Grant Thornton

Dalmia GSB Refractories GmbH, Bochum

Report on the Audit of the Special Purpose Reporting Package for the Reporting Period from 1 April 2021 to 31 March 2022

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Appendices

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Independent Auditor's Report

To Dalmia GSB Refractories GmbH

We have audited the accompanying Special Purpose Reporting Package of Dalmia GSB Refractories GmbH, Bochum, (hereinafter: company) which comprise the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows as well as the notes for the reporting period and related explanatory disclosures for the period from 1 April 2021 to 31 March 2022 including the summary of significant accounting policies (hereinafter: Reporting Package).

Responsibility of the Legal Representatives

The legal representatives of the company are responsible for the appropriate preparation of the Reporting Package in accordance with the financial reporting provisions described in the summary of significant accounting policies and other explanatory information that are included in the notes. The legal representatives are also responsible for the selection of the applicable financial reporting framework and that the applicable financial reporting framework is acceptable in the circumstances as well for such internal controls as the legal representatives determine necessary to enable the preparation of a Reporting Package that is free from material – intended or unintended – misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Reporting Package based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit such that we are able to express our audit opinion with reasonable assurance about whether the Reporting Package is free from material misstatement and describes a true and fair view.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Reporting Package. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material intended or unintended misstatement of the Reporting Package. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Reporting Package in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the legal representatives, as well as evaluating the overall presentation of the Reporting Package.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in our audit, the Reporting Package of Dalmia GSB Refractories GmbH, Bochum, for the period ended 31 March 2022, in all material respects gives a true and fair view of its assets, liabilities, financial position as at 31 March 2022 and of its financial performance for the period from 1 April 2021 to 31 March 2022 in accordance with the financial reporting provisions described in the summary of significant accounting policies and other explanatory information that are included in the notes.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the summary of significant accounting policies and other explanatory information that are included in the notes, which describes the basis of accounting. The Reporting Package is prepared for purposes of information for Dalmia Refractories Limited, India, regarding the financial position, financial performance and cash flows of the company for the described period. As a result, the Reporting Package may not be suitable for another purpose.

Our auditor's report is intended solely for the company and Dalmia Refractories India Ltd.

Limitation of liability

In accordance with section 9 para. 2 of the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften as of January 1, 2017 (see Appendix 5), our liability for an individual case of damages caused by negligence, with the exception of damages resulting from injury to life, body or health, as well as for damages that constitute a duty of replacement by a producer pursuant to section 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz] is limited to EUR 4 million. This limitation of liability applies to you and to all other addressees respectively third parties (in the following: "recipients"), which receive our working results as intended by us. These recipients are joint and several creditors in accordance with § 428 Bürgerliches Gesetzbuch (BGB) [German Civil Code,] and the amount of liability of EUR 4 million for each case of damage is only available once to all recipients together.

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

We do not assume any liability, responsibility or other duties towards other third parties.

Düsseldorf, May 05, 2022

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Ralf Clemens, May 5, 2022 8:56:36 AM UTC

Matthias Koch, May 5, 2022 8:51:20 AM UTC

Ralf Clemens	Matthias Koch
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Appendix 1

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany GmbH")
Balance Sheet as at March 31, 2022

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non - current assets			
(a) Property, plant and equipment	4	2.450.819	2.385.529
(b) Other intangible assets	4	3.664.199	4.200.823
(c) Goodwill	4	1.260.659	1.260.659
(d) Financial assets	5		
(i) Investments	5,1	-	2.414.215
Total non current assets		**7.375.677**	**10.261.227**
Current assets			
(a) Inventories	6	2.898.689	1.660.009
(b) Financial assets	7		
(i) Trade receivables	7,1	3.423.769	1.992.707
(ii) Cash and cash equivalents	7,2	2.360.716	2.107.733
(iii) Loans	7,3	171	171
(d) Other current assets	8	2.131.005	876.975
Total current assets		**10.814.351**	**6.637.594**
Total assets		**18.190.028**	**16.898.821**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	9	602.859	1.825.000
(b) Other equity	9,1	-	512.424
(c) Called up Capital	9,1	1.222.141	-
Total equity		**1.825.000**	**2.337.424**
LIABILITIES			
Non - current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	10	163.038	30.230
(ii) Borrowings		8.009.965	9.153.968
(b) Deferred tax liabilities (net)	11	46.278	55.117
Total non current liabilties		**8.219.281**	**9.239.315**
Total non current liabilties		**10.044.281**	**11.576.739**
Current liabilities			
(a) Financial liabilities	12		
(i) Borrowings	12,1	2.557.933	1.625.020
(ii) Trade payables	12,2	3.121.700	2.267.415
(iii) Other financial liabilities	12,3	364.715	333.043
(b) Other current liabilities	14	271.540	316.798
(c) Provisions	15	1.829.860	779.807
Total current liabilties		**8.145.747**	**5.322.082**
Total Equity & Liabilities		**18.190.028**	**16.898.821**

