



RAIN INDUSTRIES LIMITED

RIL/SEs/2017

May 10, 2017

The General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort <u>Mumbai-400 001</u>	The Manager Listing Department The National Stock Exchange of India Limited Bandra Kurla Complex Bandra East <u>Mumbai – 400 051</u>
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Dear Sir/ Madam,

Sub: Submission of Annual Report for the Financial Year ended 31st December, 2016.

Ref : Scrip Code: 500339 (BSE) & Scrip code : RAIN (NSE)

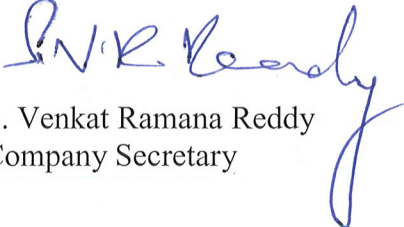
We bring to your kind notice that Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the 42nd Annual Report of the Company for the Financial Year ended 31st December, 2016 duly approved and adopted by the Members as per the provisions of Companies Act, 2013 at the 42nd Annual General Meeting of the Company held on Friday, the 5th May, 2017 at 3.00 p.m. at KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI), Red Hills, Hyderabad - 500 004, Telangana State, India .

Please note that the 42nd Annual Report is also uploaded on the Company's website.

This is for your information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited


S. Venkat Ramana Reddy
Company Secretary



RAIN INDUSTRIES LIMITED

42nd ANNUAL REPORT 2016



BOARD OF DIRECTORS

Mr. N. Radhakrishna Reddy

Mr. N. Jagan Mohan Reddy

Mr. N. Sujith Kumar Reddy

Mr. Dipankar Basu

Mr. S. L. Rao

Mr. H. L. Zutshi

Ms. Radhika Vijay Haribhakti

Ms. Nirmala Reddy

Mr. Krishnan Narayanan

Chairman

Managing Director

Director

Independent Director

Independent Director

Independent Director

Independent Director

Independent Director

Nominee Director, IDBI Bank Limited

CHIEF FINANCIAL OFFICER

Mr. T. Srinivasa Rao

COMPANY SECRETARY

Mr. S. Venkat Ramana Reddy

STATUTORY AUDITORS

M/s. B S R & Associates LLP

Chartered Accountants,

Reliance Humsafar, IV Floor,

Road No.11, Banjara Hills,

Hyderabad- 500 034,

Telangana State, India.

INTERNAL AUDITORS

M/s. Ernst & Young LLP

Oval Office,

18, iLabs Center, Hitech City

Madhapur,

Hyderabad - 500 081,

Telangana State, India.

SECRETARIAL AUDITORS

M/s. DVM Gopal & Associates

Practising Company Secretaries

6/3/154-159, Flat No. 303,

3rd Floor, Royal Majestic,

Prem Nagar Colony,

Near Banjara Hills Care Hospital,

Hyderabad - 500 004,

Telangana State, India.

REGISTERED OFFICE

"Rain Center",

34, Srinagar Colony,

Hyderabad-500 073,

Telangana State, India.

Phone No.+ 91 (40) 40401234

Fax No. + 91 (40) 40401214

Email: secretarial@rain-industries.com

Website: www.rain-industries.com

CIN: L26942TG1974PLC001693

BANKS

IDBI Bank Limited

ICICI Bank Limited

Citibank

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited

(Unit: Rain Industries Limited)

Karvy Selenium Tower B, Plot 31-32,

Gachibowli, Financial District,

Nanakramguda, Hyderabad - 500 032,

Telangana State, India.

Fax: +91 40 23420814; Phone: +91 40 67161566

e-mail: einward.ris@karvy.com/murthy.psrch@karvy.com

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RAIN Industries Limited ("RAIN Group") is one of the World's leading producers of Carbon and Chemical Products and is one of the leading producers of Cement in South India.

Business Vertical	Description of Business
Carbon Products Business	- Carbon Products consist of Calcined Petroleum Coke ("CPC"), Coal Tar Pitch ("CTP"), Green Petroleum Coke ("GPC") and other derivatives of Coal Tar distillation including Creosote Oil, Naphthalene, Phthalic Anhydride, CARBORES® and others. Further, energy produced through Waste-heat recovery is also included in revenues from Carbon Products Business. - Activities across the World with operating facilities spread across Belgium, Canada, Germany, India, Poland, Russia and United States of America. - Co-generation facilities located in United States of America and India.
Chemicals Business	- Chemicals include the downstream operations of Coal Tar distillation and comprise Resins, Modifiers, Super Plasticizers and other specialty products. - Activities across the World with facilities in Germany, Canada and the Netherlands.
Cement Business	- Production and Sale of Cement. - Activities predominantly in South India. - Waste Heat Recovery Power Plant in Kurnool, Andhra Pradesh. - Expanding to new market regions viz. the States of Goa, Kerala, Maharashtra, Orissa and Pondicherry. - Marketed under the brand name "Priya Cement".

- RAIN Group has achieved a Compounded Annual Growth Rate ("CAGR") of 16% in Consolidated Revenues during last seven years.
- RAIN Group has achieved a CAGR of 12% in Consolidated Operating Profits during last seven years.
- Consolidated Book Value per share has increased by 128% from ₹ 39.34 per share to ₹ 89.62 per share during the last seven years.

RAIN Group Operating Facilities

Business Vertical	Facility	Description
Carbon Products Business	Visakhapatnam - Andhra Pradesh, India⁽¹⁾	- o Two rotary kilns to produce CPC - o CPC Blending facility - o Located in Visakhapatnam Port Area - o Proximity to new Aluminum Smelter plants - o Waste-heat Recovery Power Plant
	Lake Charles- Louisiana, USA	- o Two rotary kilns to produce CPC - o Dedicated deep-water terminal - o Waste-heat Recovery Power Plant
	Robinson - Illinois, USA	- o Two rotary kilns to produce CPC - o Located adjacent to Marathon oil refinery
	Chalmette - Louisiana, USA	- o One rotary kiln to produce CPC - o Dedicated deep-water terminal - o Waste-heat Recovery Power Plant
	Gramercy- Louisiana, USA	- o One rotary kiln to produce CPC - o Dedicated deep-water terminal
	Norco - Louisiana, USA	- o One rotary kiln to produce CPC - o Located adjacent to Motiva oil refinery - o Waste-heat Recovery Steam Plant
	Purvis - Mississippi, USA	- o One rotary kiln to produce Fluid CPC - o Focused on specialty applications - o Direct rail or truck shipments to customers
	Castrop - Rauxel, Germany⁽²⁾	- o Coal tar distillation (largest single line Coal Tar distillation plant globally) with integrated downstream production operations - o Dedicated river port and access via sea, rail and road
	Zelzate, Belgium	- o Coal tar distillation with integrated downstream production operations - o Dedicated deep-water Terminal
	Hamilton, Canada	- o Serves as hub for North America and is the only coal tar distillation facility in Canada - o Transport access via sea, rail and road
	Kedzierzyn - Kozle, Poland	- o Granulation and Soft-pitch up-grading - o Serves as hub for Eastern Europe
	Cherepovets, Russia⁽³⁾	- o Joint venture with PAO Severstal in Russia - o Focused on pitch supply to the North Atlantic, Russia and the Middle East - o Transport access via sea, rail and road

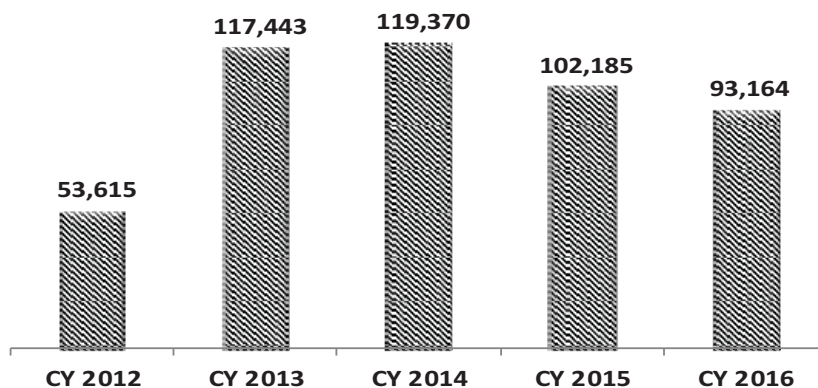
RAIN Group Operating Facilities (Contd.)

Business Vertical	Facility	Description
Chemicals Business	Duisburg, Germany	- o Downstream Resins production - o Dedicated river port
	Uithoorn, The Netherlands	- o Downstream Resins production - o New heat polymerization technology for tailor-made products
	Candiac, Canada	o Downstream Superplasticizer production
	Hanau, Germany⁽⁴⁾	o Downstream regional producer of impregnated wood products
Cement Business (Markets the product under the brand "Priya Cement")	Nalgonda - Telangana State, India	- o One rotary kiln - o Pit Head Lime Stone Mines
	Kurnool - Andhra Pradesh, India⁽⁵⁾	- o Two rotary kilns - o Pit Head Lime Stone Mines - o Waste-heat Recovery Power Plant
	Bellary - Karnataka, India	- o Fly Ash Handling & Cement Packing Facility - o Strategically located at the Karnataka Power Corporation Limited's ("KPCL") power plant

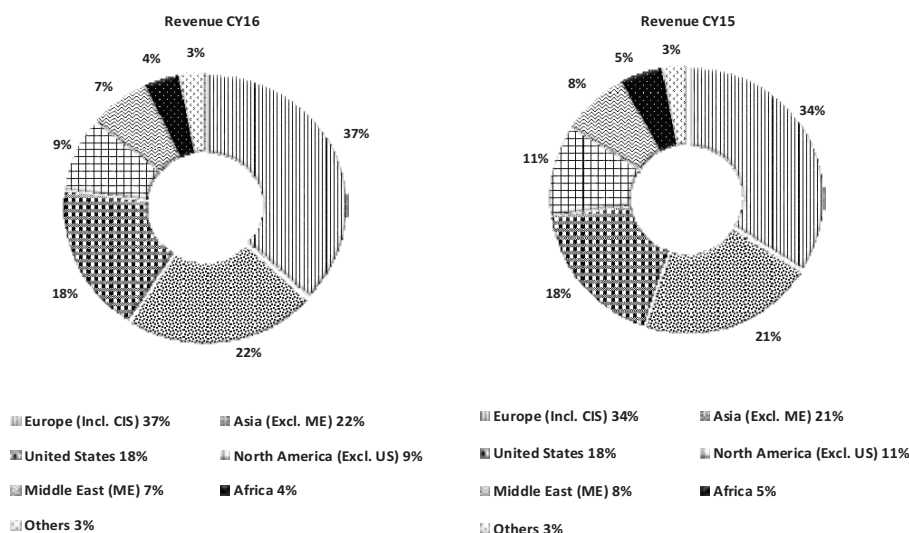
- (1) During CY16, the Company has increased the CPC Blending Facility to 1,000,000 metric tons per annum at its calcining plant in Vizag, India. This Blending Facility will enable the Company to blend CPC manufactured in Indian Plant with imported CPC to meet the increased demand for CPC from smelters in India and the surrounding regions.
- (2) During CY16, the Company successfully completed the installation & commissioning of a third CARBORES® Reactor of 17,000 tons per annum capacity in Germany. This increases the existing CARBORES® capacity to 53,000 tons per annum. CARBORES® is an environmentally friendly pitch produced through a sophisticated manufacturing process and is currently used by steel manufacturers. This product further diversifies the Company to markets outside of the Aluminum Industry. The continuously increasing demand for this pitch is encouraging the capacity expansion seen over the last several years.
- (3) The Company successfully completed the construction of its Fourth Coal Tar Distillation Plant ("CTP Plant") with a capacity of 300,000 metric tons per annum in Cherepovets, Russia in February 2016 via a Joint Venture with PAO Severstal, Russia.
- (4) The Board of Directors of the Company approved the closure of Hanau Plant by March 31, 2017; as sales volumes in the Wood Impregnation Business are declining.
- (5) The Company commissioned a 7 megawatt ("MW") Waste-Heat Recovery Power Plant ("WHR Power Plant") at its existing Cement Plant in Kurnool, India in September 2016. The WHR Power Plant has stabilized and started delivering the planned savings.

Key Financial Indicators on a consolidated basis¹

A. Revenue (₹ Millions):

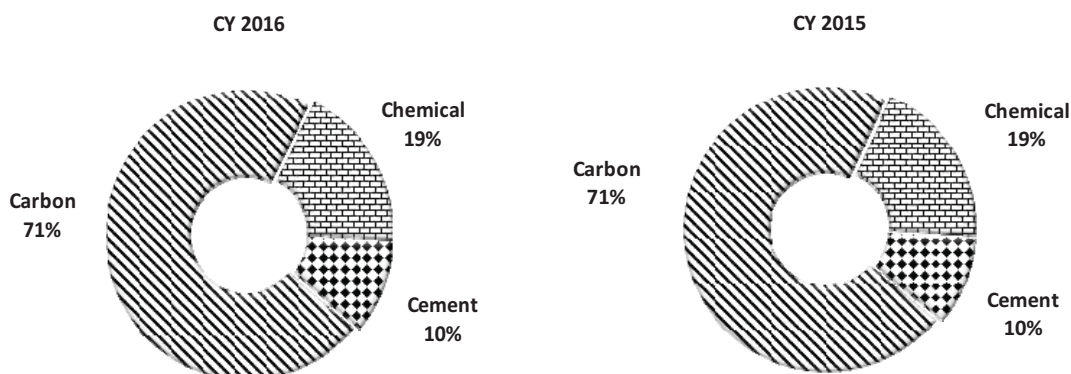


B. Revenue by Geography:-



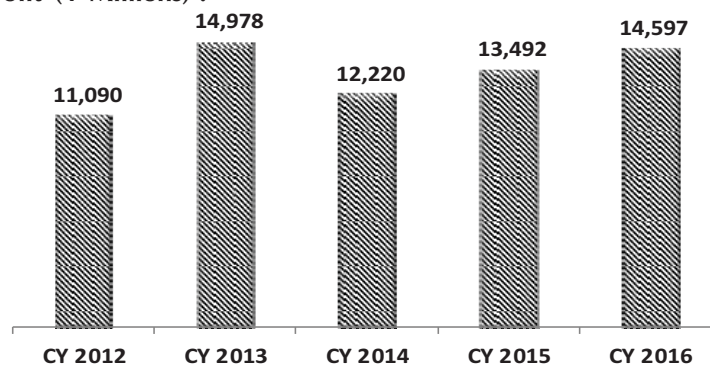
Note: Others include South America, Australia and Rest of the World

C. Revenue by Business Segments: -

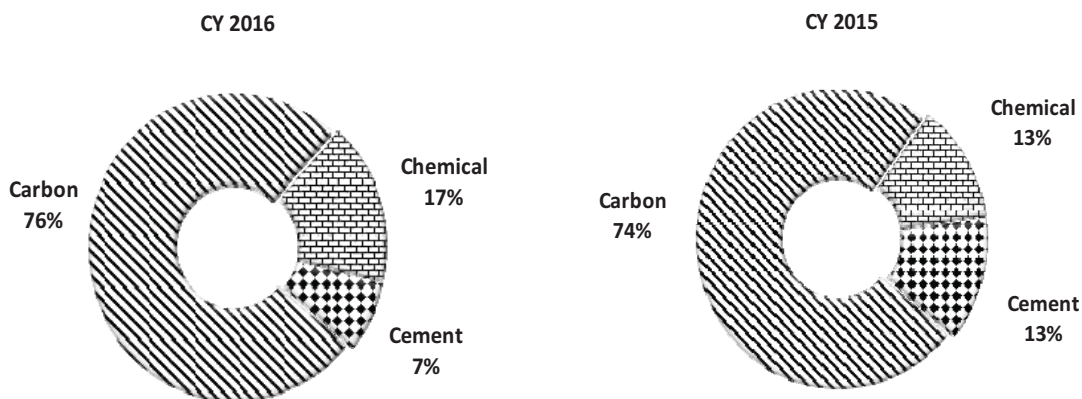


¹ RÜTGERS acquisition was effective from January 2013 due to which CY 2012 data is incomparable with the data of later financial periods.

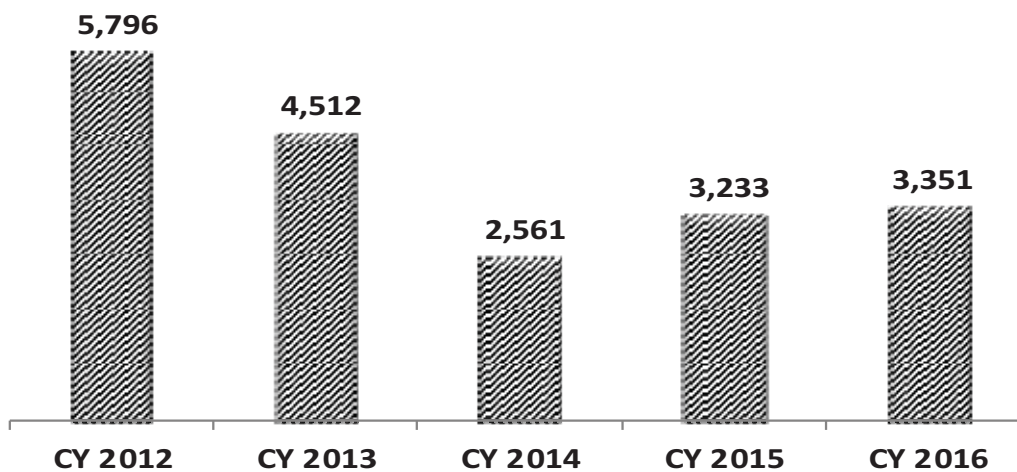
D. Adjusted Operating Profit (₹ Millions)²:-



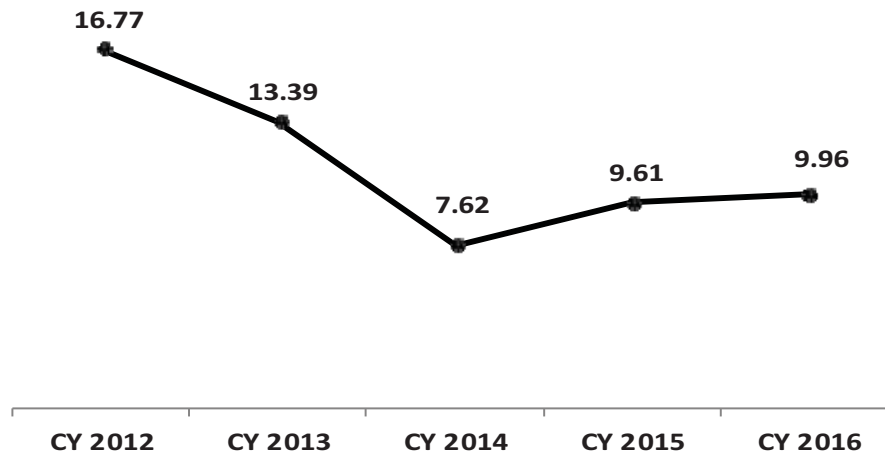
E. Segment wise Adjusted Operating profit Mix²: -



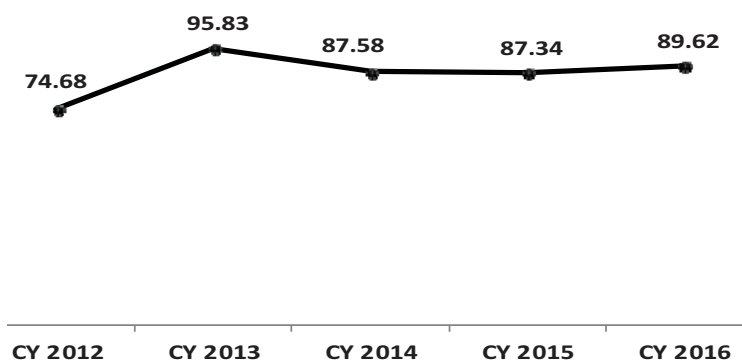
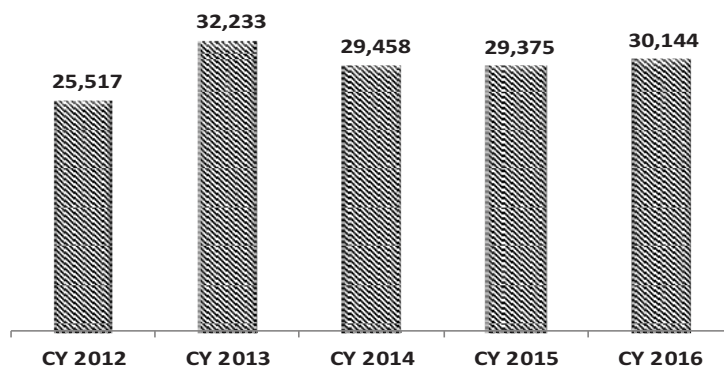
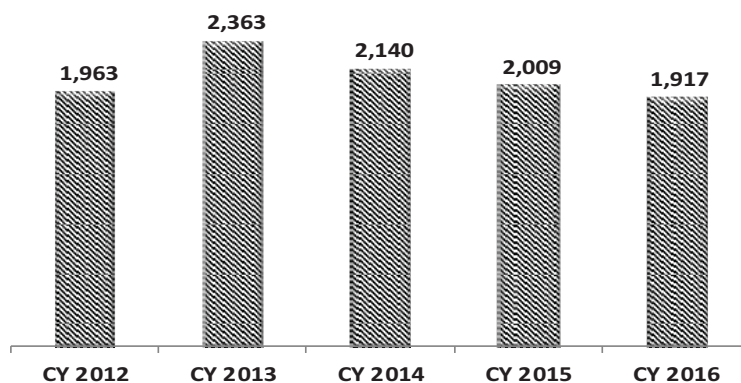
F. Adjusted Profit After Tax (₹ Millions)



