRL and GSB India will stand dissolved. The appointed date of the said Scheme will be 1st April, 2020.

The Board of Directors of Dalmia Cement (Bharat) Limited ('DCBL') and DBRL in their respective meetings held on 14<sup>th</sup> November, 2019, approved a Scheme of Arrangement amongst DCBL and DBRL and their respective shareholders and creditors in terms of Sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ('Scheme 1') for transfer and vesting of refractory undertaking of DCBL to DBRL, by way of slump exchange on a going concern basis. The appointed date of the said Scheme would be 1st April, 2019.

Pending approval of the above scheme by the various regulatory authorities, the Financial Statements of the Group for the year ended 31<sup>st</sup> March, 2020 have been prepared on going concern basis.

48 Effective 1<sup>st</sup> April, 2019, the Group has adopted Ind AS 116 'Leases' under the modified retrospective approach without adjustment of comparatives. The Standard is applied to contracts that remain as at 1<sup>st</sup> April, 2019. This has resulted in recognizing a Right-of-Use asset and a corresponding Lease Liability of ₹ 448.58 lakh as at 1<sup>st</sup> April, 2019. The impact on the profit for the year ended 31-March-2020 is not material.

49 The Group's operations were impacted in the month of March 2020, due to temporary shutdown of manufacturing facilities following nationwide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. The Group has been taking various precautionary measures to protect its employees and their families from COVID-19. Operations at 2 manufacturing facilities have resumed in a phased manner from mid of April and 1 manufacturing facility from 1<sup>st</sup> week of May taking into account directives from the Government.

The Group has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. However, the management will continue to closely monitor the evolving situation and assess its impact on the business of the Group.

50 The Parent Company and its Indian subsidiaries have elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, these Companies have recognised provision for income tax for the year ended 31<sup>st</sup> March, 2020 and re-measured the balance of net deferred tax liabilities, basis the rate prescribed in the aforesaid section and recognised the effect of change in the statement of profit and loss.

51 The figures for the corresponding previous year have been regrouped/ rearranged wherever considered necessary, to make them comparable. Further, since Dalmia GSB Refractories GmbH and GSB Refractories India Private Limited became subsidiaries from 1<sup>st</sup> January 2019, figures for the year ended 31<sup>st</sup> March 2019 are not strictly comparable.

As per our report of even date  
For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Regn. No.: 101720W/W100355

For and on behalf of the Board Of Directors of Dalmia Refractories Limited

**Vijay Napawaliya**  
Partner  
Membership No.: 109859  
Place : Mumbai  
Date : 16<sup>th</sup> June 2020

**Deepak Thombre**  
Chairman  
DIN: 02421599  
Place: Pune

**Sameer Nagpal**  
Managing Director  
DIN: 06599230  
Place: Gurugram

**Manoj Kumar Rathi**  
Chief Financial Officer  
Place: Noida

**Akansha Jain**  
Company Secretary  
Place: New Delhi



**Dalmia Refractories Limited**  
(Formerly Shri Nataraj Ceramic & Chemical Industries Ltd.)

**Corporate Office**  
4, Scindia House, Connaught Place  
New Delhi - 110001, India  
Tel: +91-11-23457100  
E-mail: [sncil@dalmiarf.com](mailto:sncil@dalmiarf.com)