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Appendix 2

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany GmbH")
Statement of profit & loss for the period April 01, 2021 to March 31, 2022

	Particulars	**Note No.**	**For the year April 1, 2021 March 31, 2022**	**For the year April 1, 2020 March 31, 2021**
I	Revenue from operations	16	18.861.186	13.592.584
II	Other income	17	28.744	147.202
III	**Total income (I + II)**		**18.889.930**	**13.739.786**
IV	Expenses			
	Cost of materials consumed	18	11.254.486	7.949.196
	Employee benefits expense	19	2.094.425	1.930.112
	Depreciation and amortization expense	20	736.539	782.174
	Finance Cost	21	447.674	507.448
	Other expenses	22	2.648.075	2.027.655
	Total Expenses		**17.181.199**	**13.196.585**
V	Profit / (loss) before tax (III-IV))		**1.708.732**	**543.201**
VI	Tax expense	23		
	(1) Current tax		1.037.921	354.642
	(2) Deferred Tax		(8.840)	2.814
			1.029.081	**357.456**
VII	Net Profit/(Loss) for the period after tax (V-VI)		**679.650**	**185.745**
VIII	Other comprehensive income		-	-
XI	Total comprehensive income for the Period (VII + VIII)		-	-
XI	Profit / (loss) for the period		**679.650**	**185.745**
XI	Earnings per equity share	24		
	Nominal value of equity shares (Euro 1 each)			
	(1) Basic		0,37	0,10
	(2) Diluted		0,37	0,10

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Appendix 3

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany GmbH")
Cash Flow Statement for the period April 01, 2021 to March 31, 2022

Particulars	As at 31 March 2022	As at 31 March 2021
A. Cash Flow from Operating Activities		
Net Profit before tax	1.708.732	543.201
Adjustments		
Depreciation / Amortization	736.539	782.174
Unraealized Foreign exchange loss	5.257	19.747
Finance Cost	447.674	507.448
Interest Income	(6.487)	(2.887)
Write Back of deferred consideration	-	(128.404)
Operating Profit before working Capital Changes	**2.891.715**	**1.721.279**
Adjustments for working Capital changes :		
Inventories	(1.238.680)	(232.829)
Trade and Other Payables	857.098	1.063.313
Trade and Other Receivables	(1.462.952)	111.613
Cash Generated from Operations	**1.047.181**	**2.663.376**
Direct Taxes (Paid)/Refund	(107.887)	(81.198)
Net Cash from Operating activities	**939.294**	**2.582.177**
B Cash Flow from Investing Activities		
Purchase / Sale of fixed Assets(including Capital Reserve)(Net)	(47.971)	(77.558)
Interest Received	6.487	2.887
Deferred Consideration Paid	-	(404.787)
Net Cash used in Investing Activities	**(41.484)**	**(479.457)**
C Cash Flow from Financing Activities		
Finance Cost	(345.854)	(379.214)
Payment of Long term Borrowings Financing cost	-	(59.544)
Proceeds/(Repayment) of Short term Borrowings	503.910	(17.619)
Proceeds/(Repayment) of Long term Borrowings	(715.000)	(440.000)
Proceeds of Equity Share capital	-	-
Proceeds/(Repayment) of Lease Liability (Net)	(82.626)	(122.696)
Net cash from / (used in) financing activities	**(639.570)**	**(1.019.073)**
Net increase in cash and cash equivalents (A+B+C)	258.240	1.083.647
Effect of exchange difference on cash and cash equivalent held in foreign currency	(5.257)	(19.747)
Cash and cash equivalents (Opening Balance)	2.107.733	1.043.833
Cash and cash equivalents (Closing Balance)*	**2.360.716**	**2.107.733**