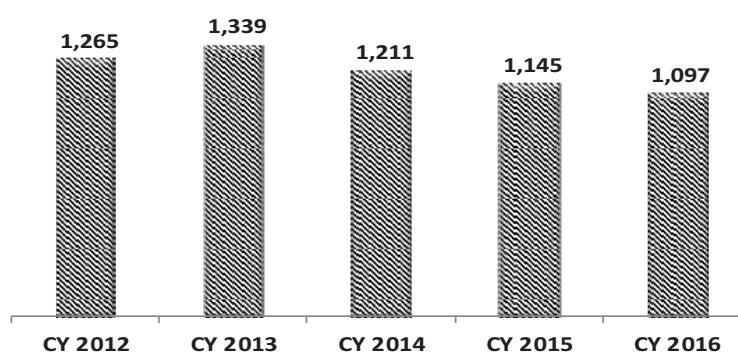
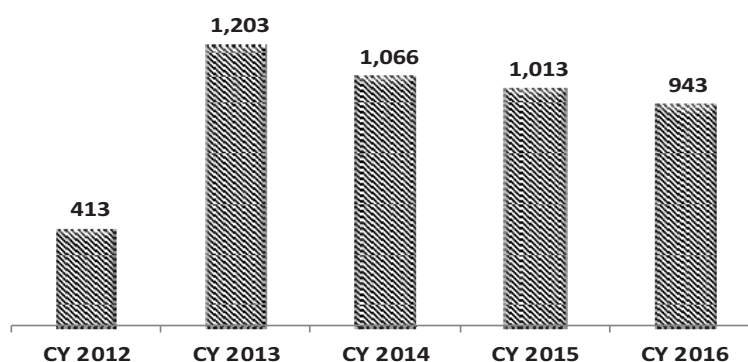
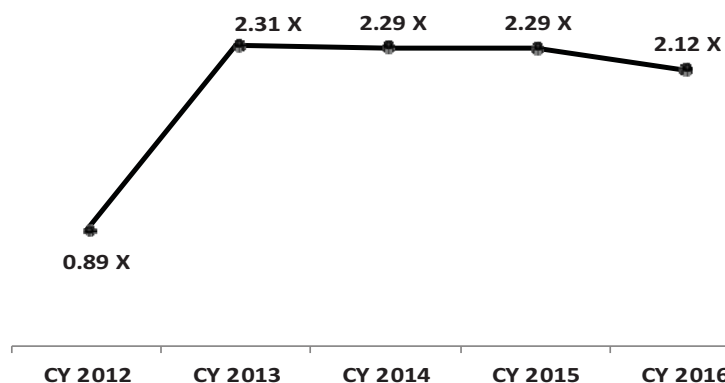
²Adjusted Operating Profit is the Profit before adjustment of Other Income; Foreign exchange (gain) / loss; Depreciation & amortization; Impairment loss; Interest and Taxation and Exceptional items.

G. Adjusted Basic Earnings Per Share (EPS) (₹)

Notes:

- (1) Profit After Tax and EPS of CY 2012 adjusted for one time expenditure of ₹ 1,789 million (net of tax ₹ 1,219 Million) incurred in-connection with the acquisition of RÜTGERS.
- (2) Profit After Tax and EPS of CY 2013 is adjusted for (a) costs incurred for acquisition of RÜTGERS of ₹ 142 million (b) impairment loss of ₹ 1,304 million; offset by (c) insurance claim receipts of ₹ 375 million and (d) tax impact on all these items of ₹ 404 million.
- (3) Profit After Tax and EPS of CY 2014 is adjusted for (a) incremental pension liability from actuarial losses of ₹ 1,820 million (b) inventory write down due to fall in oil prices of ₹ 237 Million (c) Russian Ruble currency devaluation impact ₹ 338 Million (d) impairment loss of ₹ 95 Million; and (e) tax impact on the above of ₹ 814 Million.
- (4) Profit After Tax for CY 2015 is adjusted for (a) actuarial gain of ₹ 697 million on pension liability (b) liquidated damages of ₹ 429 million to EPC contractor (c) provision for bad debts of ₹ 134 million (d) Russian Ruble & Canadian Dollar currency devaluation impact of ₹ 127 million (net of minority interest) and (e) tax impact on the above of ₹ 7 million (net of minority interest).
- (5) Profit After Tax for CY 2016 is adjusted for (a) ₹ 262 Million towards provision made for closure cost of impregnated wood product manufacturing facility in Hanau, Germany (b) incremental pension liability from actuarial losses of ₹ 1,109 Million (c) provision for inventories ₹ 547 Million (d) incremental major maintenance ₹ 439 Million (e) severance impact ₹ 74 Million and Gain on buy back of bonds ₹ 470 Million; (f) tax impact on the above of ₹ 857 Million.

H. Book Value Per Share (₹)

I. Net Worth (₹ Millions)

J. Total Assets (US\$ Millions)³ :-


³ The Total Assets as of December 31, 2012 includes US\$ 677 Million of proceeds from issue of Senior Secured Notes. These proceeds are consigned to an Escrow Bank account and subsequently utilised for completion of RÜTGERS acquisition.

K. Gross Debt (US\$ Millions)

L. Net Debt (US\$ Millions)

M. Net Debt to Net Worth

Notes:

- (1) Majority debt is in US Dollar terms. We have converted the debt reported in Indian Rupees into US Dollars by applying the RBI's reference rate at the end of the respective financial years.
- (2) The Gross Debt as of December 31, 2012 includes US\$ 677 Million of Senior Secured Notes issued in relation to the acquisition of RÜTGERS. The proceeds of Senior Secured Notes were held in Escrow Bank account (shown as part of Cash and Bank balances as at December 31, 2012) and subsequently utilised for completion of RÜTGERS acquisition.

RAIN'S GLOBAL PRESENCE



U1 - Louisiana, U.S.

- a. Chalmette Calcination facility & terminal
- b. Lake Charles Calcination facility & terminal
- c. Norco Calcination facility
- d. Gramercy Calcination facility & terminal

U2 - Robinson Calcination facility, Illinois, U.S.

U3 - Purvis Calcination facility, Mississippi, U.S.

U4 - Canada

- a. Hamilton Distillation facility
- b. Candiac

R1 - Cherepovets, Russia

E1 - Kedzierzyn-Kozle , Poland, Europe

E2 - Zelzate Distillation facility, Belgium, Europe

E3 - Uithoorn, Netherlands, Europe

E4 - Germany, Europe

- a. Duisburg
- b. Castrop-Rauxel Distillation facility

I1 - Vishakhapatnam Calcination facility, Andhra Pradesh, India

I2 - Nalgonda Cement Plant, Telangana, India

I3 - Kurnool Cement Plant, Andhra Pradesh, India

NOTICE

Notice is hereby given that the 42nd Annual General Meeting of the Members of Rain Industries Limited will be held on Friday, the May 5, 2017 at 3:00 P M at KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI), Red Hills, Hyderabad - 500 004, Telangana State to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Stand alone Balance Sheet as at December 31, 2016, Statement of Profit and Loss for the Financial Year ended on December 31, 2016, Cash Flow Statement for the Financial Year ended December 31, 2016 and reports of Boards' and Auditors thereon.
2. To receive, consider and adopt the Consolidated Balance Sheet as at December 31, 2016, Statement of Profit and Loss for the Financial Year ended on December 31, 2016, Cash Flow Statement for the Financial Year ended December 31, 2016 and Report of Auditors thereon.
3. To approve and ratify interim dividend.
4. To appoint a Director in place of Mr. N. Radhakrishna Reddy (DIN: 00021052) who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. N. Sujith Kumar Reddy (DIN: 00022383) who retires by rotation and being eligible offers himself for re-appointment.
6. To ratify the Appointment of Statutory Auditors.

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, including any amendment, modification, or variation thereof, the Company hereby ratifies the appointment of M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No.116231W/W-100024) as the Auditors of the Company to hold the office from the conclusion of this 42nd Annual General Meeting till the conclusion of the 43rd Annual General Meeting of the Company to be held in the year 2018 at such remuneration as may be mutually agreed between the Board of Directors and the Auditors.

FURTHER RESOLVED THAT the Board of Directors (which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution and / or otherwise considered by them to be in the best interest of the Company."

SPECIAL BUSINESS:

7. To amend the Object Clause of Memorandum of Association.

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded for alteration of existing Main Object Clause i.e., Clause III(A) of the Memorandum of Association of the Company by inserting the following after the existing Clause 8 of Clause III(A) (Main Objects) of Memorandum of Association of the Company:

9. To design, manufacture, process, buy, sell, import, export, trade and deal in all kinds, of packing materials like drums, barrels, tins, boxes, cases, bags, bottles and other containers made of steel, cotton, jute, wood, plastic, boards poly propylene, glass for packing and transporting the variety of industrial, commercial, household, educational, agricultural, commodities and consumable.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board
for **Rain Industries Limited**

S. Venkat Ramana Reddy
Company Secretary
M.No. A14143

Place : Hyderabad
Date : February 23, 2017

NOTES:

1. The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of special business of the Company is appended and forms part of the Notice.
2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from April 28, 2017 to May 5, 2017 (both days inclusive).
4. Profile of Mr. N. Radhakrishna Reddy and Mr. N. Sujith Kumar Reddy, Directors being re-appointed is given in the Report on Corporate Governance.
5. Pursuant to the provisions of Section 124 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, unclaimed dividend amount of Rs. 3.10 Million of the Company for the financial year ended December 31, 2008 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013. The dividend for the financial year ended December 31, 2009 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013 and the rules made thereunder.
6. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the company as on May 6, 2016 (date of last Annual General Meeting) on the website of the Company (www.rain-industries.com) and also on the website of Ministry of Corporate Affairs.
7. Information in respect of such unclaimed dividend when due for transfer to the Investor Education and Protection Fund (IEPF) are given below:

Sl. No.	For the Financial year ended	Percentage of Dividend	Date of Declaration	Due date for transfer to the Investor Education and Protection Fund
1	December 31, 2009	37%	June 7, 2010	July 6, 2017
2	December 31, 2010	46%	May 12, 2011	June 11, 2018
3	December 31, 2011	55%	April 25, 2012	May 25, 2019
4	December 31, 2012	55%	April 27, 2013	May 26, 2020
5	December 31, 2013 (Interim dividend)	50%	November 14, 2013	December 13, 2020
6	December 31, 2014 (Interim dividend)	50%	November 6, 2014	December 7, 2021
7	December 31, 2015 (Interim dividend)	50%	August 14, 2015	September 15, 2022
8	December 31, 2016 (Interim dividend)	50%	August 13, 2016	September 14, 2023

The Shareholders who have not encashed the aforesaid dividends are requested to make their claim to the Secretarial Department, Rain Industries Limited, Rain Center, 34, Srinagar Colony, Hyderabad - 500073, Telangana State, India, e-mail: secretarial@rain-industries.com.

8. Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Suspense Account:

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("Rules") all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account after complying with the procedure laid down under the "Rules".

9. Unclaimed Equity shares held in the suspense account are maintained with Karvy Stock Broking Limited, Banjara Hills, Hyderabad-500034 vide Client ID: 19074218 and DP ID:IN300394.
10. The Securities and Exchange Board of India ("SEBI") and the Ministry of Corporate Affairs have made it mandatory for all the Listed Companies to offer Electronic Clearing Service ("ECS") facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders account, elimination of loss of instruments in transit or fraudulent encashment, etc.

In view of the above:

- (i) Shareholders holding shares in Physical Form and desirous of availing the facility are requested to complete ECS form attached to this Annual Report and forward the same to the Company's Registrar and Share Transfer Agent M/s. Karvy Computershare Private Limited, (Unit: Rain Industries Limited), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana State, India.
- (ii) Shareholders holding shares in Dematerialized Form are requested to provide the Bank details to their Depository Participants for incorporation in their records.
11. The Company's equity shares are Listed at (i) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001; and (ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot No. C/1, Bandra (East), Mumbai - 400051 and the Company has paid the Annual Listing Fees to the said Stock Exchanges for the year 2016 -17.
12. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market for transaction of transfer, transmission/transposition and deletion of name of deceased holder. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agents, M/s. Karvy Computershare Private Limited.
13. Route Map showing directions to reach to the venue of the 42nd AGM is attached to this Annual Report as per the requirement of the Secretarial Standards-2 on "General Meetings".
14. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Registrar and Share Transfer Agent at ***M/s. Karvy Computershare Private Limited (Unit: Rain Industries Limited), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana State, India.***

15. Voting through electronic means, Postal ballot and Poll

In terms of the provisions of Section 108, 109 and 110 of the Companies Act, 2013 (the Act) read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this section of the Notice) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system, postal ballot and poll to members holding shares as on March 31, 2017 (End of Day) being the Cutoff date fixed for determining voting rights of members, entitled to participate in the evoting process, postal ballot and poll.

16. The instructions for voting are as under:

A. Procedure and instructions for e-voting

The procedure and instructions for e-voting are as follows:

1. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'.
2. Enter the login credentials (i.e., user-id & password). Your folio/DP and Client ID will be your User-ID.

User - ID for Members holding shares in Demat Form:

- For NSDL : 8 Character DP ID followed by 8 Digits Client ID.
- For CDSL: 16 digits beneficiary ID.

For Members holding shares in Physical Form:

- EVENT No. followed by Folio Number registered with the Company.
- Password : Your Unique password is printed on the Postal Ballot Form / via email forwarded through the electronic notice.

Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

3. Please contact our toll free No. [1800 3454 001] for any further clarifications.
4. Members can cast their vote online from 10.00 A.M. (IST) on April 5, 2017 to 5.00 P.M. (IST) on May 4, 2017.
5. After entering these details appropriately, click on "LOGIN".
6. Members will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through Karvy Computershare Private Limited e-voting platform. System will prompt you to change your password and update any contact details like mobile no., email ID, etc. on first login. You may also enter the 'Secret Question' and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
7. You need to login again with the new credentials.
8. On successful login, system will prompt to select the 'Event' i.e. 'Rain Industries Limited'.
9. If you are holding shares in Demat form and had logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any company where the System Provider was Karvy Computershare Private Limited, then your existing login id and password given earlier are to be used.
10. On the voting page, you will see Resolution description and against the same the option FOR/AGAINST/ABSTAIN for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the Member do not want to cast, select 'ABSTAIN' After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
11. Once you 'CONFIRM' your vote on the Resolution, you will not be allowed to modify your vote.

B. Process and manner for members opting for voting through Postal Ballot

1. A Member desirous of exercising his/her vote by Postal Ballot may complete the Postal Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Mr. DVM Gopal, Company Secretary in Practice, C/o M/s. Karvy Computershare Private Limited, Unit: Rain Industries Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, in the attached self-addressed Business Reply Envelope so as to reach on or before 5.00 p.m. on May 4, 2017.
2. The postage will be borne and paid by the Company. However, envelopes containing Postal Ballot Form(s), if sent by courier or registered/speed post at the expense of the Member(s) will also be accepted.
3. The self-addressed Business Reply Envelope is addressed to the Scrutinizer appointed by the Company.
4. The Postal Ballot Form should be completed and signed by the Member (as per the specimen signature registered with the Company /Depository Participants). In case of joint holding, the Postal Ballot Form should be completed and signed by the first named Member and in his/her absence by the next named Member. In

case, if the Postal Ballot Form is signed through a delegate, a copy of power of attorney attested by the Member should be annexed to the Ballot.

5. The consent must be accorded by recording the assent in the Column "FOR" and dissent in the Column "AGAINST" by placing a tick (3) mark in the appropriate column.
6. There will be only one Postal Ballot Form for each Folio/Client ID irrespective of the number of joint Member (s).
7. In case of shares held by companies, trusts, societies etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/Authority Letter.
8. A Member can request for duplicate Postal Ballot Form. However, the duly completed duplicate Postal Ballot Form should reach the Scrutinizer not later than the last date of receipt of Postal Ballot Form i.e., on or before 5.00 p.m. on May 4, 2017.
9. Member(s) are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed Business Reply Envelope, as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
10. A Member need not use all the votes, nor needs to cast all the votes in the same way.
11. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected.
12. Member(s) cannot appoint a proxy to exercise their voting powers through Postal Ballot.
13. Corporate/institutional Members (Corporate/FIs/foreign institutional investors/ trust/mutual funds/banks, etc.) are required to send scan (PDF format) of the relevant resolution of the Board of Directors to the Scrutinizer through e-mail to dvmgopal@gmail.com with a copy marked to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name _EVENT No."

C. General Instructions

- (i) Members holding shares either in demat or physical mode who are in receipt of Notice in physical form, may cast their votes through e-voting.
- (ii) Members opting for e-voting, for which the USER ID and initial password are provided in a separate sheet. Please follow steps from Sl. No. (1) to (11) under heading 'A' above to vote through e-voting platform.
- (iii) The e-voting period commences from 10.00 a.m. (IST) on April 5, 2017 and ends on 5.00 p.m. (IST) on May 4, 2017. During this period, the members of the Company, holding shares either in physical form or in demat form, as on the cut-off date of March 31, 2017 may cast their vote electronically. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (iv) The Company has appointed Mr. DVM Gopal, Practising Company Secretary (Membership No. 6280 CP No.6798), having address at 6/3/154-159, Flat No. 303, 3rd Floor, Royal Majestic, Prem Nagar Colony, Near Banjara Hills Care Hospital, Khairatabad, Hyderabad - 500 004 as the Scrutiniser to the voting process (e-voting, postal ballot and poll) in a fair and transparent manner.
- (v) The Scrutinizer shall, within a period not exceeding 48 hours from the conclusion of the Annual General Meeting unlock the votes in the presence of at least two (2) witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any and submit the Report to the Chairman of the Company.
- (vi) In the event of a poll, please note that the members who have exercised their right to vote by electronic means or postal ballot as above shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the relevant Rules. In such an event, votes cast under Poll taken together with the votes cast through e-voting and using ballot form shall be counted for the purpose of passing of resolution(s).

- (vii) Subject to the receipt of sufficient votes, the resolution shall be deemed to be passed at the 42nd Annual General Meeting of the Company scheduled to be held on May 5, 2017, the results declared along with the Scrutinizer's Report shall be placed on the Company's website www.rain-industries.com and on the website of Karvy, www.evoting.karvy.com, within 48 hours of conclusion of Annual General Meeting.
- (viii) That the members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (ix) To receive communications through electronic means, including annual reports and notices, members are requested to kindly register/update their email address with their respective depository participant, where shares are held in electronic form. However, if shares are held in physical form, members are advised to register their e-mail address with Karvy Computershare Private Limited on murthy.psrch@karvy.com or contact Mr. Ramu, Contact No. 040- 67161566, at [Unit: Rain Industries Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE

Item No. 7

The Company is engaged in the business of trading of Calcined Petroleum Coke, provides Shared Services and also made investments in its subsidiary Companies.

Considering the demand for Packing Material, it is proposed to engage in the business of manufacture and sale of Packing Material.

For the purpose of carrying on the business of manufacture and sale of Packing Material, it is necessary to include the objects relating to the same in the Memorandum of Association of the Company.

In terms of Section 13 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is required to amend the Memorandum of Association of the Company.

A copy of the Memorandum of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, except Sundays.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the Resolution.

Your Directors recommend the resolution for your approval.

By order of the Board
for **Rain Industries Limited**

S. Venkat Ramana Reddy
Company Secretary
M.No. A14143

Place : Hyderabad
Date : February 23, 2017

BOARDS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 42nd Annual Report and the Audited Financial Statements for the Financial Year ended December 31, 2016.