Components of Cash & Cash Equivalents	As at 31 March 2022	As at 31 March 2021
Balances with banks		
- in Current Accounts	2.360.640	2.107.657
Cash on hand	76	76
Net Cash & Cash Equivalents	**2.360.716**	**2.107.733**

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Appendix 4

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany GmbH")
Statement of Changes in Equity for the year ended March 31, 2022

A Equity Share Capital **In Euro**

Balance of Equity Share Capital	As at 31st March, 2022	Changes during the year	As at 1st April, 2021
	1.825.000	**-**	**1.825.000**
Dividend Distribution	(1.222.141)	**(1.222.141)**	-
Called Up Capital	1.222.141	**1.222.141**	-
Total	**1.825.000**		**1.825.000**

Equity share capital	**602.859**
Called Up Capital	**1.222.141**

B. Other equity **In Euro**

Particulars	Reserves and Surplus		Total
	Capital Reserve	Retained earnings	
As at 31.03.2020	**-**	**326.679**	**326.679**
Adjustment to opening Retained earnings	-	-	-
Profit of the period	-	185.745	185.745
Other comprehensive income	-	-	-
As at 31.03.2021	**-**	**512.424**	**512.424**
Adjustment to opening Retained earnings	-	-	-
Profit of the period	-	679.650	679.650
Dividend Distribution	-	(1.192.074)	(1.192.074)
As at 31.03.2022	**-**	**-**	**-**

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Appendix 5

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Note 1 Corporate Information

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany Gmbh") (the "Company") is a company domiciled in Germany, with its registered office at Bochum . The Company has been incorporated under commerical register of the district court of Bochum, Germany. The Company is in the business of refractory manufacturing and selling. It produces all types of pre-cast shapes like lances, snorkels and other refractory products. The resgister address of the company is 44807, Bochum, Flottmannstrabe 55.

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 the period presented, unless otherwise stated.

(a) Basis of Preparation

Dalmia GSB Refarctories GmbH, prepares a special purpose reporting package (reporting package) for the interim financial period from 01 April 2021 to 31 March 2022, which comprise the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity as well as the statement of cash flows for the period from 01 April 2021 to 31 March 2022, including the summary of significant accounting policies and related explanatory disclosures.

The reporting package is prepared by Dalmia GSB Refractories GmbH on an standalone entity basis without consolidation of their subsidiaries, for purposes of providing information to Dalmia Bharat Refractories Limited and to enable Dalmia Bharat Refractories Limited to prepare the consolidated financial statements of Dalmia Bharat Refractories Limited. For this purpose, it has been prepared on the basis of International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, specifically IAS 34, as far as those standards refer to the preparation of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity as well as the statement of cash flows. Requirements of those IFRS regarding the presentation of comparative figures are not applicable. In addition, Requirements of those IFRS regarding note disclosures are not applicable. Instead the interim reporting package has to include all notes disclosures as presented by Dalmia Bharat Refractories Limited in the "Notes to the financial statements" in the consolidated financial statements as of 31 March 2022 (including summary of significant accounting policies) as far as applicable for matters accounted for in the interim reporting package of Dalmia GSB Refarctories GmbH.
Further notes disclosures are made if necessary to achieve a true and fair view of the financial position of the company, the financial performance and its cash flows presented in the interim reporting package.

Compliance with IFRS

These financial statements for the period April 01, 2021 to March 31, 2022 prepared in accordance with IFRS with the limitation noted above. The carve out from IFRS to India Accounting Standard (Ind AS) provided by Group Auditor has also been incorporated in the preparation of these financial statment .

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the certain assets and liabilities 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 'Euro', which is the Company's functional and presentation currency. All values are in the Euro, except when otherwise indicated.

Current vis-à-vis non-current classification

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

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

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

Fair value measurement

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

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

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

2.2 Critical accounting estimates and judgements

The presentation of financial statements under IFRS 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 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. 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 activate markets, their fair value is measures 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.

c. Provision
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.

d. 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.

e. Recoverability of trade receivable:
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.

f. 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.

e. 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.

f. 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.

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.

Depreciation methods, estimated useful lives and residual value:

Depreciation on Property, Plant and Equipment (PPE) and is provided over the useful life of assets. Property, Plant and Equipment which are added / disposed off during the year, deprecation is provided pro-rata basis with reference to the month of addition / deletion.
Certain item of PPE has been considered as countinous 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	
- Bochum works	Straight Line Method

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 are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

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

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.

3,3 **Goodwill**

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 Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be 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 statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3,4 **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.

3,5 **Trade Receivable**

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

3,6 **Leases**

The Company's lease asset classes primarily consist of leases for land and buildings. 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 assett hrough 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

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.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

3,7 **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 that makes strategic decisions.

3,8 **Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with International Accounting Standard (IAS)-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 period in which the related service is rendered

3,9 **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.
d. Goods which have been supplied, but associated risk has not been transferred, recognised as consignment stock and valued basis cost or NRV whichevr is lower.

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

3,1 **Revenue recognition and other income:**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of Goods

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon delivery.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (t) Financial instruments – initial recognition and subsequent measurement.

Cost to obtain the contract

The Company pays sales commission to its its sales agents for each contract that they obtain for sales of goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customers and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transactions prices for the time value of money.

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.

3,11 **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.

3,12 **Taxes**

Tax expense comprises current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the German Tax Laws @33%. 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.

3,13 **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 settled 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.

3,14 **Cash & Cash Equivalents**

Cash and cash equivalents includes cash in 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.

3,15 **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 FVPL. 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 FVPL 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 IFRS 9, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iv. **Derecognition of financial assets**

A financial asset is derecognised only when:

• The Company has transferred the rights to receive cash flows from the financial asset or

• Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

v. **Contributed equity:**

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

(b) Financial liabilities & Equity

i. **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ii. **Initial recognition and measurement:**

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

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. On transition to Ind AS, the Company has recognised fair value changes as part of the retained earnings.

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.

3,16 **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany GmbH")
Notes to the financial statements for the period ended March 31, 2022

4. Property, Plant and Equipment

in Euro

Particulars	Land and Bulding	Land Free Hold	Buildings	Plant & Machinery	Office Equipment	Right of use Assets	Total Tangible Asset	License and software	Customer Contract	Customer relationship	Technology	Total Intangible Asset	Goodwill
Gross block													
Balance as at 01 April 2020	139.800	681.106	1.244.153	906.760	288.077	362.343	3.622.238	29.678	200.000	4.300.000	1.100.000	5.629.678	1.260.659
Additions	-	-	-	**36.702**	**26.646**		63.348	**14.210**				14.210	
Disposals	-	-	-										
Balance as at 31 March 2021	**139.800**	**681.106**	**1.244.153**	**943.462**	**314.722**	**362.343**	**3.685.586**	**43.888**	**200.000**	**4.300.000**	**1.100.000**	**5.643.888**	**1.260.659**
Balance as at 01 April 2021	139.800	681.106	1.244.153	943.462	314.722	362.343	3.685.586	43.888	200.000	4.300.000	1.100.000	5.643.888	1.260.659
Additions	-	-	-	**18.621**	**20.517**	**217.234**	256.372	**7.611**	-	-	-	7.611	
Disposals	-	-	-										
Balance as at 31 March 2022	**139.800**	**681.106**	**1.244.153**	**962.083**	**335.239**	**579.577**	**3.941.958**	**51.499**	**200.000**	**4.300.000**	**1.100.000**	**5.651.499**	**1.260.659**
Depreciation													
Balance as at 01 April 2020	109.942	-	44.512	580.751	177.658	146.742	1.059.605	26.343	200.000	537.500	137.500	901.343	-
Depreciation for the period	**8.742**		**37.093**	**41.220**	**28.308**	**125.089**	240.451	**1.722**	-	**430.000**	**110.000**	541.722	-
Accumulated depreciation on disposals													
Balance as at 31 March 2021	**118.684**	-	**81.605**	**621.971**	**205.966**	**271.831**	**1.300.056**	**28.065**	200.000	967.500	247.500	**1.443.065**	-
Depreciation													
Balance as at 01 April 2021	118.684	-	81.605	621.971	205.966	271.831	1.300.056	28.065	200.000	967.500	247.500	1.443.065	-
Depreciation for the period	**8.742**	-	**37.093**	**37.100**	**30.603**	**77.704**	191.242	**4.235**	-	**430.000**	**110.000**	544.235	-
Accumulated depreciation on disposals													
Balance as at 31 March 2022	**127.426**	-	**118.698**	**659.071**	**236.569**	**349.535**	**1.491.299**	**32.300**	200.000	1.397.500	357.500	**1.987.300**	-
Net block													
As at 31 March 2021	**21.116**	**681.106**	**1.162.548**	**321.491**	**108.757**	**90.512**	**2.385.530**	**15.823**	-	**3.332.500**	**852.500**	**4.200.823**	**1.260.659**
Balance as at 31 March 2022	**12.374**	**681.106**	**1.125.455**	**303.012**	**98.670**	**230.042**	**2.450.660**	**19.199**	-	**2.902.500**	**742.500**	**3.664.199**	**1.260.659**