FINANCIAL RESULTS

A) STANDALONE:

The Standalone performance for the Financial Year ended December 31, 2016 are as under:

The financial summary

(In Rs. Million)

S.No.	PARTICULARS	December 31, 2016	December 31, 2015
1	Net revenue from operations	448.46	862.08
2	Total expenditure before finance cost and depreciation (net of expenditure transferred to capital)	481.77	906.13
3	Operating Profit / (Loss)	(33.31)	(44.05)
4	Add: Other income	683.65	561.02
5	Profit before finance cost, depreciation items and taxes	650.34	516.97
6	Less: Finance costs	300.50	235.43
7	Profit before depreciation, exceptional items and taxes	349.84	281.54
8	Less: Depreciation	15.29	15.71
9	Profit before taxes	334.55	265.83
10	Less: Provision for current taxation	21.14	4.96
11	Profit after taxes	313.41	260.87
12	Add: Balance brought forward from the previous year	820.78	923.99
13	Less: Adjustments on account of transitional provisions of the Companies Act, 2013.	-	1.64
14	Less: On account of merger of a subsidiary	0.20	-
15	Balance	1133.99	1183.22
16	Appropriations:		
	(i) Interim dividend	336.35	336.35
	(ii) General Reserve	31.34	26.09
17	Total Appropriations	367.69	362.44
18	Balance to be carried forward	766.30	820.78

B) CONSOLIDATED :

The Consolidated performance for the Financial Year ended December 31, 2016 are as under:

The financial summary
(In Rs. Million)

S.No.	PARTICULARS	December 31, 2016	December 31, 2015
1	Net revenue from operations	93164.00	102185.31
2	Total expenditure before finance cost and depreciation (net of expenditure transferred to capital)	79626.91	88693.30
3	Operating Profit	13537.09	13492.01
4	Add: Other income	1214.09	796.36
5	Profit before finance cost, depreciation, exceptional items and taxes	14751.18	14288.37
6	Less: Finance costs	6001.87	5964.47
7	Profit before depreciation, exceptional items and taxes	8749.31	8323.90
8	Less: Depreciation	3461.39	3278.16
9	Profit before exceptional items and taxes	5287.92	5045.74
10	Less: Exceptional items	1370.40	60.91
11	Profit before taxes	3917.52	4984.83
12	Less: Provision for current taxation	2837.92	3416.18
13	Less: Provision for deferred taxation	(1189.97)	(1454.10)
14	Profit/(Loss) after taxes	2269.57	3022.75
15	Add/(Less): Minority interest	63.83	(217.14)
16	Add: Share of Profit/(Loss) of associates	41.53	(6.50)
17	Profit/(Loss) after tax, minority interest and share of profit of associates	2247.27	3233.39
18	Add: Balance brought forward from the previous year	27499.52	25072.11
19	Less: Adjustments on account of transitional provisions of the Companies Act, 2013	-	21.17
20	Less: Additional depreciation on account of Component accounting	15.84	-
21	Balance	29730.95	28284.33
	Appropriations:		
	(i) Interim dividend	336.35	336.35
	(ii) Tax on dividend	54.61	183.46
	(iii) General Reserve	78.26	265.00
22	Total Appropriations	469.22	784.81
23	Balance to be carried forward	29261.73	27499.52

State of the Company's Affairs

During the year, the Company has achieved revenue (including other income) of Rs. 1,132.11 million and net profit of Rs. 313.41 million on a standalone basis. During the same period, the Consolidated revenue was Rs. 94,378.09 million and net profit was Rs. 2,247.27 million.

BUSINESS OUTLOOK

Cautionary Statement

Statements in this business outlook describing RAIN Group's estimates and expectations may be forward-looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to RAIN Group's operations include economic conditions affecting demand and supply for the products manufactured by the Group; price conditions in the domestic and overseas markets in which the Group operates; changes in Government regulations, tax laws, statutes and other incidental factors.

Overview

RAIN Group operates in three business segments; (a) Carbon (b) Chemicals and (c) Cement. We are a leading vertically integrated global producer of a diversified portfolio of carbon-based and chemical products that are essential raw materials for staples in everyday life.

Our Carbon Business segment converts the by-products of oil refining (i.e. GPC) and steel production (i.e. Coal Tar) into high-value carbon-based products (i.e. CPC, CTP & Other Carbon Products) that are critical raw materials for the aluminum, graphite, carbon black, wood preservation, titanium dioxide, refractory and several other industries globally.

Our Chemicals Business segment extends the value chain of our carbon processing through downstream refining of a portion of this output into high-value chemical products that are critical for end users from the specialty chemicals, coatings, construction, petroleum and several other industries globally.

Our Cement Business segment produces and markets high quality OPC & PPC cement consumed largely by the civil and infrastructure construction industry.

We have longstanding relationships with most of our major customers that include the largest companies in the global aluminum, graphite and specialty chemicals industries, and with most of our major raw material suppliers, that includes the world's largest oil refiners and steel producers.

Our scale and process sophistication provides us the flexibility to capitalize on market opportunities by selecting from a wide range of raw materials, adjusting the composition of our product mix and producing products that meet customer specifications, including several specialty products.

Our production facility locations are spread world wide and integrated global logistics network have strategically positioned us to capitalize on market opportunities by

addressing raw material supply and product demand on a global basis in both established (mainly North America and Europe) and emerging markets (mainly Asia and the Middle-East).

BUSINESS SEGMENT WISE OUTLOOK

1. Carbon Products

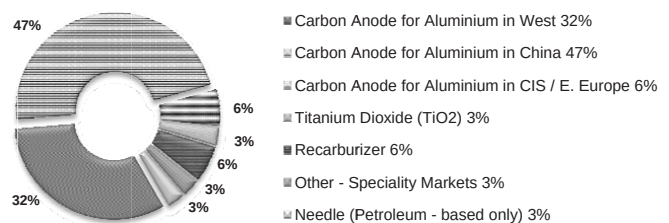
Carbon Products include Calcined Petroleum Coke ("CPC"), Coal Tar Pitch ("CTP"), Green Petroleum Coke ("GPC"), and other derivatives of Coal Tar distillation including Creosote Oil, Naphthalene, Phthalic Anhydride, CARBORES® and others. Energy produced through waste-heat recovery in manufacturing of CPC is included within Carbon Business segment. This segment contributed about 71.3% of the consolidated revenue of RAIN Group for CY 2016.

1.1. Calcined Petroleum Coke ("CPC") and Green Petroleum Coke ("GPC")

RAIN Group carries-on the business of manufacturing and selling of CPC through its Wholly Owned Subsidiaries in India and the USA. RAIN Group has six CPC manufacturing plants in USA and one CPC plant in India with an aggregate production capacity of approximately 2.1 metric tons per annum along with an exclusive blending facility of 1.0 million metric tons CPC per annum.

CPC is produced from GPC, a porous black solid that is a by-product of the crude refining process, through a process known as "calcining". This process removes moisture and volatile matter from GPC at a very high temperature. CPC is produced in two primary forms: (i) Anode Grade CPC (for use in the Aluminum smelting process), and (ii) Industrial Grade CPC (for use in the manufacturing of Titanium Dioxide and other industrial applications). Anode Grade CPC represents approximately 85% of Global CPC production and Industrial Grade CPC represents the remaining 15%. For every metric ton of primary Aluminum produced, approximately 0.4 metric tons of CPC is consumed.

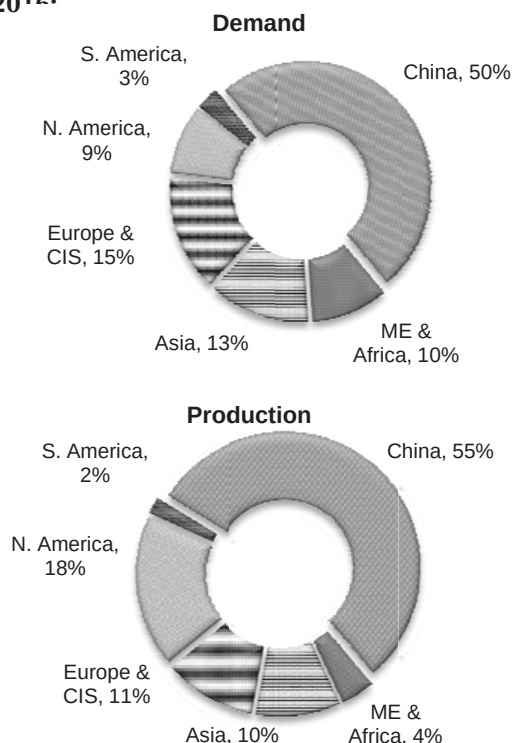
World CPC - End-Use wise Demand Mix for CY 2016:



Source: Management Estimate and Industry

Worldwide CPC production for CY 2016 was about 27.8 million metric tons, 73% of which was produced in China and North America. China continues to play a dominant role in the CPC industry and its share of the world's CPC production is estimated to remain at 55% in the near term.

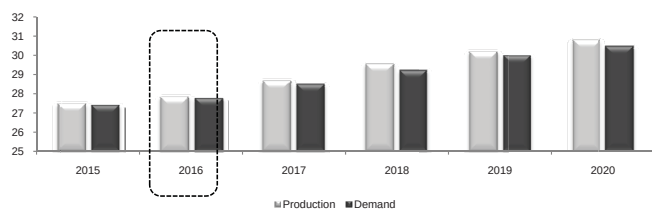
World CPC - Geographical Demand & Production Mix CY 2016



Source: Management Estimate and Industry

As per recent industry estimates, world-wide demand for CPC aggregated to approximately 27.8 million metric tons in CY 2016. The Demand is expected to grow to approximately 30.5 million metric tons by CY 2020, representing a CAGR of +2.2%. Worldwide production of CPC aggregated to approximately 27.8 million metric tons in CY 2016 and is expected to grow to approximately 30.8 million metric tons by CY 2020, representing a CAGR of +2.3%.

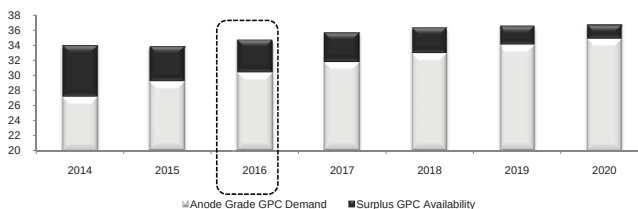
World CPC - Production Vs. Demand (in Million Metric Tons):



Source: Management Estimate and Industry

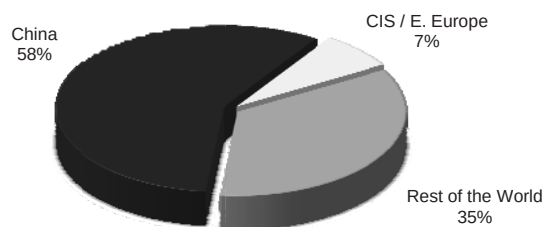
RAIN Group estimates that over 130 oil refineries worldwide produce and sell GPC in varying forms and qualities. Generally, the sale of GPC does not constitute a material portion of oil refineries' revenues. The price of GPC varies depending on the quality and the market in which it will be used. The price of GPC is largely driven by prevailing demand and supply conditions. A refinery typically realizes higher prices for Anode Grade GPC that is used in production of Anode Grade CPC than Non-Anode / Industrial Grade GPC that is used in production of Industrial Grade CPC. As the quality of GPC (whether Anode Grade or Industrial Grade) cannot be controlled by a refinery; the manufacturers of CPC blend various grades of GPC and CPC, to meet the stringent quality specifications of Aluminium Smelters.

World Anode Grade GPC - Demand & Supply (in Million Metric Tons):



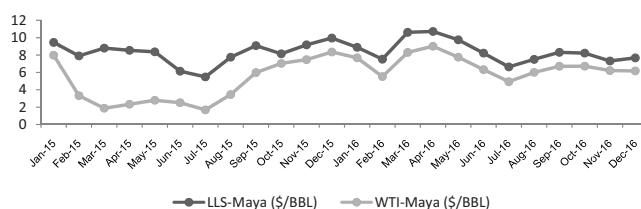
Source: Management Estimate and Industry

World GPC Supply - Geographical Mix in CY 2016:



Source: Management Estimate and Industry

Spread between Sweet Crude and Sour Crude:



Source: Management Estimate and Industry

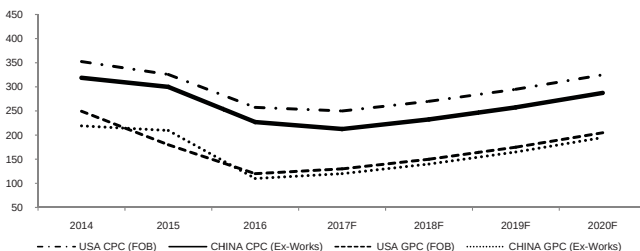
It has been advantageous to Oil refineries to switch over from Sweet-Crude to Sour-Crude due to cost considerations. As the spread between Sweet-Crude to Sour-Crude has narrowed, it is expected that few Oil refineries would shift to Sweet-Crude resulting in improved availability of Anode Grade GPC.

In general, CPC and GPC prices move in parallel. Hence, CPC producers are converters with ability to pass on the increase/decrease in GPC cost to their customers. However, there may be a time lag of one or two quarters for adjusting the changes in prices of GPC and CPC and in the interim the difference if any may have to be absorbed by the CPC producers.

US Fuel Grade GPC prices reduced during CY 2016 and this trend is expected to continue. This will provide some cost relief to US Calciners as Fuel Grade GPC prices set the floor price for Anode Grade GPC.

The proposed environmental regulations in China for stricter control of emissions would impact their production costs and supplies would be less than favourable prices to customers thus reducing CPC exports from China. In addition, the curtailment of capacities in calciners in North America is expected to improve the availability of Anode Grade GPC.

CPC & GPC Price (in USD /Metric Ton):



Source: Management Estimate and Industry

Threats & Challenges

The main threat for the supply of CPC is the availability of suitable quality GPC. GPC is a by-product of the oil refining process and is not produced to meet the supply or quality needs of the World's CPC or Aluminum producers. Changes in the economics of oil refineries over the past 15 - 20 years have resulted in a trend towards refining sour-crude. While petroleum refineries continue to build refining capacity (and, therefore, indirectly increase GPC production), the global supply of traditional Anode Grade GPC is expected to grow at a slower pace as refineries are processing more sour crude, which results in production of lower quality (Fuel Grade) GPC. Thus, global CPC producers have experienced, and may

continue to experience decline in the availability of Anode Grade GPC.

CPC quality directly influences anode quality in the performance of smelters. To meet the demand for consistent quality of Anode Grade CPC, from the Aluminum industry, RAIN Group works closely with Aluminum Smelters to expand existing quality specifications for Anode Grade CPC, and allow for use of more Non-Traditional Anode Coke ("NTAC") blends in the production of Anode Grade CPC without compromising on quality. RAIN Group's patented Isotropic Coke Experiment ("ICE") technology is one method of utilizing inferior grades of GPC to produce CPC.

Additionally, RAIN Group's infrastructure and locational advantages is uniquely placed in the industry to be able to quickly respond to meet the increased demand for CPC in the Middle-East, Russia and India. To meet the increase in domestic and global demand, RAIN Group has set-up a new CPC Blending Facility in India with a capacity of 1,000,000 metric tons. Recent strategic investments in Chalmette FGD plant in Louisiana, the USA has allowed RAIN Group to unlock an unmatched advantage of utilizing inferior grade GPC more efficiently to serve the growing demand from Aluminium smelters.

In the near future, it is expected that India will lead CPC demand growth in the world (ex-China) on the back of significant capacity expansions by Aluminium majors in India. Indian Aluminium production is set to grow by about 51% by CY 2020. Due to the logistical synergies and recent implementation of stringent environmental policies by the Chinese Government thereby increasing costs, India will remain competitive against Chinese CPC suppliers.

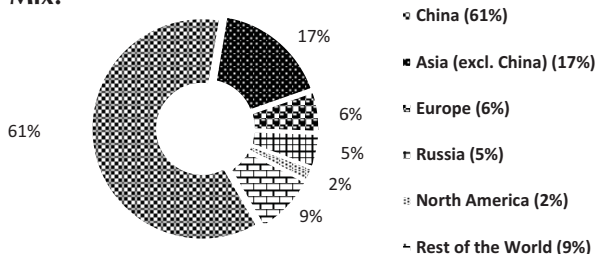
1.2. Coal Tar Pitch ("CTP") and Other Carbon products

RAIN Group has four Coal Tar Distillation Facilities in Belgium, Canada, Germany and Russia, with an aggregate primary coal tar distillation capacity of approximately 1.3 million metric tons per annum. Coal Tar Distillation is carried-out in Belgium, Canada and Germany through wholly owned subsidiaries, and Coal Tar Distillation is carried-out in Russia through a Joint Venture with PAO Severstal, Russia.

Coal Tar is a liquid by-product derived from the conversion process of coal into metallurgical coke. During this conversion process, approximately 80% of the coal volume is processed into metallurgical coke. Metallurgical coke is used as an important reducing agent and energy source in blast furnaces to produce pig iron and steel.

Consequently, the supply of Coal Tar is correlated to pig iron production, which, in turn, is driven by steel production. Asia (including 61% from China) contributes approximately 78% of total global pig iron production and Europe contributes about 6% of total global pig iron production.

World Pig Iron Production in CY 2016 - Geographical Mix:



Source: Management Estimate and Industry

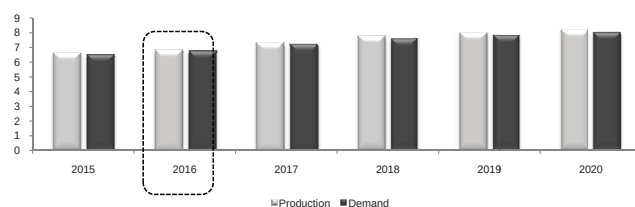
As per recent industry estimates, the supply of global metallurgical coke will increase from 700.9 million metric tons in CY 2016 to 714.2 million metric tons by CY 2020 reflecting a Compound Annual Growth Rate ("CAGR") of +0.5%. The afore-mentioned, long-term growth is expected to be driven through recovery of coke production in Europe, Japan and Korea. Nevertheless, demand for and production of steel in China will remain the single most determining factor for the global metallurgical coke market.

Every metric ton of metallurgical coke produced yields on average 0.04 metric tons of Coal Tar. As per the latest industry estimates, Global Coal Tar supply will increase from 22.6 million metric tons in CY 2016 to 23.1 million metric tons in CY 2020, which corresponds to a CAGR of +0.6%.

Coal Tar is the main raw material in the Coal Tar Distillation process. The Coal Tar Distillation process can be categorized into two stages: (i) primary Coal Tar Distillation business ("Primary Distillation") and (ii) downstream processing of selected products of Primary Distillation into co-generated refined products ("downstream"). Primary Distillation products co-generated are CTP (about 48% of Tar distilled), naphthalene oil (about 12%) and aromatic oils (about 40%).

With a distillation yield of 48%, CTP is the main end-product in Coal Tar Distillation business and therefore crucial for its growth. While the consumption of CTP in the rest of the world was shrinking, consumption of CTP in Asia (including China and Middle East) and in Europe has increased by 5.5% and 2.4%, respectively due to increase in production of Aluminium and Anode Industry.

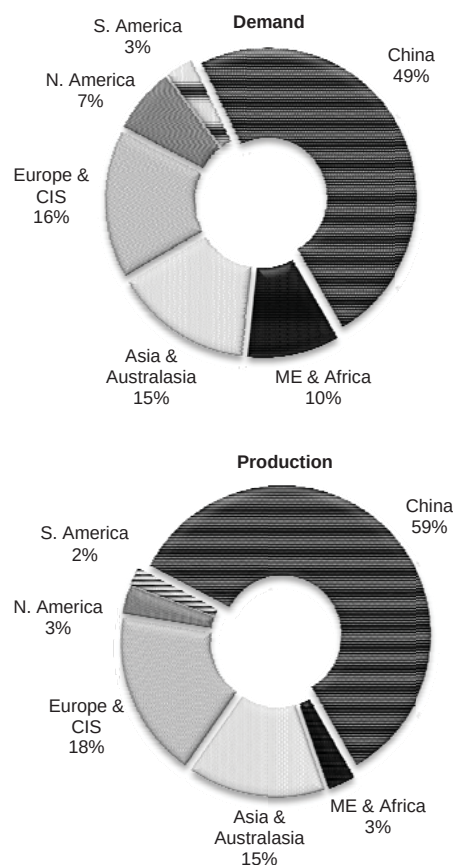
World CTP - Production & Demand (in Million Metric Tons):



Source: Management Estimate and Industry

As per recent industry estimates, global demand for CTP aggregated to approximately 6.7 million metric tons in CY 2016. This is expected to grow to approximately 8.0 million metric tons by CY 2020, representing a CAGR of +4.3%. Global production of CTP aggregated approximately 6.8 million metric tons in CY 2016 and is expected to grow to approximately 8.1 million metric tons by CY 2020, representing a CAGR of +4.6%.