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany GmbH")
Notes to the financial statements for the period ended March 31, 2022

		As at March 31, 2022	As at March 31, 2021
5	**Non- Current Assets: Financial Assets**		
5,1	**Investments**		
A	Unquoted Investment		
	Investments in Subsidiaries (At Cost)		
	487,476 shares of GSB Refractories India Private Limited of INR 10 each fully paid*	-	2.414.215
		-	**2.414.215**
	***Refer note RPT Note no.27**		
	Aggregate amount of Non Current Investments.		
	Particulars		
	Aggregate amount of unquoted investments	-	**2.414.215**
	Aggregate amount of impairment in value of investments	-	-
	Current Assets:		
6	**Inventories**		
	Raw materials	1.262.462	788.004
	Work - in - progress	183.628	173.023
	Finished goods	467.033	469.607
	Goods in Transit	985.566	229.375
		2.898.689	**1.660.009**
7	**Current financial assets**		
7,1	**Trade Receivable**		
	Trade Receivable considered good - Unsecured	3.423.769	1.992.707
		3.423.769	**1.992.707**
7,2	**Cash & Cash Equivalent**		
	Balances with banks		
	- in Current Accounts	2.360.640	2.107.657
	Cash in hand	76	76
		2.360.716	**2.107.733**
7,3	**Loans**		
	Amount recoverable from employees		
	- Unsecured, considered good	171	171
		170,53	**170,53**
8	**Other Current Assets:**		
	Balance with statutory authorities	254.974	136.674
	Other current assets	1.434.951	182.424
	Unbilled Revenue	441.081	557.877
		2.131.005	**876.975**

		As at March 31, 2022	As at March 31, 2021
9	**Share Capital**		
	Authorised		
	1,825.000' Equity Shares of Euro 1 each	1.825.000	1.825.000
	Total	**1.825.000**	**1.825.000**
	Subscribed, issued & fully paid up		
	1,825.000' Equity Shares of Euro 1 each	1.825.000	1.825.000
	Total	**1.825.000**	**1.825.000**
(i)	**Reconciliation of number and amount of equity shares outstanding:**		
	As at 01st April, 2021	1.825.000	1.825.000
	Movement during the year (Refer note 27)	(1.222.141)	-
	As at 31st March, 2022	**602.859**	**1.825.000**
	Called Up Capital	**1.222.141**	**-**

Rights, restrictions and preferences attached to each class of shares

The Company has only oneclass of equity shares having par value of Euro 1 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.

(ii)	**Details of shareholders holding more than 5% shares in the company**		
	Equity shares of Euro 1 each fully paid		
	Dalmia Bharat Refractories Limited (Refer note-27)	**1.825.000**	**1.825.000**

As per records of the company,including register of shareholders/members and other declaraions received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

9,1	**Other Equity**		
a.	Retined Earnings		
	Opening Balance	512.424	326.679
	(+) Net Profit/(Net Loss) For the current period	679.650	185.745
	(-) Use for Partail Dividend Distribution	(1.192.074)	-
	Closing Balance	**-**	**512.424**
	Total	**-**	**512.424**
	Dividend paid during the year	**2.414.215**	**-**
10	**Other financial liabilities**		
	Lease liability	163.038	30.230
	Total	**163.038**	**30.230**
11	**Deferred Tax Liablities**		
	Deferred Tax Liablities	46.278	55.117
	Total	**46.278**	**55.117**
12	**Financial Liability - Non Current**		
12,1	**Borrowings**		
	Secured - at amortised cost		
	Term Loan		
	- from banks	8.009.965	9.153.968
	Total	**8.009.965**	**9.153.968**

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

	As at March 31, 2022	As at March 31, 2021
13 Financial Liability - Current		
13,1 Borrowings		
Secured - at amortised cost		
Loans repayable on demand		
- from banks for factoring of Trade receivables	1.732.933	1.229.023
Current maturities of long term debt	825.000	395.997
Total	**2.557.933**	**1.625.020**

The Company 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.

	As at March 31, 2022	As at March 31, 2021
13,2 Trade Payables		
Total Payable:- Others	3.121.700	2.267.415
Total	**3.121.700**	**2.267.415**
13,3 Other financial liabilities		
Other payables	297.650	267.777
Lease liability	67.065	65.266
Total	**364.715**	**333.043**
14 Other current liabilities		
Statutory liabilities	33.641	24.625
Other current liabilities	237.899	292.173
Total	**271.540**	**316.798**
15 Provision		
Corporate Tax	1.665.686	735.651
Other provisions	164.174	44.155
Total	**1.829.860**	**779.807**

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany GmbH")
Notes to the financial statements for the period ended March 31, 2022

Note No	Particulars	For the year ended April 1, 2021 March 31, 2022	For the year ended April 1, 2020 March 31, 2021
16	**Revenue from operations**		
	A. Sale		
	i. Sale of products	18.777.758	13.471.773
		18.777.758	**13.471.773**
	B. Other Operating Revenue		
	Other operating Income	83.429	120.812
		83.429	**120.812**
	Total Revenue	**18.861.186**	**13.592.584**
17	**Other income**		
	i. Foreign Exchange Fluctuation	-	-
	ii. Other non operating income	28.744	147.202
		28.744	**147.202**
18	**Cost of Material consumed**		
	Opening Raw Material and Consumable	1.660.009	1.427.180
	Purchases	12.493.166	8.182.025
	Less: Closing Raw Material and Consumable	2.898.689	1.660.009
		11.254.486	7.949.196
	Raw Material Consumed	11.254.486	7.949.196
19	**Employee benefits expense**		
	Salaries, wages, Allowances & Commission	1.759.524	1.614.570
	Contribution to Provident & Other funds	319.158	296.625
	Gratuity & Pension	11.538	14.809
	Staff welfare expenses	4.204	4.108
		2.094.425	**1.930.112**
20	**Depreciation and amortization expense**		
	Depreciation of tangible assets	187.830	235.577
	Amortization of intangible assets	548.709	546.597
		736.539	**782.174**
21	**Finance Cost**		
	Interest and Bank charges	447.674	487.257
	Interest on deferred consideration	-	20.191
		447.674	**507.448**
22	**Other expenses**		
	Advertisement & publicity	26.085	33.050
	Accounting charges	16.731	12.883
	Buiness promotion expenses	21.976	7.246
	Insurance	39.371	90.972
	Commission charges	302.960	246.059
	Packing Material	244.597	166.421
	Operating supplies	194.521	140.795
	Contractual Labour	549.662	332.269
	Training cost	7.506	10.528
	Payment to the auditors		
	- as auditor	47.365	25.075
	Postage and telegram	27.565	13.102
	Power and fuel	329.062	203.184
	Professional & Consultancy Charges	114.409	82.727
	Provision for doubtful debts	-	38.732
	Rates and taxes	39.788	36.792
	Internet & telephone	19.136	23.761
	Rent	66.297	34.210
	Repairs & Maintainance	167.871	106.226
	Factory expenses	15.799	15.824
	IT Cost	12.111	27.185
	Travelling & Conveyance	156.097	69.734
	Management Fees	96.000	193.138
	Foreign Exchange Fluctuation	5.257	19.747
	Miscellaneous expenses	147.912	97.995
		2.648.075	**2.027.655**
23	**Tax expense**		
	Current tax	1.037.921	354.642
	Deferred Tax	(8.840)	2.814
24	**Earning per Share**		
	Profit after tax	679.650	185.745
	Number of equity shares outstanding during the period (weighted average)	1.825.000	1.825.000

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Nominal value of equity shares (Euro 1 each)	1,00	1,00
Earning per share (Euro) Basic	0,37	0,10
Earning per share (Euro) Diluted	0,37	0,10

Dalmia GSB Refractories GmbH (formally known as "Dalmia Refractories Germany GmbH")
Notes to the financial statements for the period ended March 31, 2022

In Euro

25 Remuneration paid to Auditors (included in Miscellaneous Expenses) :

S.N.	Particulars	31.03.2022	31.03.2021
	Statutory Auditor		
i	Audit Fee	47.365	25.075

26 Segment Information

(i) General Disclosure

The Company is primarily is in the business of refractory manufacturing and supplying to Core Industries namely Cement, steel and others. Hence there is only one identified reportable segments as per IFRS 8 - Segment eporting.