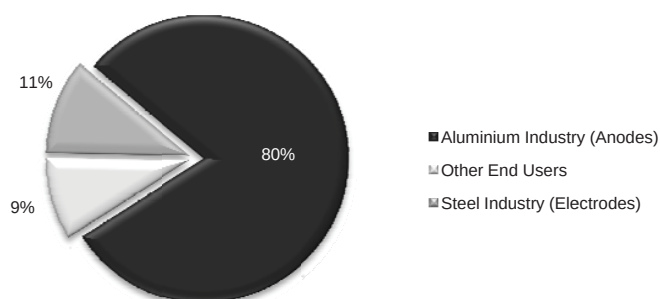
World CTP - Geographical Demand & Production Mix CY 2016:



Source: Management Estimate and Industry

Geographically, CTP production is led by China; followed by Europe and Asia / Australasia with an aggregate share of 92% in CY 2016. These are the only regions with surplus production. Europe will maintain this positive surplus through CY 2020 with a CAGR of +18.6%. The levels of surplus production over demand for CTP in China and the remaining Asian countries are expected to decline in future years

CTP Consumption by End-Use Sector CY16



Source: Management Estimate and Industry

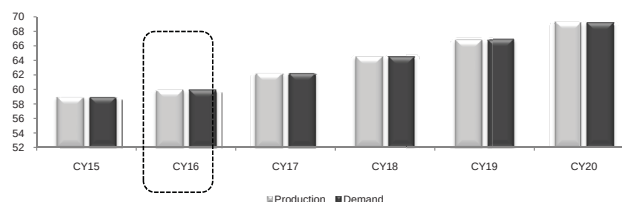
Eighty percent of the world's CTP production is primarily used to produce carbon anodes for the Aluminum smelting process. For every metric ton of Primary Aluminum, approximately 0.1 metric ton of CTP is consumed. Therefore, production of Primary Aluminum is one of the most important determinants demand for CTP. The second largest CTP end-users, consuming approximately 11% of global production are Graphite Electrode producers. Graphite Electrodes are used in the manufacturing of steel in electric arc furnaces.

The global Aluminum industry consumed about 5.4 million metric tons of CTP in CY 2016. During CY 2016, approximately 55% of total global primary Aluminum production was in China, 14% in Europe (including Russia) and 7% in North America. As per recent industry forecasts, the demand for CTP from the Aluminum industry will increase from 5.4 million metric tons in CY 2016 to 6.4 million metric tons in CY 2020, representing a CAGR of over 4.5%.

Further, global demand for primary Aluminum aggregated to approximately 59.8 million metric tons in CY 2016 and is expected to grow to approximately 69.2 million metric tons by CY 2020, representing a CAGR of 3.7%. Of the total demand in CY 2016, 52% was from China, 15% from Europe (including Russia) and 11% from North America. As observed earlier, it is expected that China will increase its share in Aluminum consumption to about 53% of total demand for primary Aluminum by CY 2020. The said demand will be driven by electrical conductors and significant growth in the packaging

industry. Western Europe is expected to see an increase in Aluminum consumption of about 1.0% CAGR, which will be mainly driven by the transportation and packaging industries.

World Aluminium - Production & Demand (in Million Metric Tons):



Source: Management Estimate and Industry

Other Products in Tar Distillation:

Naphthalene, as a chemical intermediate, is mainly used as a precursor to other chemicals or as a solvent for chemical reaction. Naphthalene is used both in the production of dispersants, used in the construction industry, and as superplasticizers to produce concrete and gypsum. Therefore, demand for naphthalene is correlated to the building materials industry.

Naphthalene is also used in the production of Phthalic Anhydride as a substitute for Ortho-xylene as it is more cost-effective. Phthalic Anhydride is used in the manufacturing of plastics, polyester resins and alkyd resins. Additionally, phthalate esters made from Phthalic Anhydride are used as plasticizers in the production of several PVC products.

Aromatic oils, such as Creosote Oil and Carbon Black Oil, are sold to a variety of industries. Creosote Oil is used by the wood treatment industry for the impregnation of wood. Carbon Black Oil is primarily used by the rubber and automobile tyre industries.

After industrial processing, the downstream products made from Naphthalene and Aromatic Oils such as Phthalic Anhydride, Toluene, etc. form indispensable constituents of many articles of daily life. For example, they are used in the leather, construction, car tyres and pharmaceutical industries as a key raw material.

Threats & Challenges:

The main threat for the supply of CTP is the availability of reliable quantity of Coal Tar from the Steel Industry. With approximately 8% of total Coal Tar production in EU's 27 Countries, supply of Coal Tar to meet most of RAIN Group's Coal Tar Distillation requirements (which is located predominantly in Europe) is currently not an issue.

During the year, RAIN Group strengthened its Coal Tar sourcing through its Russian Joint Venture. With approximately 5% of Global Coal Tar production, Russia will contribute significantly to Coal Tar supply in the region.

Although the Aluminum industry has experienced production and consumption growth on a long-term basis, there may be cyclical periods of weak demand which could result in decreased primary Aluminum production. RAIN Group's sales have historically declined during such cyclical periods of weak global demand for Aluminum.

The recent curtailment of coal tar production by some manufacturers in North America and Europe minimizes the competition and works for the advantage of RAIN Group with improved availability of raw material for distillation units.

Naphthalene and Aromatic Oils (other by-products in Primary Distillation) are subject to the demand & supply forces of the construction industry and the changes in prices of correlated commodities. Any decrease in prices of Fuel oil and Ortho-xylene could reduce margins and competitiveness of Naphthalene and Aromatic Oils.

1.3. Co-generated Energy

RAIN Group runs on energy efficient lines. It co-generates energy through waste heat recovered in the calcining process. Currently RAIN Group co-generates energy at five out of seven CPC plants with a combined power generation capacity of approximately 125 MW.

RAIN Group is committed to maintain a clean and efficient industry that works in harmony with the environment. As part of this commitment, RAIN Group has made significant investment in waste-heat recovery systems at its CPC plants. Heat recovery process reduces greenhouse gas emissions and results in carbon-neutral co-generation of energy. Further, RAIN Group has made substantial investments in Flue Gas Desulfurization plants in its CPC Plants in India and US to minimize these emissions.

2. Chemicals

RAIN Group produces Chemicals in two parallel production streams. One stream is derived from the downstream refining of primary coal tar distillates, while the other stream from petroleum derivatives, such as C9 and C10 fractions as its raw material. The Chemicals produced include: resins, modifiers, aromatic chemicals and superplasticizers. Consequently, the production of RAIN Group's Chemicals depends on the Coal Tar Distillation process and on the proximity to petroleum refineries and their availability of suitable-quality petroleum derivatives like C9 and C10. These Chemicals

are used in a broad variety of end-markets including paints, coatings, construction, plastics, paper, tyres, rail ties, insulation and foam. About 18.4% of the consolidated revenue for CY 2016 is from this segment. RAIN Group's Chemicals business can be classified broadly into three sub-product categories:

2.1. Resins & Modifiers

We produce aromatic hydro carbon resins that are based on either coal tar distillates or petro-chemical raw materials. Our coal tar distillate based resins are produced from the downstream refining of the carboindene we produce internally. Our petro-chemical based resins are produced from C9 aromatic resin oil and several other petro-chemical raw materials we procure from third-party suppliers. Similarly, we also produce modifiers from the downstream refining of naphthalene and other inputs procured externally.

We sell our coal tar and petro-chemical based resins under the brand name Novares®, which are customized resins with softening points up to 170°C. We also sell petro-chemical based resins under the brand name Multires®, which are low cost resins. Our coal tar-based resins are used primarily for applications in coatings, rubber tires and other end-user rubber products, and our petro-chemical based resins are used primarily for applications in adhesives and printing inks. We produce resins with different chemical compositions and softening points, which allows our resins to have different hardening and adhesive properties depending on the intended application and customer specification. Our resins are specialty products, based as coal tar such as the only coal tar based resins that are currently produced commercially in Europe for rubber tire applications in electric cars. Our resins also include by-products of the resins production process that we sell under the brand names Novaboo® and Novadest®, for applications in petroleum products.

We sell modifiers under the brand names KMC® and RUETASOLV®. KMC® modifiers are used for carbon less copy papers, carrier and insulation oils and flooring production. RUETASOLV® modifiers are used for epoxy based coatings, which are highly resistant to extreme temperatures and chemical stresses as well as extreme dry or wet conditions.

In addition, we offer various services to our customers of resins and modifiers, which include technical advice, customized production, research and development and technical know-how. We have a dedicated product development and applications group team that works closely with our customers to tailor the quality & grade of resins and modifiers to meet their specific application

needs. We have achieved success in several innovative products developed by our inhouse Product Development and Application group. For example : (a) coal tar-based resins used for rubber tire applications in electric car; (b) introducing a family of colorless water-white resins used in color sensitive adhesive applications, such as tape and book bindings and (c) developing new generation eco-friendly resins, such as those with water-miscibility to be used in novel waterborne coatings and adhesive formulations with reduced volatile organic emissions.

2.2. Aromatic Chemicals

The aromatic chemicals we produce and sell comprise of a wide range of phenolics, such as Phenol, O-Cresol, M/P-Cresol and Xylenol. We also produce and sell Anthracene, Carbazole, Acetophenone and 3,5-Xylenol. Phenolics are produced from the downstream refining of carbollic oil that we internally distill from coal tar, as well as carbollic oil and other raw materials we purchase from third parties. Anthracene and Carbazole are produced from the downstream refining of anthracene oil that we internally distill from coal tar. Acetophenone and 3,5-Xylenol are produced from petro-chemical based raw materials we purchase from third parties. We also produce Carboindene from the downstream refining of carbollic oil for use as a raw material in our coal tar-based resins.

Our aromatic chemical products, certain of which can be custom mixed to meet exacting customer specifications, are used as precursors for several end-user products. For example, our phenolics product group is used for applications in leather treatment, electric wire enamels and foodstuff and pharmaceutical applications, and our carbazole product is an important constituent for the high-performance pigment violet, PV23, which is used in textiles, printing inks and plastics.

2.3. Superplasticizers

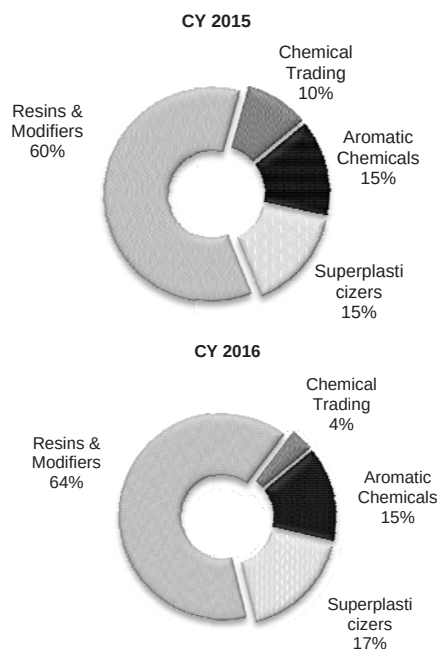
Superplasticizers are specialty polymers produced from the downstream refining, polymerization and purification of naphthalene oil and naphthalene that we produce internally, as well as several raw materials we purchase from third-party suppliers. Our superplasticizers products are a class of polymer based dispersant materials, principally used as in-process aides in the manufacture of products, such as concrete and gypsum, as well as a variety of other industrial and agricultural applications. High-performance superplasticizers provide end-users with meaningful reductions in their process water demand, which serves to enhance properties such as strength, elasticity, flow, spreading, permeability, latex coalescence, wetting, color-fastness, resistance to wear and useful life. We produce a range of differentiated

naphthalene ("PNS") and melamine ("PMS") superplasticizers in both liquid and powder form, as well as carboxylate ("PCE") dispersants in liquid form.

The Chemical industry is in the process of gradual recovery after a set back caused by recession. Global chemical production increase of 2.2%, growth in 2016 was slightly lower than the increase of 2.7% during 2015. The U.S. reached an annual growth rate of 0.9%, Western Europe of 1.0% and Central/Eastern Europe of 4.2%. The growth in demand for Chemicals primarily depends on the manufacturing sector, and correlates with development of GDP. After a global annual GDP growth of 3.0% in 2016, annual growth is projected to be 3.3% in 2017 and 3.6% in 2018, in particular led by Asia (esp. China and India) and North America.

With improving economic prospects, in particular through the development of the manufacturing sector, global annual growth in Chemicals is projected to be 2.9% in 2017 and 3.3% in 2018. The strongest effects will originate from the developing nations of Asia-Pacific, Africa and the Middle East.

Chemical Segment - Revenue Mix by Products:



Source: Company Data

Threats & Challenges

Key threats for RAIN Group's Chemical business are volatility in commodity prices and exchange rate fluctuations. The price of Benzene and C9 and C10 fractions depend especially on exchange rates and the price of crude and fuel oil.

RAIN Group is containing its pricing and procurement risks through an integrated global management of sales and supply procurement, optimized processes, and long term agreements with suppliers to ensure reliable sourcing of raw material.

The quarterly operating results fluctuate due to a variety of factors that are outside our control, including inclement weather conditions, which in the past have affected operating results. For example, adverse weather conditions such as heavy snowfall particularly in North America and Canada have at times negatively affected our supply chain in turn, this has impacted the supply of our raw materials, delayed the delivery of our products and increased the cost of transportation. Historically, our operating results have been lower in the first and fourth quarters as compared to the second and third quarters.

3. Cement

RAIN Group has two integrated Cement Plants, one each in the States of Telangana and Andhra Pradesh with an aggregate installed capacity of 3.5 million metric tons per annum. RAIN Group also has a Fly-Ash Handling and Cement Packing unit in the State of Karnataka. About 10.3% of the consolidated revenue of RAIN Group for CY 2016 is from the Cement business segment.

RAIN Group's cement plants manufacture two grades of Cement (i.e., OPC and PPC). The plants are strategically located near the primary raw material source of limestone. The Fly-Ash handling Unit in the State of Karnataka has a Cement Packing Unit which converts the bulk cement into packed cement and enable supplies to neighboring areas. Out of the total cement produced, PPC grade accounts for about 75% and OPC grade is about 25%.

The Company has been constantly reducing the output cost by introducing efficient energy measures. It has a Waste Heat recovery power plant. It has supplemented with the use of Pet Coke ("GPC") in heating its furnaces. Stringent BIS standards are applied in cement production to attain consistency in quality.

The Company has built a vast dealer network in the southern states. It has made additional inroads into other neighboring states of Maharashtra, Goa, Orissa & Kerala. Sales in the new market regions account for 18% of total sales.

The major costs in the production of cement are Freight & Transportation costs (about 31%) followed by Power & Fuel (about 26%). We have entered into long term contract with Transport agencies for deliveries. The Company constantly works to improve efficiencies in logistics. The downside risk is that an increase in fuel prices will adversely affect the freight costs.

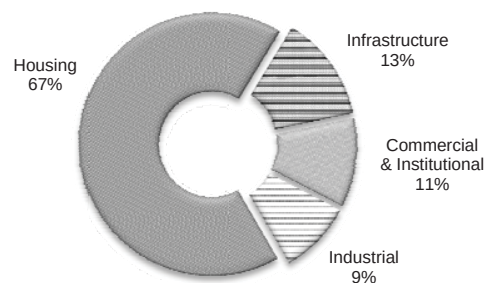
The Company has long term arrangements with The Singareni Collieries Company Limited for supply of coal, which meets about 50% of its total requirement. In addition about 30% of high quality coal is imported and blended with pet coke ranging from 15% to 20%.

The Cement Business segment consumes power upto 29 MW. The Company supplements its requirements for power in the Cement business segment from power generated in its CPC Plant in Vizag and also from its new 6 MW Waste-heat Recovery Power Plant in Kurnool Cement Plant commissioned during September 2016. With these measures, the Company expects significant savings in its energy costs in the coming years.

The Indian cement industry is estimated to have a total production capacity of over 395 million metric tons during CY 2016, which is expected to increase to around 550 million metric tons by CY 2025. Cement is a cyclical commodity with a high correlation to GDP. The Indian housing sector is the most critical demand driver of cement, accounting for about 67% of total consumption. The other major consumers of cement include infrastructure (13%), commercial construction (11%) and industrial construction (9%). During the last few years, low capacity utilization coupled with weak prices and increasing input costs have impacted the performance of the Cement industry in India. Subdued operating profits and high debt service obligations have even led some Indian cement producers to defer expansion plans.

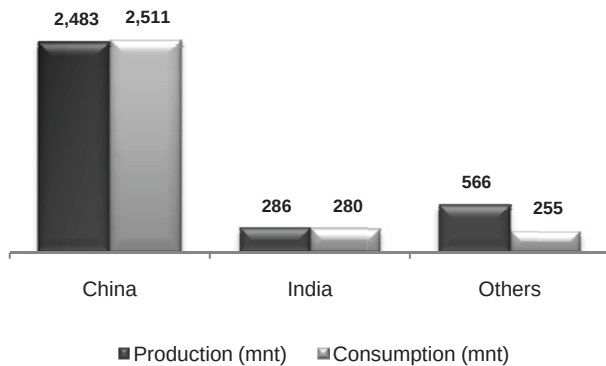
With improved demand resulting from infrastructure and housing sectors coupled with limited capacity additions, the cement capacity utilization on a pan India basis is expected to gradually improve during CY 2017. Demand is expected to be boosted by infrastructure development in Tier 2 and Tier 3 cities, growth in real estate sector and initiatives to build 100 Smart Cities to give a further stimulus.

Cement Consumption by Sector:



Source: Management Estimate and Industry

Cement Production & Consumption in CY 2016:



Source: Management Estimate and Industry

Cement, being a bulk commodity, is a freight intensive industry and transporting it over long distances can be uneconomical. This has resulted in cement being largely a regional play with the industry divided into five main regions in India: North, South, West, East and the Central region. The Southern region of India has the highest installed capacity, accounting for about 37% of the Country's total installed capacity.

Current Position

During CY 2016, demand in India's cement industry grew by 4% year-on-year ("YoY"). The subdued growth was mainly attributable to a slowdown in construction activities, regulatory delays in infrastructure projects, high interest rates, prolonged monsoons, and natural disasters particularly in southern India. The industry witnessed high operating costs, which included all major cost heads such as raw materials, energy and freight.

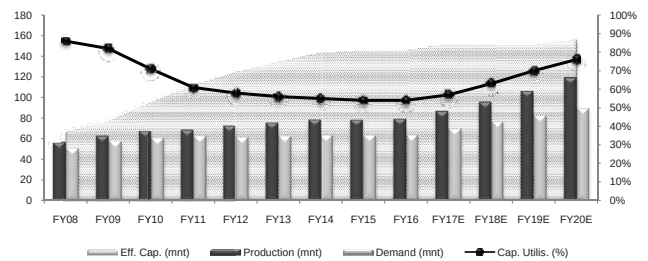
Near Future

As stated elsewhere, cement demand is closely linked to the overall economic growth, particularly in the housing and infrastructure sectors. With the Government of India introducing plans with a thrust on housing and infrastructure development, cement demand is expected to increase.

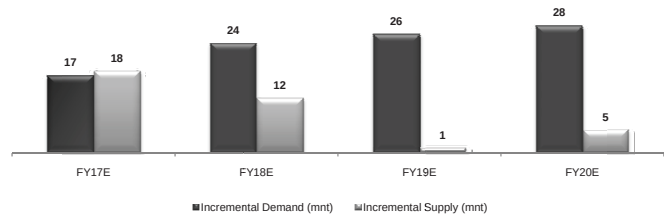
Historically, positive incremental demand over supply has resulted in higher cement prices and vice versa. Levels of capacity utilization aggravate the quantum of increase or decrease in cement prices. Rebound in demand growth from CY 2017 is expected to support prices in the Southern region.

Due to the limited capacity additions and demand revival, the sector is expected to enter a multi-year earnings growth cycle where it gains pricing and operating leverage.

Trend in Southern Region Cement Capacity Utilization Levels in India



Source: Management Estimate and Industry



Source: Management Estimate and Industry

Threats & Challenges

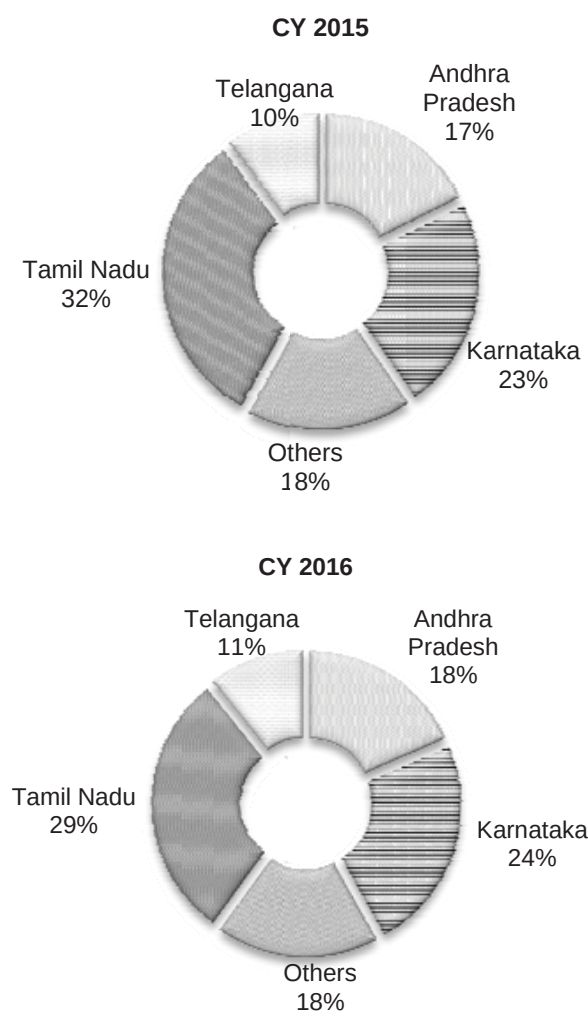
The Indian cement industry has witnessed a massive capacity addition of over approximately 212 million metric tons during last 8 years. This capacity addition is disproportionately high and concentrated in South India. During the same period, cement capacity alone has increased by approximately 79 million metric tons. This has resulted in significant pressure on capacity utilization and price realization, as well.