The above reportable segment have been identified based on the significant components of the enterprise for which discrete financial information is available and are 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 IFRS8 are made as follows:

a) **Segment Assets**

Total of non-current assets other than financial instruments, investment in subsidiaries, joint ventures and associate and deferred tax assets broken down by location of the assets, is shown below:

Particulars	As at March 31, 2022	As at March 31, 2021
Germany	7.375.677	7.847.011
Outside Germany	-	-

(iii) Information about major customers:

Two customers each contributed 10% or more of the total revenue of the Company for the period ended 31st March, 2022.

ThyssenKrupp Steel Europe AG, Duisburg 9,69%

ArcelorMittal Belgium NV, Gent 10,15%

27 Related Party Transaction

A. Relationships

i) Subsidiary of the Company : GSB Refractries India Private Limited (Till 1 March 2022)
ii) Holding of the Company : Dalmia Refractories Limited (Till 1 March 2022)
iii) Holding of the Company: Dalmia Bharat Refractories Limited (From 1 March 2022)
iii) Group Company : Dalmia Cement Bharat Limited
iii) Group Company : OCL Global Limited

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

Nature of Relationship	Name of Related Party	Nature of Transaction	For the period ended 31-Mar-22	For the period ended 31-Mar-21
Subsidiary Co.	GSB Refractories India Private Limited*	Purchase of Goods	173.628	-
Holding Co.	Dalmia Refractories Limited	Management Services	96.000	193.138
Holding Co.	Dalmia Refractories Limited	Reimbursement of expense	-	40.000
Group Co.	Dalmia Cement Bharat Limited	Purchase of Goods	866.817	177.915
Group Co.	OCL Global Limited	Purchase of Goods	936.779	416.057

C. Balances outstanding at period end:

Nature of Relationship	Name of Related Party	Nature of Transaction	31-Mar-22	31-Mar-21
Subsidiary Co.	GSB Refractories India Private Limited/Dalmia Bharat Refractories Limited**	Balance receivable (payable) at period end	(173.628)	151.326
Holding Co.	Dalmia Refractories Limited/Dalmia Bharat Refractories Limited**	Balance receivable (payable) at period end	(96.000)	(233.138)
Group Co.	Dalmia Cement Bharat Limited	Balance receivable (payable) at period end	(506.137)	(39.074)
Group Co.	OCL Global Limited	Balance receivable (payable) at period end	(781.276)	(451.139)

* Related party transactions in former year not applicable, RPT now includes subsidiary as well
**Merged in Dalmia Bharat Refractories Limited as of 1st March 2022.

D. During the year sole shareholder of Dalmia GSB Refractories GmbH ("DGSB"), Dalmia Refractories Limited ("DRL") and the subsidiary of DGSB, GSB Refractories India Private Limited ("GSB India"), both domiciled in India, were merged into Dalmia Bharat Refractories Limited ("DBRL "), also domiciled in India, by way of a Scheme of Amalgamation under Indian law with economic and legal effect from 1 March 2022. , as a result of the Mergers carried out under Indian law, (i) DBRL has become a shareholder of DGSB, (ii) DGSB has distributed their ownership of the shares of GSB India to DBRL.

Due to in kind distribution of GSB India shares to parent company DBRL, the equity of DGSB has been reduced by the amount of EUR 2.414.215.
As this reduced the overall capital of DGSB to EUR 602.859, DGSB has asked from holding company to pay in an amount equal to restate their stated capital at original level of EUR 1,825,000. The amount is disclosed as “called up capital”.

DGSBs Holding Company will introduce equity subsequently in FY 23 to bring back the equity at stated capital level.

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

28 Impairment Review

In accordance with the IFRS 36 on " Impairment of Assets", the management during the period carried out an exercise of identifying the assets that may have been impaired in accordance with the said IAS . On the basis of review carried out by the management, there was no impairment loss on property, plant and equipment as well as financial assets during the period ended 31st March, 2022.

29 Leases

The Company's lease asset classes primarily consist of leases for land and buildings. 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

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

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.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

30 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 appr台rpiate 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.

In Euro

Particulars	As at 31st March, 2022 Upto 6 months	As at 31st March, 2022 More than 6 months	As at 31st March, 2021 Upto 6 months	As at 31st March, 2021 More than 6 months
Gross carrying amount (A)	3.423.769		1.992.707	
Expected Credit Losses (B)	-	-	-	
Net Carrying Amount (A-B)	**3.423.769**	**-**	**1.992.707**	**-**

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.

B. Liquidity Risk :

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of factoring of debtors. 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 period end

In Euro

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total current assets	**10.814.351**	6.637.594
Total current liabilities	**8.145.747**	5.322.082
Current ratio	**1,33**	**1,25**

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

In Euro

Particulars	Payable on demand	Less than 1 year	More than 1 year	Total
As at March 31, 2022				
Borrowings	-	2.557.933	8.009.965	10.567.898
Other financial Liabilities	-	364.715	-	364.715
Trade and other payables	-	3.393.240	-	3.393.240
Total	-	**6.315.887**	**8.009.965**	**14.325.852**

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:

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 does not have exposure to the risk of changes in foreign exchange rates.

31 Financial Instrument - Disclosure

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

Financial Assets

In Euro

Sl. No	Particulars	Note	Fair value hierarchy	As at March 31, 2022 Carrying Amount	As at March 31, 2022 Fair Value	As at March 31, 2021 Carrying Amount	As at March 31, 2021 Fair Value
1	**Financial assets designated at amortised cost**	D					
	Current						
a)	Trade receivables *			3.423.769	3.423.769	1.992.707	1.992.707
b)	Cash & Cash Equivalents *			2.360.716	2.360.716	2.107.733	2.107.733
c)	Loans and advances*			171	171	171	171
4	**Investment in subsidiary companies and joint venture**	C		-	-	2.414.215	2.414.215
				5.784.656	**5.784.656**	**6.514.825**	**6.514.825**

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Financial Liabilities

In Euro

Sl. No	Particulars		Fair value hierarchy	As at March 31, 2022		As at March 31, 2021	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1	**Financial liability designated at amortised cost**	D					
	Current						
	- Borrowings			2.557.933	2.557.933	1.625.020	1.625.020
	- Trade payables *			3.121.700	3.121.700	2.267.415	2.267.415
	- Other financial liability *			364.715	364.715	333.043	333.043
				6.044.347	**6.044.347**	**4.225.477**	**4.225.477**

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 As per IFRS 101, the first time adopter may chose to measure its investment in subsidiaries. Company has opted to value its investments in subsidiaries, at cost.

B 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).

32 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 current investments and 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 if any attached to the interest-bearing loans and borrowings that define capital structure requirements.

In Euro

Particulars	**As at 31st March, 2022**	**As at 31st March, 2021**
Debt (i)	10.567.898	10.778.988
Cash & bank balances	2.360.716	2.107.733
Net Debt	8.207.182	8.671.255
Total Equity	1.825.000	2.337.424
Net debt to equity ratio (Gearing Ratio)	4,50	3,71

(i) Debt is defined as long-term and short-term borrowings

33 Income Tax

a) Amount recognised in Statement of Profit and Loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current Income Tax		
Current year-Income tax	750.921	354.642
Current year-Dividend (CIT/TT)	31.000	-
- Tax on Dividend (WHT)	256.000	-
Total	**1.037.921**	**354.642**
Deferred Tax	(8.840)	2.814
Income tax expense reported in the statement of profit and loss	**1.029.081**	**357.456**

b) Reconciliation of effective tax rate

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax	1.708.732	543.201
Income not allowed for tax purpose	23.812	2.236
Expense allowed for tax purpose	2.975	(10.764)
Expense disallowed for tax purpose	540.000	540.000
Profit before tax after adjustments	**2.275.518**	**1.074.674**
Income tax	750.921	357.456
permanent diffrences	-	-
Reported Income Tax Expense	**750.921**	**357.456**
Effective Tax Rate	33%	33%
- Tax on Dividend (CIT/TT)	31.000,00	-
- Tax on Dividend (WHT)	256.000,00	-
Total Tax	**1.037.921,01**	**357.456,48**

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

Appendix 6

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
Initialled for identification

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.