Indian cement industry's average utilization has come down drastically from approximately 95% in CY 2008 to approximately 71% in CY 2016, led by weak demand and an oversupply in the industry. Cement demand and capacity utilization are expected to improve, led by a slower pace in capacity addition and better demand prospects.

Until CY 2014, the Southern region (especially in Telangana and Andhra Pradesh) faced demand issues due to political instability and delays in sanctioning projects across the sectors. However, now the Government of Telangana is undertaking major irrigation projects, and the Government of Andhra Pradesh is building a new Capital City. More than 90% of RAIN Group's cement sales volumes are in the Southern region, almost 33% of which is sold in Andhra Pradesh and Telangana. Hence, the above developments planned for these two states will contribute to the growth in the Cement Business of RAIN Group.

There is a lack of adequate cement production capacity in the state of Maharashtra due to absence of limestone mines, and hence approximately 50% of its demand is met by the Southern region's cement plants. With no new capacity additions coming online in Maharashtra during the next 3 years, rising utilization of the Southern region's cement facilities will lead to an increase in performance. Volume growth will benefit most Southern-based companies due to their high operating / financial leverage. RAIN Group has already expanded into new market such as Maharashtra, Odisha, Kerala, Goa and Pondicherry. These new geographical markets contributed 18% of Cement Sales during CY2016.

Rain Cements - Change in Market Mix (on volumes basis):



Note: Others Include: Maharashtra, Odisha, Kerala, Goa and Pondicherry.

Source: Company Data

Listing of Equity Shares

The Company's Equity shares are listed on the following Stock Exchanges:

- BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001; and
- National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051.

The Company has paid the Annual Listing Fees to the said Stock Exchanges for the financial year 2016-17.

Subsidiary Companies

As per the provisions of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies/ Associate Companies/Joint Ventures in Form AOC-1 is annexed to this Boards' Report (**Annexure- 1**).

Performance and contribution of each of the subsidiaries, associates and joint ventures

As per Rule 8 of Companies (Accounts) Rules, 2014 a Report on the financial performance of subsidiaries, associates and joint venture companies along with their contribution to the overall performance of the Company during the Financial Year ended December 31, 2016 is annexed to this Boards' Report (**Annexure- 2**).

Consolidated Financial Statements

The consolidated financial statements prepared in accordance with the Accounting Standards 21 and 23 as prescribed under Section 133 of the Companies Act, 2013 and Guidelines issued by Securities and Exchange Board of India ("SEBI") also forms part of this Annual Report.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website www.rain-industries.com and copy of separate audited financial statements of its subsidiaries will be provided to the shareholders upon their request.

Share Capital

The Paid-up Share Capital of the Company as on December 31, 2016 is Rs. 672,691,358 divided into 33,63,45,679 Equity Shares of Rs. 2/- each fully paid up.

Number of Meetings of the Board of Directors

During the year, Five Board Meetings were held.

The dates on which the Board meetings were held are February 19, 2016, May 6, 2016, August 13, 2016, October 8, 2016 and November 11, 2016.

The details of the attendance of the Directors at the Board meetings held during the year ended December 31, 2016 are as follows:

Name of the Director	Number of Board Meetings	
	Held	Attended
Mr. N. Radhakrishna Reddy	5	5
Mr. N. Jagan Mohan Reddy	5	5
Mr. N. Sujith Kumar Reddy	5	5
Mr. S L Rao	5	4
Mr. Dipankar Basu	5	1
Mr. H L Zutshi	5	4
Ms. Radhika Vijay Haribhakti	5	3
Ms. Nirmala Reddy ¹	5	2
Mr. G. Krishna Prasad ²	5	3
Mr. V. Narayanamurthy ³	5	1
Mr. Krishnan Narayanan ³	5	N.A.

¹ Ms. Nirmala Reddy was appointed as an Independent Director w.e.f. September 30, 2016.

² The term of appointment of Mr. G. Krishna Prasad, Independent Director of the Company was expired on September 30, 2016. Accordingly, Mr. G. Krishna Prasad is ceased to be an Independent Director of the Company with effect from September 30, 2016.

³ Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy with effect from November 28, 2016.

Management Discussion and Analysis

The Management Discussion and Analysis forms an integral part of this Report and provides details of the overall industry structure, developments, performance and state of affairs of the Company's various businesses viz., Carbon Products, Chemicals, Cement along with Internal Controls and their adequacy, Risk Management Systems and other material developments during the financial year.

Directors Responsibility Statement as required under Section 134 of the Companies Act, 2013

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors'

Responsibility Statement, the Board of Directors of the Company hereby confirms:

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2016 and of Profit and Loss Account of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the Annual Accounts for the Financial Year ended December 31, 2016 on a going concern basis;
- that the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Statement on Declaration given by Independent Directors under Section 149

The independent directors have submitted their declaration of independence, as required pursuant to sub-section (7) of Section 149 of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6) of Section 149.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following Directors:

Mr. S. L. Rao, Chairman, Mr. H. L. Zutshi, Mr. Dipankar Basu, Ms. Radhika Vijay Haribhakti, Ms. Nirmala Reddy and Mr. Krishnan Narayanan.

v Brief description of terms of reference:

- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;

- i Formulation of criteria for evaluation of Independent Directors and the Board;
- i Carry on the evaluation of every Director's performance;
- i Formulation of the criteria for determining qualifications, positive attributes and independence of a Director; and
- i Recommend to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other Employees.

v **Nomination and Remuneration policy**

Policy objectives:

1. To lay down criteria, terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed to Senior Management and Key Managerial positions and to determine their remuneration.
2. To determine remuneration based on the Company's size and financial position comparable with trends and practices on remuneration prevailing in peer companies.
3. To carry out evaluation on the performance of Directors.
4. To provide them with reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent to ensure long term sustainability of talented managerial persons and create competitive advantage.

Nomination and Remuneration Committee meetings

- i During the period from January 1, 2016 to December 31, 2016, Nomination and Remuneration Committee Meetings were held on August 12, 2016 and November 10, 2016.

Attendance at the Nomination and Remuneration Committee Meetings

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. S L Rao	Chairman	2	2
Mr. Dipankar Basu	Member	2	0
Mr. H L Zutshi	Member	2	2
Ms. Radhika Vijay Haribhakti	Member	2	1
Ms. Nirmala Reddy ¹	Member	2	1
Mr. V. Narayanamurthy ²	Member	2	0
Mr. Krishnan Narayanan ²	Member	2	N.A.

¹Ms. Nirmala Reddy was appointed as an Independent Director w.e.f. September 30, 2016.

²Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy with effect from November 28, 2016.

Particulars of Loans, Guarantees, Securities or Investments under Section 186

The details of Loans, Guarantees, Securities and Investments made during the Financial Year ended December 31, 2016 are annexed to this Boards' Report (**Annexure - 3**) in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in sub section (1) of Section 188 entered by the Company during the financial year ended December 31, 2016 in prescribed Form AOC-2 is annexed to this Boards' Report (**Annexure - 4**).

Transfer of Amount to Reserves

The Company transferred Rs. 31.14 million to the general reserve for the Financial Year ended December 31, 2016. An amount of Rs. 766.30 million is retained in the profit and loss account.

Dividend

The Board of Directors of the Company at its meeting held on August 13, 2016 have declared interim dividend @ 50% on the paid up Equity share capital of the Company i.e., Rs. 1 per Equity share on face value of Rs. 2 each and no further dividend has been recommended for the Financial year ended December 31, 2016.

Extract of Annual Return

The Extract of Annual Return as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 in Form MGT-9 is annexed to this Boards' Report (**Annexure - 5**).

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 (Act) read with the Companies (Accounts) Rules, 2014.

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is annexed to this Boards' Report (**Annexure - 6**).

Risk Management Committee

The Risk Management Committee consists of the following Directors:

Mr. N. Radhakrishna Reddy, Chairman, Mr. N. Jagan Mohan Reddy, Managing Director and Mr. N. Sujith Kumar Reddy, Director.

Mr. T. Srinivasa Rao is the Chief Risk Officer and Mr. S. Venkat Ramana Reddy acts as Secretary to the Committee.

The Committee had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat risks. The Risk management procedures are reviewed by the Audit Committee and the Board of Directors on a Quarterly basis at the time of review of the Quarterly Financial Results of the Company.

During the Financial Year, Risk Management Committee Meeting was held on November 8, 2016.

Attendance at the Risk Management Committee Meeting:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. N. Radhakrishna Reddy	Chairman	1	1
Mr. N. Jagan Mohan Reddy	Member	1	1
Mr. N. Sujith Kumar Reddy	Member	1	1

Corporate Social Responsibility (CSR)

Corporate Social Responsibility reflects the strong commitment of the Company to improve the quality of life of the workforce and their families and also the community and society at large. The Company believes in undertaking business in a way that will lead to overall development of all stake holders and Society.

The Board of Directors of the Company have constituted a Corporate Social Responsibility Committee comprising of following Directors:

Mr. N. Jagan Mohan Reddy, Chairman, Mr. N. Sujith Kumar Reddy, Member and Ms. Nirmala Reddy, Member (Independent Director).

Corporate Social Responsibility policy was adopted by the Board of Directors on the recommendation of Corporate Social Responsibility Committee.

During the last three years the Company has spent Rs. 7.80 million on CSR activities.

A Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this Boards' Report (**Annexure - 7**).

During the Financial Year, Corporate Social Responsibility Committee Meeting was held on August 10, 2016.

Attendance at the Corporate Social Responsibility Committee Meeting:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. N. Jagan Mohan Reddy	Chairman	1	1
Mr. N. Sujith Kumar Reddy	Member	1	1
Ms. Nirmala Reddy ¹	Member	1	N.A.
Mr. G. Krishna Prasad ²	Member	1	1

1 Ms. Nirmala Reddy was appointed as an Independent Director w.e.f. September 30, 2016.

2 The term of appointment of Mr. G. Krishna Prasad, Independent Director of the Company has expired on September 30, 2016. Accordingly, Mr. G. Krishna Prasad is ceased to be an Independent Director of the Company w.e.f. September 30, 2016.

Mechanism for Evaluation of the Board

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

Major criteria for evaluation of Independent Directors:

- Participation at the Board/Committee meetings, Commitment (including guidance provided to senior management outside of Board/Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality, Independence of behaviour and judgment;
- Impact and influence;
- Exercise of objective independent judgment in the best interest of the Company;
- Ability to contribute to and monitor corporate governance practice; and
- Adherence to the code of conduct for Independent Directors.

Major criteria for evaluation of Board of Directors:

- Development of suitable strategies and business plans at appropriate time and its effectiveness;
- Implementation of robust policies and procedures; and
- Determining the Size, structure and expertise of the Board.

Major criteria for evaluation of Managing Director:

- Achievement of financial/business targets prescribed by the Board;
- Developing and managing/executing business plans, operational plans, risk management and financial affairs of the organization; and
- Development of policies and strategic plans aligned with the vision and mission of Company and which harmoniously balance the needs of shareholders, clients, employees and other stakeholders.

Major criteria for evaluation of Non-Executive Directors :

- Participation at the Board/Committee meetings;
- Effective deployment of knowledge and expertise; and
- Independence of judgment.

Major criteria for evaluation of Committees:

- Discharge of its functions and duties as per its terms of reference, process and procedures followed for discharging its functions effectively; and
- Effectiveness of suggestions and recommendations received.

Major criteria for evaluation of Chairperson of the Board:

- Managing relationships effectively with the members of the Board and management;
- Providing ease of raising of issues and concerns by the Board members; and
- Promoting constructive debate and effective decision making at the board meetings.

On the basis of performance evaluation of Board of Directors, Managing Director, Independent Directors, Non-Executive Directors, Committees of Directors and Chairperson of the Board of the Company, all the Directors are recommended for continuation as Directors of the Company. The Directors expressed their satisfaction with the evaluation process.

Directors

Mr. N. Radhakrishna Reddy and Mr. N. Sujith Kumar Reddy, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

Mr. Dipankar Basu, Mr. S.L. Rao and Mr. H.L. Zutshi were re-appointed for a Second term as Independent Directors of the Company w.e.f. September 30, 2016 and Ms. Nirmala Reddy was appointed as an Independent Director of the Company w.e.f. September 30, 2016.

The term of appointment of Mr. G. Krishna Prasad, Independent Director of the Company has expired on September 30, 2016. Accordingly, Mr. G. Krishna Prasad is ceased to be an Independent Director of the Company w.e.f. September 30, 2016.

IDBI Bank Limited vide their letter No. MCG-SSCB.53/586/Nom.8, dated November 19, 2016 has informed the Company that they have appointed Mr. Krishnan Narayanan as the Nominee Director on the Board of the Company in place of Mr. V. Narayanamurthy, w.e.f. November 28, 2016.

There has been no change in the Key Managerial Personnel during the year.

Deposits

The Company has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013 and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

Statutory Auditors

The Company's Auditors, M/s. BSR and Associates LLP, Chartered Accountants (ICAI Regn. No.116231W/W-100024), were appointed as the Statutory Auditors of the Company for a period of 3 years at the 40th Annual General Meeting of the Company i.e., upto the conclusion of the 43rd Annual General Meeting of the Company, subject to ratification by members at every Annual General Meeting of the Company.

The Auditors have confirmed their eligibility under Section 141 of the Act and the Rules framed thereunder for reappointment as Auditors of the Company. As required under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Accordingly, a resolution seeking Members' ratification on the appointment of M/s. B S R & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company for the financial year ending December 31, 2017 is included in the Notice convening the Annual General Meeting.

Auditors Report

There are no qualifications, reservations or adverse remarks made by M/s. B S R & Associates LLP, Chartered Accountants (ICAI Regn. No.116231W/W-100024) Statutory Auditors in their report for the Financial Year ended December 31, 2016.

Secretarial Auditors Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. DVM Gopal & Associates, Practising Company Secretaries as Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial year ended December 31, 2016.

The Secretarial Audit Report issued by M/s. DVM Gopal & Associates, Practising Company Secretaries in Form MR-3 is annexed to this Boards' Report (**Annexure - 8**).

The Secretarial Audit Report does not contain any qualifications, reservation or adverse remarks.

Board's response on Auditor's qualification, Reservation or adverse Remarks or disclaimer made

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their report or by the Practising Company Secretary in the secretarial audit report for the year.

During the year, there were no instances of frauds reported by auditors under Section 143(12) of the Companies Act, 2013.

Internal Auditors

The Board of Directors of the Company have appointed M/s. Ernst & Young LLP as Internal Auditors to conduct Internal Audit of the Company for the Financial Year ended December 31, 2016.

Audit Committee

The Audit Committee consists of the following Directors:

Mr. H.L. Zutshi, Chairman, Mr. S. L. Rao, Mr. Dipankar Basu, Ms. Radhika Vijay Haribhakti, Ms. Nirmala Reddy and Mr. Krishnan Narayanan.

Except Mr. Krishnan Narayanan, Nominee Director, IDBI Bank Limited, all the members of the Audit Committee are Independent Directors.

There has been no such incidence where the Board has not accepted the recommendation of the Audit Committee during the year under review.

Four Audit Committee Meetings were held during the Financial year ended December 31, 2016. The maximum time gap between any two meetings was not more than one Hundred and Twenty days.

The Audit Committee meetings were held on February 18, 2016, May 4, 2016, August 12, 2016 and November 10, 2016.

Attendance at the Audit Committee Meetings:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. H.L. Zutshi	Chairman	4	4
Mr. Dipankar Basu	Member	4	1
Mr. S.L. Rao	Member	4	4
Ms. Radhika Vijay Haribhakti	Member	4	3
Ms. Nirmala Reddy ¹	Member	4	1
Mr. V. Narayanamurthy ²	Member	4	1
Mr. Krishnan Narayanan ²	Member	4	N.A.

¹Ms. Nirmala Reddy was appointed as an Independent Director w.e.f. September 30, 2016.

²Mr. Krishnan Narayanan was appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

Corporate Governance Report

A separate report on Corporate Governance is annexed as part of the Annual Report along with the Auditor's Certificate on its compliance.

Vigil Mechanism

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of this mechanism and provides direct access to the Chairperson of the Audit Committee in exceptional cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of vigil mechanism is available on the Company's website.

The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All employees of the Company are covered under the Whistle Blower Policy.

Statement of particulars of appointment and remuneration of managerial personnel

The Statement of particulars of Appointment and Remuneration of Managerial personnel as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Boards' Report (Annexure - 9).

Insurance

All properties and insurable interests of the Company have been fully insured.

Adequacy of internal financial controls with reference to the Financial Statements

1. The Company maintains all its records in ERP (SAP) System and the work flow and approvals are routed through ERP (SAP);
2. The Company has appointed Internal Auditors to examine the Internal Controls and verify whether the workflow of the organization is in accordance with the approved policies of the Company. In every Quarter, during approval of Financial Statements, the Internal Auditors present to the Audit Committee the Internal Audit Report and Management Comments on the Internal Audit observations; and
3. The Board of Directors of the Company have adopted various policies such as:
Related Party Transactions Policy, Whistle Blower Policy, Material Subsidiaries Policy, Corporate Social Responsibility Policy, Anti Corruption and Anti Bribery policy, Risk Management Policy, Dissemination of Material Events Policy, Documents preservation policy, Monitoring and Reporting Trading by Insiders, Code of Internal Procedures and Conduct for Regulating monitoring and reporting of trading by Insiders, Code of Practices and Procedures for Fair Disclosures, Policy on Prevention of Fraud and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Names of companies which have become or ceased to be Company's Subsidiaries, joint ventures or associate companies during the year

During the Financial Year, Moonglow Company Business Inc., (a Step down wholly owned Subsidiary) is merged with the Company, Rain Global Holdings LLC, (a Step down wholly owned Subsidiary) merged with Rain Carbon Inc. (a Step down wholly owned Subsidiary), Rain CII Carbon Mauritius Limited has ceased to be subsidiary of the Company and Rain CTP Inc. (a Step down wholly owned Subsidiary) is merged with Rain CII Carbon LLC (a Step down wholly owned Subsidiary) and no Company has been added as Subsidiary / Joint Venture / Associate of the Company during the period under review.

Change in the nature of business

There has been no change in the nature of business of the Company.

The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no significant material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

Material changes and commitments

There are no material changes and commitments, affecting the financial position of the Company which occurred between the financial year ended December 31, 2016 to which the financial statements relates and the date of signing of this report.

Scheme of Arrangement between the Company, Rain Cements Limited (Wholly Owned Subsidiary Company) and Moonglow Company Business Inc. (Step down Wholly Owned Subsidiary Company).

The Hon'ble High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh vide its order dated July 29, 2016 approved the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 read with Section 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013, between Rain Cements Limited (Wholly owned Subsidiary Company), Rain Industries Limited (Holding Company), Moonglow Company Business Inc. (Step down wholly owned Subsidiary Company) and their respective shareholders and creditors for Amalgamation of Moonglow Company Business Inc., (Step down wholly owned subsidiary) with Rain Industries Limited (Ultimate Holding Company).

The Board of Directors of the Company at their meeting held on October 8, 2016 have taken on record the order of Hon'ble High Court.

Form INC-28 along with Hon'ble High Court order was filed with the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad on October 20, 2016.

Financial Year of the Company

The Company Law Board vide its order dated October 16, 2015 permitted the Company to follow the Financial year from January 1 to December 31.

Accordingly, the Financial Year of the Company is from January 1 to December 31.

Meeting of Independent Directors

A Separate meeting of the Independent Directors was held on November 10, 2016, inter-alia, to discuss evaluation of the performance of Non- Independent Directors, the Board as a whole, evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors and the evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed satisfaction with the overall performance of the Directors and the Board as a whole.

Business Responsibility Report

Pursuant to the Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Business Responsibility Report is annexed to this Boards' Report (**Annexure -10**).

Human Resources

The Company believes that the quality of the employees is the key to its success and is committed to providing necessary human resource development and training opportunities to equip employees with additional skills to enable them to adapt to contemporary technological advancements.

Industrial relations during the year continued to be cordial and the Company is committed to maintain good industrial relations through effective communication, meetings and negotiation.

Policy on Sexual Harassment

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has not received any complaints during the year.

The Company regularly conducts awareness programs for its employees.

S.No.	Particulars	No.
1	Number of complaints on Sexual harassment received	Nil
2	Number of Complaints disposed off during the year	Not Applicable
3	Number of cases pending for more than ninety days	Not Applicable
4	Number of workshops or awareness programme against sexual harassment carried out	The Company regularly conducts necessary awareness programmes for its employees
5	Nature of action taken by the employer or district officer	Not Applicable

Environment, Health and Safety

The Company considers it is essential to protect the Earth and limited natural resources as well as the health and well being of every person.

The Company strives to achieve safety, health and environmental excellence in all aspects of its business activities. Acting responsibly with a focus on safety, health and the environment to be part of the Company's DNA.

Indian Accounting Standards (Ind AS)

The company will adopt Indian Accounting Standards (Ind AS) with effect from 1st January, 2017 pursuant to Ministry of Corporate Affairs' notification of the Companies (Indian Accounting Standards) Rules, 2015.

Dividend distribution policy

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires that the top 500 listed companies based on the market capitalization to formulate Dividend Distribution Policy. In compliance of the said requirement, the company has formulated its Dividend Distribution Policy, the details of which are available on the company's website at: <http://www.rain-industries.com/investors.html>

Compliance with Secretarial Standards on Board and General Meetings:

The company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

Prevention of Insider Trading Code.

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company has appointed Mr. S. Venkat Ramana Reddy, Company Secretary as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review there has been due compliance with the said code.

Acknowledgement

We express our sincere appreciation and thank our valued Shareholders, Customers, Bankers, Business Partners/ Associates, Financial Institutions, Insurance Companies, Central and State Government Departments for their continued support and encouragement to the Company.

We are pleased to record our appreciation of the sincere and dedicated services of the employees and workmen at all levels.

On behalf of the Board of Directors
for **Rain Industries Limited**

Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

Annexure-1
FORM NO. AOC-1
(Pursuant to first proviso to Sub-Section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part- A- Subsidiaries

Sl. No.	Name of the Subsidiary Company	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note 1 below)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer note 4 below)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation (Benefit)	Profit/ (Loss) after Taxation	Proposed Dividend	% of Shareholding
															(Rs. million)
1	Rain Cements Limited	19.11.2003	31.12.2016	INR	298.05	3,503.61	7,536.85	7,536.85	16.19	9,550.84	755.45	298.79	456.66	322.86	100
2	Rain Commodities (USA) Inc.	13.01.2006	31.12.2016	US\$	7,552.18	8,477.71	22,126.08	22,126.08	-	1,424.81	1,919.57	173.61	1,745.96	81.02	100
3	Rain Coke Limited	19.03.2012	31.12.2016	INR	132.60	(36.14)	404.97	404.97	-	-	(33.05)	-	(33.05)	-	51
4	Moonglow Company Business Inc. ⁽⁵⁾	01.04.2007	31.12.2016	US\$	-	-	-	-	-	-	-	-	-	-	-
5	Renuka Cement Limited	14.01.2011	31.12.2016	INR	10.01	(7.17)	2.96	2.96	-	-	0.05	-	0.05	-	100
6	Rain Carbon Inc.	15.09.2010	31.12.2016	US\$	14,828.27	4,906.84	19,754.52	19,754.52	-	-	1,787.27	-	1,787.27	2,025.00	100
7	Rain Global Holdings, LLC ⁽⁶⁾	12.04.2010	31.12.2016	US\$	-	-	-	-	-	-	2,024.98	-	2,024.98	2,025.00	-
8	Rain Carbon Holdings, LLC	12.04.2010	31.12.2016	US\$	14,828.28	4,830.99	19,664.86	19,664.86	-	-	2,183.89	-	2,183.89	2,025.00	100
9	Rain Global Services LLC	27.03.2008	31.12.2016	US\$	0.25	(139.26)	405.59	405.59	-	225.45	(30.34)	-	(30.34)	-	100
10	RGS Egypt Limited Company LLC	27.03.2008	31.12.2016	US\$	55.00	(29.28)	488.14	488.14	-	784.78	(362.21)	-	(362.21)	-	51
11	Rain CII Carbon (Vizag) Limited	23.04.2008	31.12.2016	INR	81.80	6,756.30	9,023.27	9,023.27	-	13,932.72	1,572.39	533.56	1,038.83	-	100
12	Rain CII Carbon LLC	19.07.2007	31.12.2016	US\$	13,639.83	10,792.31	96,491.70	96,491.70	-	19,081.66	(5,106.01)	(795.00)	(4,311.01)	2,025.00	100
13	CII Carbon Corp.	18.08.2009	31.12.2016	US\$	-	-	-	-	-	-	-	-	-	-	100
14	Rain CII Carbon Mauritius Limited ⁽⁷⁾	24.06.2008	31.12.2016	US\$	-	-	-	-	-	-	-	-	-	-	-
15	Rain CTP Inc. ⁽⁸⁾	15.10.2012	31.12.2016	EURO	-	-	-	-	-	193.77	488.57	(296.91)	785.48	-	100
16	RÜTGERS N.V.	04.01.2013	31.12.2016	EURO	4,086.71	331.22	5,242.21	5,242.21	-	37.75	922.26	-	922.26	663.75	100
17	RÜTGERS Polymers Ltd.	04.01.2013	31.12.2016	CAD	638.40	969.12	2,337.56	2,337.56	-	2,531.58	596.42	162.68	433.74	-	100
18	RÜTGERS Canada Inc.	04.01.2013	31.12.2016	CAD	2,027.94	38.82	7,380.77	7,380.77	-	11,432.34	342.88	107.28	235.60	-	100
19	Handy Chemicals (U.S.A.) Ltd.	04.01.2013	31.12.2016	US\$	0.01	28.15	267.78	267.78	-	2,010.11	51.40	19.40	32.00	-	100
20	RÜTGERS Holding Belgium BVBA	04.01.2013	31.12.2016	EURO	7,007.61	216.08	7,223.68	7,223.68	-	0.07	8.44	-	8.44	1,598.96	100
21	RÜTGERS Belgium N.V.	04.01.2013	31.12.2016	EURO	2,174.40	23,634.73	28,395.34	28,395.34	-	17,119.56	9,819.01	710.62	9,108.39	-	100
22	VFT France S.A	04.01.2013	31.12.2016	EURO	797.28	149.49	953.17	953.17	-	187.92	21.23	-	21.23	-	100
23	VFT Trading N.V.	04.01.2013	31.12.2016	EURO	761.04	171.02	932.35	932.35	-	-	17.33	-	17.33	-	100
24	Rumba Invest BVBA & Co. KG	04.01.2013	31.12.2016	EURO	-	(1.67)	1,156.95	1,156.95	-	-	80.18	-	80.18	-	94.9
25	RÜTGERS Holding Germany GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	2.17	11,592.24	22,130.64	22,130.64	-	567.03	1,302.49	(103.18)	1,405.67	-	100
26	RÜTGERS Germany GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	2,226.59	5,806.93	16,020.51	16,020.51	83.02	624.89	3,292.25	1,089.24	2,203.01	-	99.7
27	RÜTGERS Aromatic Chemicals GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	7.32	671.96	1,562.55	1,562.55	-	3,628.26	(77.79)	(6.64)	(71.15)	-	100

(Contd.)

Annexure-1 (Contd.)

FORM NO. AOC -1 (Pursuant to first proviso to Sub-Section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)															
Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures															
Part- A- Subsidiaries															(Rs. million)
Sl. No.	Name of the Subsidiary Company	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note 1 below)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest-ments (Refer note 4 below)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation (Benefit)	Profit/ (Loss) after Taxation	Proposed Dividend	% of Share- holding
28	RÜTGERS Infra Tec GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	1.88	(104.57)	4,619.98	4,619.98	-	5,848.04	(721.12)	(157.83)	(563.29)	-	100
29	RÜTGERS ChemTrade GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	37.11	(27.38)	458.83	458.83	-	1,581.35	88.42	(0.82)	89.24	-	100
30	RÜTGERS Basic Aromatics GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	1.88	1,064.63	6,722.87	6,722.87	-	13,863.98	2,091.39	(33.12)	2,124.51	-	100
31	RÜTGERS Novares GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	166.85	1.83	5,246.09	5,246.09	-	11,772.90	800.01	(81.69)	881.70	-	100
32	RÜTGERS Resins BV	04.01.2013	31.12.2016	EURO	74.20	(404.09)	1,458.22	1,458.22	-	2,665.47	(37.53)	(1.54)	(35.99)	-	100
33	Severtar Holding Ltd.	04.01.2013	31.12.2016	EURO	10.31	2,449.58	2,462.89	2,462.89	-	0.07	(5.50)	(0.16)	(5.34)	-	65.30
34	OOO RÜTGERS Severtar	04.01.2013	31.12.2016	RUB	296.44	650.34	3,753.97	3,753.97	-	2,724.58	648.85	93.58	555.27	-	65.30
35	RÜTGERS Poland Sp. z o.o	04.01.2013	31.12.2016	PLN	195.70	28.12	298.22	298.22	-	641.69	5.16	1.19	3.97	20.80	100
36	RÜTGERS (Shanghai) Trading Co. Ltd.	06.01.2014	31.12.2016	CNY	36.65	13.72	123.99	123.99	-	281.38	15.57	4.06	11.51	-	100
37	RÜTGERS Wohnimmobilien GmbH & Co	20.08.2015	31.12.2016	EURO	0.14	187.95	213.30	213.30	-	98.65	(7.80)	(54.19)	46.39	-	100
38	RÜTGERS Gewerbeimmobilien GmbH & Co	21.08.2015	31.12.2016	EURO	0.14	359.75	466.63	466.63	-	65.43	(28.28)	(26.99)	(1.29)	-	100
39	RAIN Holding Germany GmbH	27.11.2015	31.12.2016	EURO	3.62	18,147.02	57,498.20	57,498.20	-	49.98	(176.73)	-	(176.73)	-	100
40	Rain RÜTGERS CTP LLC (RRCTP)	23.09.2015	31.12.2016	US\$	-	-	-	-	-	-	-	-	-	-	-

Notes:

- Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies are based on the exchange rates as at December 31, 2016. Exchange rates as on the last date of the financial year are INR/USD - 67.95; INR/EURO - 71.62; INR/RUB - 1.11; INR/CNY - 9.76; INR/PLN - 16.18; INR/CAD - 50.44.
- Refer Note 2(d) of Consolidated Financial Statements to see relation with the subsidiary, percentage equity holding and Country of incorporation for each of subsidiary.
- Financial information is based on Audited Results of the subsidiaries. The reporting period of the subsidiary is same as that of holding Company.
- Investments except in case of investments in subsidiaries.
- Merged with Rain Industries Limited during the year.
- Merged with Rain Carbon Inc. during the year.
- Dissolved during the year.
- Merged with Rain CII Carbon LLC during the year.
- Controlled companies in German fiscal unity, income according to local GAAP transferred to RÜTGERS Holding Germany GmbH and taxed on consolidated basis.

1 Names of subsidiaries which have been liquidated or sold during the year.

S.No.	Name of the Company	Address
1	Rain CII Carbon Mauritius Limited	Rain CII Carbon Mauritius Limited, C/o CK Corporate Services, 5th Floor, Chancery House Listlet, Geof, Port Louis, MP

Annexure-1 (Contd.)
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to
Associate Companies and Joint Ventures

S. No.	Name of Associates/ Joint Ventures	Date on which the Associate or Joint venture was associated or acquired	Shares of Associate / Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Network attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
			No.	Amount of Investment in Associates/ Joint Venture	Extent of Holding %				i. Considered in Consolidation	ii. Not Considered in Consolidation
1	InfraTec Duisburg GmbH (IDGmbH)	04.01.2013	7,500	58.61	30	Based on the percentage of holding over these investees	As the group has only ability to exercise significant influence but not control over these investees	17.72	42.63	99.47
2	Tarlog GmbH (Tarlog)	04.01.2013	50,000	-	50			(15.51)	-	-

Part B- Associates and Joint Ventures

(Rs. million)

1 Names of associates or joint ventures which are yet to commence operations

S.No.	Name of the Company and Address
	- NIL -

2 Names of associates or joint ventures which have been liquidated or sold during the year.

S.No.	Name of the Company and Address
	- NIL -

On behalf of the Board of Directors
for Rain Industries Limited

Place : Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

T. Srinivasa Rao
Chief Financial Officer
M. No.: F29080

S. Venkat Ramana Reddy
Company Secretary
M. No.: A14143

Annexure-2
(Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)
Report on the performance and financial position of each of the Subsidiaries, Associates and Joint Ventures Companies of the Company
Part- A- Subsidiaries

(Rs. million)

Sl. No.	Name of the Subsidiary Company	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries (Refer Note 1 below)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer note 4 below)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation (Benefit)	Profit/ (Loss) after Taxation	Proposed Dividend	% of Shareholding
1	Rain Cements Limited	19.11.2003	31.12.2016	INR	298.05	3,503.61	7,536.85	7,536.85	16.19	9,550.84	755.45	298.79	456.66	322.86	100
2	Rain Commodities (USA) Inc.	13.01.2006	31.12.2016	US\$	7,552.18	8,477.71	22,126.08	22,126.08	-	1,424.81	1,919.57	173.61	1,745.96	81.02	100
3	Rain Coke Limited	19.03.2012	31.12.2016	INR	132.60	(36.14)	404.97	404.97	-	-	(33.05)	-	(33.05)	-	51
4	Moonglow Company Business Inc. ⁽⁵⁾	01.04.2007	31.12.2016	US\$	-	-	-	-	-	-	-	-	-	-	-
5	Renuka Cement Limited	14.01.2011	31.12.2016	INR	10.01	(7.17)	2.96	2.96	-	-	0.05	-	0.05	-	100
6	Rain Carbon Inc.	15.09.2010	31.12.2016	US\$	14,828.27	4,906.84	19,754.52	19,754.52	-	-	1,787.27	-	1,787.27	2,025.00	100
7	Rain Global Holdings, LLC ⁽⁶⁾	12.04.2010	31.12.2016	US\$	-	-	-	-	-	-	2,024.98	-	2,024.98	2,025.00	-
8	Rain Carbon Holdings, LLC	12.04.2010	31.12.2016	US\$	14,828.28	4,830.99	19,664.86	19,664.86	-	-	2,183.89	-	2,183.89	2,025.00	100
9	Rain Global Services LLC	27.03.2008	31.12.2016	US\$	0.25	(139.26)	405.59	405.59	-	225.45	(30.34)	-	(30.34)	-	100
10	RGS Egypt Limited Company LLC	27.03.2008	31.12.2016	US\$	55.00	(29.28)	488.14	488.14	-	784.78	(362.21)	-	(362.21)	-	51
11	Rain CII Carbon (Vizag) Limited	23.04.2008	31.12.2016	INR	81.80	6,756.30	9,023.27	9,023.27	-	13,932.72	1,572.39	533.56	1,038.83	-	100
12	Rain CII Carbon LLC	19.07.2007	31.12.2016	US\$	13,639.83	10,792.31	96,491.70	96,491.70	-	19,081.66	(5,106.01)	(795.00)	(4,311.01)	2,025.00	100
13	CII Carbon Corp.	18.08.2009	31.12.2016	US\$	-	-	-	-	-	-	-	-	-	-	100
14	Rain CII Carbon Mauritius Limited ⁽⁷⁾	24.06.2008	31.12.2016	US\$	-	-	-	-	-	-	-	-	-	-	-
15	Rain CTP Inc. ⁽⁸⁾	15.10.2012	31.12.2016	EURO	-	-	-	-	-	193.77	488.57	(296.91)	785.48	-	100
16	RÜTGERS N.V.	04.01.2013	31.12.2016	EURO	4,086.71	331.22	5,242.21	5,242.21	-	37.75	922.26	-	922.26	663.75	100
17	RÜTGERS Polymers Ltd.	04.01.2013	31.12.2016	CAD	638.40	969.12	2,337.56	2,337.56	-	2,531.58	596.42	162.68	433.74	-	100
18	RÜTGERS Canada Inc.	04.01.2013	31.12.2016	CAD	2,027.94	38.82	7,380.77	7,380.77	-	11,432.34	342.88	107.28	235.60	-	100
19	Handy Chemicals (U.S.A.) Ltd.	04.01.2013	31.12.2016	US\$	0.01	28.15	267.78	267.78	-	2,010.11	51.40	19.40	32.00	-	100
20	RÜTGERS Holding Belgium BVBA	04.01.2013	31.12.2016	EURO	7,007.61	216.08	7,223.68	7,223.68	-	0.07	8.44	-	8.44	1,598.96	100
21	RÜTGERS Belgium N.V.	04.01.2013	31.12.2016	EURO	2,174.40	23,634.73	28,395.34	28,395.34	-	17,119.56	9,819.01	710.62	9,108.39	-	100
22	VFT France S.A	04.01.2013	31.12.2016	EURO	797.28	149.49	953.17	953.17	-	187.92	21.23	-	21.23	-	100
23	VFT Trading N.V.	04.01.2013	31.12.2016	EURO	761.04	171.02	932.35	932.35	-	-	17.33	-	17.33	-	100
24	Rumba Invest BVBA & Co. KG	04.01.2013	31.12.2016	EURO	-	(1.67)	1,156.95	1,156.95	-	-	80.18	-	80.18	-	94.9
25	RÜTGERS Holding Germany GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	2.17	11,592.24	22,130.64	22,130.64	-	567.03	1,302.49	(103.18)	1,405.67	-	100
26	RÜTGERS Germany GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	2,226.59	5,806.93	16,020.51	16,020.51	83.02	624.89	3,292.25	1,089.24	2,203.01	-	99.7
27	RÜTGERS Aromatic Chemicals GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	7.32	671.96	1,562.55	1,562.55	-	3,628.26	(77.79)	(6.64)	(71.15)	-	100

(Contd.)

Annexure-2 (Contd.)

(Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)															
Report on the performance and financial position of each of the Subsidiaries, Associates and Joint Ventures Companies of the Company															
Part- A- Subsidiaries															
(Rs. million)															
Sl. No.	Name of the Subsidiary Company	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note 1 below)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest-ments (Refer note 4 below)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation (Benefit)	Profit/ (Loss) after Taxation	Proposed Dividend	% of Shareholding
28	RÜTGERS Infra Tec GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	1.88	(104.57)	4,619.98	4,619.98	-	5,848.04	(721.12)	(157.83)	(563.29)	-	100
29	RÜTGERS ChemTrade GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	37.11	(27.38)	458.83	458.83	-	1,581.35	88.42	(0.82)	89.24	-	100
30	RÜTGERS Basic Aromatics GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	1.88	1,064.63	6,722.87	6,722.87	-	13,863.98	2,091.39	(33.12)	2,124.51	-	100
31	RÜTGERS Novares GmbH ⁽⁹⁾	04.01.2013	31.12.2016	EURO	166.85	1.83	5,246.09	5,246.09	-	11,772.90	800.01	(81.69)	881.70	-	100
32	RÜTGERS Resins BV	04.01.2013	31.12.2016	EURO	74.20	(404.09)	1,458.22	1,458.22	-	2,665.47	(37.53)	(1.54)	(35.99)	-	100
33	Severtar Holding Ltd.	04.01.2013	31.12.2016	EURO	10.31	2,449.58	2,462.89	2,462.89	-	0.07	(5.50)	(0.16)	(5.34)	-	65.30
34	OOO RÜTGERS Severtar	04.01.2013	31.12.2016	RUB	296.44	650.34	3,753.97	3,753.97	-	2,724.58	648.85	93.58	555.27	-	65.30
35	RÜTGERS Poland Sp. z o.o	04.01.2013	31.12.2016	PLN	195.70	28.12	298.22	298.22	-	641.69	5.16	1.19	3.97	20.80	100
36	RÜTGERS (Shanghai) Trading Co. Ltd.	06.01.2014	31.12.2016	CNY	36.65	13.72	123.99	123.99	-	281.38	15.57	4.06	11.51	-	100
37	RÜTGERS Wohnimmobilien GmbH & Co	20.08.2015	31.12.2016	EURO	0.14	187.95	213.30	213.30	-	98.65	(7.80)	(54.19)	46.39	-	100
38	RÜTGERS Gewerbeimmobilien GmbH & Co	21.08.2015	31.12.2016	EURO	0.14	359.75	466.63	466.63	-	65.43	(28.28)	(26.99)	(1.29)	-	100
39	RAIN Holding Germany GmbH	27.11.2015	31.12.2016	EURO	3.62	18,147.02	57,498.20	57,498.20	-	49.98	(176.73)	-	(176.73)	-	100
40	Rain RÜTGERS CTP LLC (RRCTP)	23.09.2015	31.12.2016	US\$	-	-	-	-	-	-	-	-	-	-	-

Notes:

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies are based on the exchange rates as at December 31, 2016. Exchange rates as on the last date of the financial year are INR/USD - 67.95; INR/EURO - 71.62; INR/RUB - 1.11; INR/CNY - 9.76; INR/PLN - 16.18; INR/CAD - 50.44.
2. Refer Note 2(d) of Consolidated Financial Statements to see relation with the subsidiary, percentage equity holding and Country of incorporation for each of subsidiary.
3. Financial information is based on Audited Results of the subsidiaries. The reporting period of the subsidiary is same as that of holding Company.
4. Investments except in case of investments in subsidiaries.
5. Merged with Rain Industries Limited during the year.
6. Merged with Rain Carbon Inc. during the year.
7. Dissolved during the year.
8. Merged with Rain CII Carbon LLC during the year.
9. Controlled companies in German fiscal unity, income according to local GAAP transferred to RÜTGERS Holding Germany GmbH and taxed on consolidated basis.

1 Names of subsidiaries which have been liquidated or sold during the year.

S.No.	Name of the Company	Address
1	Rain CII Carbon Mauritius Limited	Rain CII Carbon Mauritius Limited, C/o CK Corporate Services, 5th Floor, Chancery House Listlet, Geof, Port Louis, MP

Annexure-2 (Contd.)
(Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)
Report on the performance and financial position of each of the Subsidiaries, Associates and Joint Ventures Companies of the Company

Part B- Associates and Joint Ventures

(Rs. million)

S. No.	Name of Associates/ Joint Ventures	Date on which the Associate or Joint venture was associated or acquired	Shares of Associate / Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Network attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
			No.	Amount of Investment in Associates/ Joint Venture	Extent of Holding %				i. Considered in Consolidation	ii. Not Considered in Consolidation
1	InfraTec Duisburg GmbH (IDGmbH)	04.01.2013	7,500	58.61	30	Based on the percentage of holding over these investees	As the group has only ability to exercise significant influence but not control over these investees	17.72	42.63	99.47
2	Tarlog GmbH (Tarlog)	04.01.2013	50,000	-	50			(15.51)	-	-

1 Names of associates or joint ventures which are yet to commence operations

S.No.	Name of the Company and Address
	- NIL -

2 Names of associates or joint ventures which have been liquidated or sold during the year.

S.No.	Name of the Company and Address
	- NIL -

On behalf of the Board of Directors
for Rain Industries Limited

Place : Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

T. Srinivasa Rao
Chief Financial Officer
M. No.: F29080

S. Venkat Ramana Reddy
Company Secretary
M. No.: A14143

Annexure-3
Particulars of Loans, Guarantees, Securities and Investments under Section 186 during the Financial Year ended December 31, 2016

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition / giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities)	Amount of loan/ security/ acquisition /guarantee	Time period for which it is made/ given	Date of passing Board resolution	For loans	
						Rate of interest	Date of maturity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Loan	March 4, 2016	Rain Commodities (USA) Inc, (a wholly owned Subsidiary Company) Corp.Off: 10 Signal Road, Stamford, Forfiled, USA-06902	Loan of USD 30 Million (Rs. 204.47 Crores).	The loan is repayable in 10 structured instalments as per agreement after moratorium of 3 years and 9 months from the date of first disbursement. Door to door tenure of 6 years and Weighted Average Maturity of 5.09 years	February 19, 2016	Interest: 3 month USD LIBOR plus 425 bps payable quarterly.	February 1, 2022

On behalf of the Board of Directors
for **Rain Industries Limited**

Place : Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

Annexure- 4
Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arms length basis.
2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arms length basis:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
1	Rain Cements Limited (Wholly owned Subsidiary)	To provide Shared Services	From January 1, 2016 to December 31, 2016	Rs. 52.21 million	February 27, 2015 and February 19, 2016	NIL	Rain Industries Limited (the Company) has set-up a Shared Service Center to provide accounting, legal, human resources, corporate communications, corporate finance and information technology support services to its Subsidiary Companies in India and outside India. Accordingly, the Company has entered into contracts to provide shared services to Subsidiary Companies.
2	Rain CII Carbon (Vizag) Limited (step down wholly owned Subsidiary)	To provide Shared Services	From January 1, 2016 to December 31, 2016	Rs. 30.87 million	February 27, 2015 and February 19, 2016	NIL	Rain Industries Limited (The Company) has set-up a Shared Service Center to provide accounting, legal, human resources, corporate communications, corporate finance and information technology support services to its Subsidiary Companies in India and outside India. Accordingly, the Company has entered to contracts to provide shared services to Subsidiary Companies.
		Reimbursement of Payments	From January 1, 2016 to December 31, 2016	Rs. 13.30 million	February 19, 2016	NIL	Rain CII Carbon (Vizag) Limited is a step down wholly owned subsidiary of Rain Industries Limited. Rain CII Carbon (Vizag) Limited has incurred certain expenditure on behalf of Rain industries Limited. which was reimbursed by Rain Industries Limited.
		Sale of Green Petroleum Coke	From January 1, 2016 to December 31, 2016	Rs. 285.74 million	February 27, 2015 and February 19, 2016	Rs. 65 million	Rain Industries Limited (the Company) inter-alia is engaged in the business of trading of Green Petroleum Coke (GPC).

(Contd.)

Form No. AOC-2 (Contd.)

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Justification for entering into contracts
							Rain CII Carbon (Vizag) Limited (a step down wholly owned subsidiary Company) is engaged in the business of manufacture and sale of Calcined Petroleum Coke (CPC). GPC is primary raw material for processing and manufacturing of CPC. All transactions entered are on Arms' length basis at prevailing market prices / values.
3	Rain CII Carbon LLC, USA (step down wholly owned Subsidiary)	To provide Shared Services	From January 1, 2016 to December 31, 2016	Rs. 25.24 million	February 27, 2015 and February 19, 2016	NIL	Rain Industries Limited (the Company) has set-up a Shared Service Center to provide accounting, legal, human resources, corporate communications, corporate finance and information technology support services to its Subsidiary Companies in India and outside India. Accordingly, the Company has entered into contracts to provide shared services to Subsidiary Companies.
		Reimbursement of Expenses	From January 1, 2016 to December 31, 2016	Rs. 46.37 million	February 27, 2015 and February 19, 2016	NIL	Rain CII Carbon LLC, USA (RCC) (a step down wholly owned Subsidiary) is engaged in the business of manufacture and sale of Calcined Petroleum Coke (CPC). Rain CII Carbon LLC, USA (RCC) (a step down wholly owned Subsidiary) is engaged in the business of manufacture and sale of Calcined Petroleum Coke (CPC). It has expertise in chartering of Ships. Therefore, services from RCC were availed for chartering of ships for movement of material.
4	Rutgers Holding Germany GmbH (step down wholly owned Subsidiary)	To provide Shared Services	From January 1, 2016 to August 13, 2016	Rs. 40.00 million	February 27, 2015 and February 19, 2016	NIL	Rain Industries Limited (the Company) has set-up a Shared Service Center to provide accounting, legal, human resources, corporate communications, corporate finance and information technology support services to its Subsidiary Companies in India and outside India. Accordingly, the Company has entered into contracts to provide shared services to Subsidiary Companies.
			From August 13, 2016 to December 31, 2016	Rs. 16.93 million	August 13, 2016	NIL	

**On behalf of the Board of Directors
for Rain Industries Limited**

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

Place : Hyderabad
Date : February 23, 2017

Annexure-5
Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on December 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN L26942TG1974PLC001693
- ii) Registration Date 15th March, 1974
- iii) Name of the Company Rain Industries Limited
- iv) Category/Sub-Category of the Company Company Limited by Shares / Public Company
- v) Address of the Registered Office and contact details
Rain Center, 34, Srinagar Colony,
Hyderabad - 500073, Telangana State.
Ph.No.040-40401234, Fax:040-40401214;
email: secretarial@rain-industries.com;
website: www.rain-industries.com
- vi) Whether listed Company YES
Listed at
i) BSE Limited
ii) National Stock Exchange of India Limited
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any
Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032, Telangana State.
Phone: +91 040 67161566;
Fax: +91 040 23420814;
Email: einward.ris@karvy.com; CIN: U74140TG2003PTC041636

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover (Consolidated) of the company shall be stated:-

Sl.No.	Name and Description of main products/services	NIC Code of the Product/service *	% to total turnover of the company
1	Carbon	19209	71
2	Chemicals	20119	19
3	Cement	23941	10

* As per NIC code 2008

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Rain Cements Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U23209TG1999 PLC031631	Subsidiary Company	100.00	Section 2 (87)
2	Rain Coke Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U74900TG2012PLC079823	Subsidiary Company	51.00	Section 2 (87)
3	Rain CII Carbon (Vizag) Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U11100TG2008 PLC058785	Subsidiary Company	100.00	Section 2 (87)
4	Renuka Cement Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U26942TG1996 PLC025831	Subsidiary Company	100.00	Section 2 (87)
5	Rain Commodities (USA) Inc. Corporate Office: 10, Signal Road, Stamford, Fairfield, USA-06902.	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
6	Rain Global Services LLC , 10, Signal Road, Stamford, Fairfield, USA-06902	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
7	RGS Egypt Limited Company LLC, 71 Mossadak Street, Dokki, 12311 Giza, Cairo, Egypt	Not Applicable	Subsidiary Company	51.00	Section 2 (87)
8	Rain Carbon Inc. 10, Signal Road, Stamford, Fairfield, USA-06902	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
9	Rain Carbon Holdings, LLC, 10, Signal Road, Stamford, Fairfield, USA-06902	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
10	Rain CII Carbon LLC, 10, Signal Road, Stamford, Fairfield, USA-06902	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
11	CII Carbon Corp, 10, Signal Road, Stamford, Fairfield, USA-06902	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
12	RUETGERS Canada Inc., 725 Strathearn Ave. North, Hamilton, Ontario L8H 5L3, Canada	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
13	RUETGERS Polymers Limited, 120 de L'Industrie Blvd., Candiac, Qc J5R 1J2, Canada	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
14	Handy Chemicals (USA) Ltd., Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
15	RÜTGERS BVBA Vredekaai 18, B-9060 Zelzate, Belgium	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
16	RÜTGERS Holding Belgium BVBA, Vredekaai 18, B-9060 Zelzate, Belgium	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
17	RÜTGERS Belgium N.V., Vredekaai 18, B-9060 Zelzate, Belgium	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
18	VFT Trading NV, Vredekaai 18, B-9060 Zelzate, Belgium	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
19	VFT France SA, Avenue du Bord des Eaux, 62251 Henin Beaumont Cedex	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
20	RÜTGERS Holding Germany GmbH, Varziner Str. 49, 47138 Duisburg, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)

(Contd.)

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
21	RÜTGERS Germany GmbH, Kekuléstr. 30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	99.70	Section 2 (87)
22	RÜTGERS Aromatic Chemicals GmbH, Kekuléstr. 30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
23	RÜTGERS ChemTrade GmbH, Kekuléstr. 30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
24	RÜTGERS Basic Aromatics GmbH, Kekuléstr. 30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
25	RÜTGERS Poland Sp. z o.o., ul. Szkolna 15, PL-47-225 Kedzierzyn-Kozle, Poland	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
26	RÜTGERS InfraTec GmbH, Kekuléstr. 30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
27	RÜTGERS Novares GmbH, Varziner Str. 49, 47138 Duisburg, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
28	Rütgers Resins BV, Molenlaan 30, 1422 ZA Uithoorn, The Netherlands	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
29	OOO RUETGERS Severtar, Mira Street 30, 162608 Cherepovets, Vologda Region, Russia	Not Applicable	Subsidiary Company	65.30	Section 2 (87)
30	Severtar Holding Ltd, 48 Themistokli Dervi Athienitis, Centennial Building 1st floor office 104, 1066 Nicosia, Cyprus	Not Applicable	Subsidiary Company	65.30	Section 2 (87)
31	Rumba Invest BVBA & Co. KG, Varziner Str. 49, 47138 Duisburg, Germany	Not Applicable	Subsidiary Company	94.90	Section 2 (87)
32	RÜTGERS (Shangai) Trading Co. Ltd, Suite 706, Office Block, Hotel Equatorial, No. 65 Yan An Road (West), Shanghai 200040, P.R. China	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
33	Rain RÜTGERS CTP LLC Corporate Trust Center, 1209, Orange Street, Wilmington, Delaware, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
34	Rain Holding Germany GmbH Kekulestr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
35	RÜTGERS Wohnimmobilien GmbH & Co. KG Kekulestr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
36	RÜTGERS Gewerbeimmobilien GmbH & Co. KG Kekulestr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
37	InfraTec Duisburg GmbH Varziner Str.49, 47138, Duisburg, Germany	Not Applicable	Associate Company	30.00	Section 2(6)
38	Tarlog GmbH Kekulestr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Associate Company	50.00	Section 2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Shareholding

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
		Demat	Physical	Total	Demat	Physical	Total	
A.	Promoters							
(1)	Indian							
(a)	Individuals / HUF	56,961,651	-	56,961,651	56,961,651	-	56,961,651	16.94
(b)	Central Government	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-
(d)	Bodies Corporate	81,268,885	-	81,268,885	81,268,885	-	81,268,885	24.16
(e)	Banks/FI	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-
	Sub - Total (A) (1):-	138,230,536	-	138,230,536	138,230,536	-	138,230,536	41.10
(2)	Foreign							
(a)	NRIs-Individuals	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-
(c)	Bodies Corporates	-	-	-	-	-	-	-
(d)	Banks/FI	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-
	Sub - Total (A) (2):-	-	-	-	-	-	-	-
	Total Shareholding of Promoter (A) = (A) (1)+(A)(2)	138,230,536	-	138,230,536	138,230,536	-	138,230,536	41.10
B.	Public Shareholding							
1	Institutions							
(a)	Mutual Funds	40,839,268	2,425	40,841,693	34,690,142	2,425	34,692,567	10.31
(b)	Banks/FI	161,226	37,000	198,226	172,757	37,000	209,757	0.06
(c)	Central Government	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-
(g)	FII/FPI	60,366,586	1,500	60,368,086	61,111,321	1,500	61,112,821	18.17
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-
(i)	Others (Specify)	-	-	-	-	-	-	-
	Sub - Total (B) (1):-	101,367,080	40,925	101,408,005	95,974,220	40,925	96,015,145	28.55
								-1.60

i) Category-wise Shareholding (Contd.)

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
		Demat	Physical	Total	Demat	Physical	Total	
2	Non-Institutions							
a)	Bodies Corp.	-	-	-	-	-	-	-
i)	Indian	30,202,316	179,600	30,381,916	29,440,565	178,100	29,618,665	8.81
ii)	Overseas	-	66,425	66,425	-	66,425	66,425	0.02
b)	Individuals							
i)	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	31,875,047	5,421,435	37,296,482	30,462,925	5,290,755	35,753,680	10.63
ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	16,200,781	307,130	16,507,911	23,910,743	238,560	24,149,303	7.18
c)	Others (Specify)							
i.	Non Resident Individuals	8,096,906	3,864,405	11,961,311	8,522,213	3,779,335	12,301,548	3.66
ii.	Trusts	6,750	-	6,750	1,750	-	1,750	0.00
iii.	Clearing Members	486,343	-	486,343	208,627	-	208,627	0.06
	Sub - Total (B) (2):-	86,868,143	9,838,995	96,707,138	92,546,823	9,553,175	102,099,998	30.36
	Total Public Shareholding (B)=(B)(1)+(B)(2)	188,235,223	9,879,920	198,115,143	188,521,043	9,594,100	198,115,143	58.90
C	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-
	Grand Total (A+B+C)	326,465,759	9,879,920	336,345,679	326,751,579	9,594,100	336,345,679	100

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% to total Shares of the Company	% to Shares Pledged/ encumbered to total Shares	No. of Shares	% to total Shares of the Company	% to Shares Pledged/ encumbered to total Shares
1	Mr. N. Radhakrishna Reddy	10,383,730	3.09	-	10,383,730	3.09	-
2	Mr. N. Sujith Kumar Reddy	10,028,770	2.98	-	10,028,770	2.98	-
3	Mr. N. Jagan Mohan Reddy	100	0.00	-	100	0.00	-
4	Mrs. N. Indira Reddy	7,513,100	2.23	-	7,513,100	2.23	-
5	Mrs. N. Anupama Reddy	27,152,351	8.07	-	27,152,351	8.07	-
6	Mrs. N. Akhila Reddy	1,869,315	0.56	-	1,869,315	0.56	-
7	Mrs. K. V. Arundhathi Reddy	14,285	0.00	-	14,285	0.00	-
8	Nivee Holdings Private Limited	8,143,250	2.42	-	8,143,250	2.42	-
9	Arunachala Holdings Private Limited	5,272,500	1.57	-	5,272,500	1.57	-
10	PCL Financial Services Private Limited	3,780,750	1.12	-	3,780,750	1.12	-
11	Arunachala Logistics Private Limited	989,245	0.29	-	989,245	0.29	-
12	Sujala Investments Private Limited	37,766,675	11.23	-	37,766,675	11.23	-
13	Rain Enterprises Private Limited (Formerly Focus India Brands Private Limited)	25,316,465	7.53	7.53	25,316,465	7.53	7.53
	Total	138,230,536	41.10	7.53	138,230,536	41.10	7.53

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
	At the beginning of the Year	138,230,536	41.10	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the year			138,230,536	41.10

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Reliance Capital trustee Co., Ltd. (including all managed funds)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
1	At the beginning of the Year	19,914,985	5.92	-	-
	Date wise Increase / Decrease in Share holding during the year				
	08.01.2016	(118,073)	(0.04)	19,796,912	5.89
	04.03.2016	1,122,401	0.33	20,919,313	6.22
	11.03.2016	472,474	0.14	21,391,787	6.36
	18.03.2016	100,000	0.03	21,491,787	6.39
	22.04.2016	123,188	0.04	21,614,975	6.43
	06.05.2016	596,000	0.18	22,210,975	6.60
	13.05.2016	382,877	0.11	22,593,852	6.72
	20.05.2016	115,569	0.03	22,709,421	6.75
	27.05.2016	216,183	0.06	22,925,604	6.82
	10.06.2016	53,410	0.02	22,979,014	6.83
	17.06.2016	200,000	0.06	23,179,014	6.89
	15.07.2016	(472,977)	(0.14)	22,706,037	6.75
	22.07.2016	(667,800)	(0.20)	22,038,237	6.55
	29.07.2016	(1,018,764)	(0.30)	21,019,473	6.25
	05.08.2016	(840,459)	(0.25)	20,179,014	6.00
	30.09.2016	(787,394)	(0.23)	19,391,620	5.77
	07.10.2016	(2,970,763)	(0.88)	16,420,857	4.88
	21.10.2016	(420,857)	(0.13)	16,000,000	4.76
	09.12.2016	(94,489)	(0.03)	15,905,511	4.73
	16.12.2016	(204,765)	(0.06)	15,700,746	4.67
	23.12.2016	(133,668)	(0.04)	15,567,078	4.63
	At the end of the year			15,567,078	4.63

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.)

Sl. No.	ICICI Prudential (including all managed funds)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
2	At the beginning of the Year	20,895,550	6.21	-	-
	Date wise Increase / Decrease in Share holding during the year				
	08.01.2016	(1,110,597)	(0.33)	19,784,953	5.88
	15.01.2016	(268,906)	(0.08)	19,516,047	5.80
	11.03.2016	40,800	0.01	19,556,847	5.81
	25.03.2016	200,275	0.06	19,757,122	5.87
	31.03.2016	168,742	0.05	19,925,864	5.92
	29.04.2016	105,166	0.03	20,031,030	5.96
	06.05.2016	(177,715)	(0.05)	19,853,315	5.90
	13.05.2016	212,776	0.06	20,066,091	5.97
	20.05.2016	391,528	0.12	20,457,619	6.08
	27.05.2016	2,525	0.00	20,460,144	6.08
	03.06.2016	16,109	0.00	20,476,253	6.09
	30.06.2016	(296,390)	(0.09)	20,179,863	6.00
	08.07.2016	(349,232)	(0.10)	19,830,631	5.90
	22.07.2016	300,000	0.09	20,130,631	5.99
	05.08.2016	(10,332,292)	(3.07)	9,798,339	2.91
	12.08.2016	10,059,268	2.99	19,857,607	5.90
	21.10.2016	(1,058,523)	(0.31)	18,799,084	5.59
	28.10.2016	(381,700)	(0.11)	18,417,384	5.48
	04.11.2016	(911,555)	(0.27)	17,505,829	5.20
	11.11.2016	(461,992)	(0.14)	17,043,837	5.07
	16.12.2016	(105,854)	(0.03)	16,937,983	5.04
	23.12.2016	(55,815)	(0.02)	16,882,168	5.02
At the end of the Year				16,882,168	5.02

Sl. No.	Meghamala Enterprises Pvt Ltd	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
3	At the beginning of the Year	17,403,610	5.17	-	-
	Date wise Increase / Decrease in Share holding during the year				
	08.01.2016	(500)	(0.00)	17,403,110	5.17
At the end of the year				17,403,110	5.17

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.)

Sl. No.	The Pabrai Investment Fund 3, Ltd	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
4	At the beginning of the Year	16,254,715	4.83	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
At the end of the year				16,254,715	4.83

Sl. No.	Goldman Sachs Investments (Mauritius) I Ltd	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
5	At the beginning of the Year	13,923,044	4.14	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
At the end of the year				13,923,044	4.14

Sl. No.	Pabrai Investment Fund II, LP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
6	At the beginning of the Year	12,758,000	3.79	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
At the end of the year				12,758,000	3.79

Sl. No.	Pabrai Investment Fund IV, LP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
7	At the beginning of the Year	2,709,000	0.81	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
At the end of the year				2,709,000	0.81

Sl. No.	Bridge India Fund	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
8	At the beginning of the Year	2,660,342	0.79	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
At the end of the year				2,660,342	0.79

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.)

Sl. No.	Dimensional Emerging Markets Value Fund	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
9	At the beginning of the Year	2,140,934	0.64	-	-
	Date wise Increase / Decrease in Share holding during the year				
	15.01.2016	44,385	0.01	2,185,319	0.65
	22.01.2016	23,490	0.01	2,208,809	0.66
	29.01.2016	22,868	0.01	2,231,677	0.66
At the end of the year				2,231,677	0.66

Sl. No.	HDFC Trustee Company Limited - HDFC Prudence Fund	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
10	At the beginning of the Year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year				
	07.10.2016	2,200,000	0.65	2,200,000	0.65
	25.11.2016	41,000	0.01	2,241,000	0.67
At the end of the year				2,241,000	0.67

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
	Directors				
1	Mr. N. Radhakrishna Reddy				
	At the beginning of the Year	10,383,730	3.09	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			10,383,730	3.09
2	Mr. N. Jagan Mohan Reddy				
	At the beginning of the Year	100	0.00	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			100	0.00
3	Mr. N. Sujith Kumar Reddy				
	At the beginning of the Year	10,028,770	2.98	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			10,028,770	2.98

(Contd.)

Shareholding of Directors and Key Managerial Personnel (Contd.)

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
4	Mr. Dipankar Basu				
	At the beginning of the Year	140	0.00	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			140	0.00
5	Mr. S.L. Rao				
	At the beginning of the Year	Nil	Nil	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			Nil	Nil
6	Mr. H.L. Zutshi				
	At the beginning of the Year	Nil	Nil	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			Nil	Nil
7	Mr. Krishnan Narayanan Nominee Director, IDBI Bank Limited				
	At the beginning of the Year	Nil	Nil	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			Nil	Nil
8	Ms. Nirmala Reddy				
	At the beginning of the Year	Nil	Nil	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			Nil	Nil
9	Ms. Radhika Vijaya Haribhakti				
	At the beginning of the Year	Nil	Nil	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			Nil	Nil
Key Managerial Personnel					
1	Mr. N. Jagan Mohan Reddy Managing Director				
	At the beginning of the Year	100	0.00	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			100	0.00

(Contd.)

Shareholding of Directors and Key Managerial Personnel (Contd.)

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
2	Mr. T. Srinivasa Rao Chief Financial Officer				
	At the beginning of the Year	90,000	0.03	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			90,000	0.03
3	Mr. S. Venkat Ramana Reddy Company Secretary				
	At the beginning of the Year	Nil	Nil	-	-
	Date wise Increase / Decrease in Share holding during the year	Nil	Nil	Nil	Nil
	At the end of the Year			Nil	Nil

V. INDEBTEDNESS

(Rs. million)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the Beginning of the Financial Year				
i) Principal Amount	3,289.97	0	0	3,289.97
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	5.64	0	0	5.64
Total (i+ii+iii)	3,295.61	0	0	3,295.61
Change in Indebtedness during the financial year				
Addition	2,190.93	0	0	2,190.93
Reduction	672.57	0	0	672.57
Interest	0.23	0	0	0.23
Net Change				1,518.36
Indebtedness at the end of the Financial year				
i) Principal Amount	4,813.97	0	0	4,813.97
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	5.88	0	0	5.88
Total (i+ii+iii)	4819.85	0	0	4819.85

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole time Directors / Manager:

(Rs. million)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. N. Jagan Mohan Reddy Managing Director	
1	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	12.00	12.00
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3.40	3.40
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0
2	Stock option	0	0
3	Sweat Equity	0	0
4	Commission		
	- as % of profit	0	0
	- others, specify...	0	0
5	Others, Please specify (Company's contribution to provident fund)	1.44	1.44
	Total (A)	16.84	16.84
	Ceiling as per the Act	17.74	17.74

B. Remuneration to other directors:

(Rs. million)

Sl. No.	Particulars of Remuneration	Name of Independent Director						Total Amount
		Mr. Dipankar Basu	Mr. S.L.Rao	Mr. H.L. Zutshi	Ms. Radhika Vijay Haribhakti	Ms. Nirmala Reddy ^s	G. Krishna Prasad*	
1	Independent Directors Fee for attending board/ committee meetings	0.16	0.76	0.76	0.54	0.32	0.30	2.84
	Commission	0.20	0.70	0.70	0.50	0.20	-	2.30
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	0.36	1.46	1.46	1.04	0.52	0.30	5.14
2	Other Non-Executive Directors	Mr. N. Radha-krishna Reddy	Mr. N. Sujith Kumar Reddy	Mr. V. Narayana murthy, Nominee Director, IDBI Bank Limited [#]	Mr. Krishnan Narayanan- Nominee Director IDBI Bank Limited [#]			
	Fee for attending board/ committee meetings	0.50	0.00	0.16	0.00			0.66
	Commission	0.00	0.00	0.00	0.00			0.00
	Others, please specify	0.00	0.00	0.00	0.00			0.00
	Total (2)	0.50	0.00	0.16	0.00			0.66
	Total (B)=(1+2)							5.80
	Total Managerial Remuneration to Non-Executive Directors							2.30

(Contd.)

Remuneration to other directors (Contd.)

Rs. Million

Overall Ceiling as per the Act for Directors who are neither Managing Director/Wholetime Director (1% of Net Profits Calculated in accordance with the Provisions of Section 198 of the Companies Act, 2013)	-	-	-	-	-	-	3.55
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\$ Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

* The term of appointment of Mr. G. Krishna Prasad, Independent Director of the Company has expired on September 30, 2016. Accordingly, Mr. G. Krishna Prasad is ceased to be an Independent Director of the Company with effect from September 30, 2016.

Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy with effect from November 28, 2016.

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD

(Rs. million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total Amount
		Mr. S. Venkat Ramana Reddy	Mr. T. Srinivasa Rao	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3.44	11.17	14.60
	b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	0.00	0.00	0.00
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, Please specify (Company's contribution to provident fund)	0.17	0.58	0.75
	Total	3.61	11.75	15.36

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:
A. COMPANY

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/COURT)	Appeal made, if any (Give Details)
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

B. DIRECTORS

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/COURT)	Appeal made, if any (Give Details)
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

C. OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/COURT)	Appeal made, if any (Give Details)
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

On behalf of the Board of Directors
for Rain Industries Limited

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

Place : Hyderabad
Date : February 23, 2017

Annexure- 6

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

A. CONSERVATION OF ENERGY:

- 1) The steps taken or impact on conservation of energy: -N.A.-
- 2) The steps taken by the Company for utilizing alternate sources of energy: -N.A.-
- 3) The Capital investment on energy conservation equipments: -N.A.-

B. TECHNOLOGY ABSORPTION:

i. The Efforts made towards technology absorption:

NIL

ii. The Benefits derived like product improvement, cost reduction, product development or import substitution:

NIL

iii. In case of imported technology (Imported during the last three years reckoned from the beginning of the financial year)

No technology has been imported during the past three years.

iv. The expenditure incurred on Research and Development: -N.A.-

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

- 1) The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

(Rs. Million)

Particulars	December 31, 2016	December 31, 2015
Used	2,849.83	3,126.58
Earned	3,015.44	2,009.61

On behalf of the Board of Directors
for Rain Industries Limited

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

Place : Hyderabad
Date : February 23, 2017

Annexure- 7

Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
 - i. Eradicating hunger, poverty and malnutrition, promoting sanitation and making available safe drinking water;
 - ii. Providing health care, maintaining hospitals, Ambulances and conducting medical camps;
 - iii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
 - iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
 - v. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Movement; and
 - vi. Rural development projects.

Web link: www.rain-industries.com / www.pragnyapriya.com

2. Composition of CSR Committee:

S.No.	Name	Designation
1	Mr. N. Jagan Mohan Reddy	Chairman
2	Mr. N. Sujith Kumar Reddy	Member
3	Ms. Nirmala Reddy	Member (Independent Director)

3. Average Net profit of the Company for the last three Financial Years:

Net Profit	For the Financial Year ended 31st December (in Rs. million)		
	2015	2014	2013
	265.83	(29.15)	(36.25)
Average Net Profit for the preceding three Financial Years	66.80		

4. Prescribed CSR expenditure (2% of the amount as in item 3 above) : Rs. 1.34 Million
5. Details of CSR spend for the financial year:
 - a. Total amount to be spent during the financial year: Rs. 1.34 million
 - b. Amount unspent, if any: Nil

c. Amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Scholarships to students for pursuing Intermediate Education i.e., 11th and 12th Standard	Promotion of education	Scholarships to students for pursuing Intermediate Education i.e., 11th and 12th Standard are given to economically backward students in the state of Andhra Pradesh and Telangana. In the Districts of Nalgonda, Kurnool, Visakhapatnam and Vijayanagaram	The Company has donated Rs. 1.40 million to M/s. Pragnya Priya Foundation, a Company established under Section 25 of Companies Act, 1956 (Section 8 as per Companies Act, 2013) by the Group	Rs. 1.40 million	Rs. 1.40 million	The amount was spent through M/s. Pragnya Priya Foundation a Section 25 Company under Companies Act, 1956 (Section 8 of Companies Act, 2013).
Total				Rs. 1.40 million	Rs. 1.40 million	Rs. 1.40 million	-

6. The Company has spent two percent of average net profits of the last three financial years.
7. We hereby confirms that the Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For and on behalf of Corporate Social Responsibility Committee

N. Jagan Mohan Reddy
Chairman of the Committee and
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Member and Director
DIN: 00022383

Place : Hyderabad
Date : February 23, 2017

Annexure- 8
SECRETARIAL AUDIT REPORT
For the Financial Year Ended 31st December, 2016

FORM NO MR 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To

The Members,

M/s. Rain Industries Limited
 Hyderabad.

We have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by **M/s. Rain Industries Limited** (hereinafter called as "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended **on 31st December 2016** complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st December, 2016 ("Audit Period") according to the provisions of:
 - 1.1. The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (the Act) and the Rules made thereunder;
 - 1.2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - 1.3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - 1.4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

1.5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

- 1.5.1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- 1.5.2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- 1.5.3. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- 1.5.4. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreements entered with the National Stock Exchange of India Limited and the BSE Limited.

1.6. The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.

2. The Company is carrying on the business of Trading of Green Petroleum Coke and it also provides shared services to its subsidiary companies and holding investments in its Subsidiary Companies, in view of the management, there are no Industry Specific Laws applicable to the Company.
3. We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards.
4. We further report that:
 - 4.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Company has two Independent Women Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- 4.2 Adequate Notice along with agenda and detailed notes on agenda is given to all the Directors electronically to schedule the Board Meetings.
- 4.3 The Company informed us that the provisions of the SEBI (Share Based Employee Benefits) Regulations 2014 are not applicable to the Company.
- 4.4 There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
- 4.5 Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously. It is to be noted that for the Audit Period the following acts are not applicable:
 - i. SEBI (ESOS & ESOP) Guidelines, 1999.
 - ii. SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
 - iii. SEBI (Delisting of Equity Shares) Regulations, 2009.
 - iv. SEBI (Buyback of Securities) Regulations, 1998.
 - v. SEBI (Share Based Employee Benefits) Regulations, 2014;
 - vi. SEBI (Issue of capital and disclosure requirements) Regulations, 2009
- 4.6 There exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
5. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **dvmgopal & associates**
Company Secretaries

Place: **Hyderabad**
Date: **23rd February, 2017**

DVM Gopal
Proprietor
M No: F6280
CP No: 6798

Note: This letter is to be read with our letter of even date, which is annexed, and form an integral part of this report.

ANNEXURE

To
The Members,
M/s. Rain Industries Limited
Hyderabad.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **dvmgopal & associates**
Company Secretaries

Place: **Hyderabad**
Date: **23rd February, 2017**

DVM Gopal
Proprietor
M No: F6280
CP No: 6798

Annexure-9

Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

The remuneration and perquisites provided to the employees and Management are at par with the industry levels. The remunerations paid to the Managing Director and senior executives are reviewed and recommended by the Nomination and Remuneration Committee.

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

S.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1	Mr. N. Radhakrishna Reddy (Chairman)	NIL
2	Mr. N. Jagan Mohan Reddy (Managing Director)	31.61:1
3	Mr. N. Sujith Kumar Reddy (Director)	NIL
4	Mr. Dipankar Basu (Independent Director)	0.41:1
5	Mr. S.L. Rao (Independent Director)	1.44:1
6	Mr. H.L. Zutshi (Independent Director)	1.44:1
7	Ms. Radhika Vijay Haribhakti (Independent Director)	1.03:1
8	Ms. Nirmala Reddy (Independent Director) ¹	0.41:1
9	Mr. Krishnan Narayanan (Nominee Director - IDBI Bank Limited) ²	NIL

¹ Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

² Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year:

S.No.	Name of the Director	Percentage increase in remuneration
1	Mr. N. Radhakrishna Reddy (Chairman)	NIL
2	Mr. N. Jagan Mohan Reddy (Managing Director)	NIL
3	Mr. N. Sujith Kumar Reddy (Director)	NIL
4	Mr. Dipankar Basu (Independent Director)	NIL
5	Mr. S.L. Rao (Independent Director)	NIL
6	Mr. H.L. Zutshi (Independent Director)	NIL
7	Ms. Nirmala Reddy (Independent Director) ¹	NIL
8	Ms. Radhika Vijay Haribhakti (Independent Director)	NIL
9	Mr. Krishnan Narayanan (Nominee Director - IDBI Bank Limited) ²	NIL
10	Mr. T. Srinivasa Rao (Chief Financial Officer)	12.13 %
11	Mr. S. Venkat Ramana Reddy (Company Secretary)	11.26 %

¹ Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

² Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

(iii) **The percentage increase in the median remuneration of employees in the financial year:**

10%

(iv) **The number of permanent employees on the rolls of company:**

There are 62 permanent employees on the rolls of the Company.

(v) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

Average percentile increase already made in the salaries of employees is 10.78 %

There is only one Whole Time Director i.e., Managing Director. There is no Increase in the managerial remuneration for the financial year.

(vi) The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.

**On behalf of the Board of Directors
for Rain Industries Limited**

**N. Jagan Mohan Reddy
Managing Director
DIN: 00017633**

**N. Sujith Kumar Reddy
Director
DIN: 00022383**

Place : Hyderabad

Date : February 23, 2017

Statement of Particulars of Employees Pursuant to the Provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Name & Designation	Remuneration received	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age	The last employment held before joining the Company	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) of Rule 5	Whether is a relative of any director or manager of the Company
1	Mr. N. Jagan Mohan Reddy (Managing Director)	Rs. 16.84 million	Contractual	B.S.I.E. (U.S.A) 25 years	August 10, 1994	50 years	Managing Director of Rain Calcining Ltd	N.A.	Son of Mr. N. Radhakrishna Reddy, Chairman Brother of Mr. N. Sujith Kumar Reddy, Director
2	Mr. T. Srinivasa Rao (Chief Financial Officer)	Rs. 11.75 million	Contractual	B.Com, FCA 27 years	April 1, 2012	50 years	Vice President (Finance) of Rain CII Carbon (Vizag) Ltd	N.A.	N.A.

Notes:

- There are no other employees who draw remuneration in excess of the limits prescribed in Rule 5(2)(i), (ii) & (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

On behalf of the Board of Directors
for **Rain Industries Limited**

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

Place : Hyderabad
Date : February 23 , 2017

Annexure-10

Rain Industries Limited- Business Responsibility Report- for the Financial year ended December 31, 2016

As per Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company :** L26942TG1974PLC001693
2. **Name of the Company:** Rain Industries Limited
3. **Registered address:** Rain Center, 34, Srinagar Colony, Hyderabad- 500073, Telangana State, India.
4. **Website:** www.rain-industries.com
5. **E-mail id:** secretarial@rain-industries.com
6. **Financial Year reported:** January 1, 2016 to December 31, 2016.
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Rain Industries Limited (Rain Group) along with its subsidiaries in India and outside India is engaged in the business of Manufacture and Sale of Cement, Carbon Products (Calcined Petroleum Coke, Green Petroleum Coke and Coal Tar Pitch), Electricity and Specialty Chemicals.

Industrial Group*	Product Description
191	Carbon Products (Calcined Petroleum Coke, Green Petroleum Coke and Coal Tar Pitch)
239	Manufacture of Cement
351	Electric Power Generation, Transmission and Distribution
201	Chemicals

* As per National Industrial Classification, 2008 – Ministry of Statistics and Programme Implementation.

8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

Rain Industries Limited along with its subsidiaries manufactures/sells the following products:

- i) Ordinary Portland and Portland Pozzolana Cement;
- ii) Carbon Products (Calcined Petroleum Coke, Green Petroleum Coke and Coal Tar Pitch);
- iii) Generation and distribution of Electricity; and
- iv) Chemicals.

9. **Total number of locations where business activity is undertaken by the Company**

Rain Industries Limited along with its subsidiaries undertakes business at the following locations:

- a) **Number of International Locations (Provide details of major 5):**

Rain Industries Limited undertakes business activities in 5 International locations through its Subsidiaries on consolidated basis. Five major business activities undertaken at international locations are as follows:

- i) Europe
- ii) Asia (Excl: Middle East)
- iii) Africa
- iv) Middle East
- v) North America (including United States)

b) Number of National Locations:

- i **Cement and Electricity:** Cement Plants are situated in the state of Telangana and Andhra Pradesh. One Cement Packing Plant is situated in the state of Karnataka. Dealer networks and zonal marketing offices are located in the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Maharashtra, Odisha and Kerala. One co-generation power facility is in the state of Andhra Pradesh. The Cement Plant at Andhra Pradesh has a waste heat recovery based power production mechanism to generate upto 7 MW of electricity.
- i **Calcined Petroleum Coke and Electricity:** Calcined Petroleum Coke plant is in the state of Andhra Pradesh, India. The Plant has a waste heat recovery based power production mechanism to generate upto 49 MW of electricity.

10. Markets served by the Company – Local/State/National/International

Local	State	National	International
3	3	3	3

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (Rs.): Rs. 672,691,358
- Total Turnover (Rs.): Rs. 1,132.11 million (Standalone) and Rs. 94,378.09 million (Consolidated)
- Total profit after taxes (Rs.): Rs. 313.41 million (Standalone) and Rs. 2,247.27 million (Consolidated)
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit: Rs. 1.40 million (i.e., 2.09% of average profits for the last three Financial Years i.e., 2015, 2014 and 2013).
- List of activities in which expenditure in 4 above (CSR) has been incurred:-

The Company through M/s. Pragnyapriya Foundation (Section 25 Company, under Companies Act, 1956/Section 8 Company, under Companies Act, 2013) has been Providing Scholarships to Economically backward students for pursuing Intermediate studies (10 +2).

During the period from 2012 to 2016, Pragnya Priya Foundation disbursed an amount of Rs. 48.18 million towards Scholarships to 1,323 Students.

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?**

Yes, Rain Industries Limited has 36 Subsidiary Companies.

- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

Rain Industries Limited positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. All the Company's subsidiaries are guided to conduct their business in an ethical, transparent and accountable manner. It encompasses suppliers, customers and other stakeholders. It also address key BR issues like quality, customer value, health & safety, environment, human rights and employee well-being.

- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business entity.

SECTION D: BR INFORMATION
1. Details of Director/Directors responsible for BR
a) Details of the Director/Directors responsible for implementation of the BR policy/policies

1. DIN Number: 00017633
2. Name : Mr. N. Jagan Mohan Reddy
3. Designation: Managing Director

b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00017633
2	Name	Mr. N. Jagan Mohan Reddy
3	Designation	Managing Director
4	Telephone number	040-40401245
5	e-mail id	secretarial@rain-industries.com

2. Principle-wise (as per NVGs) BR Policy / Policies (Reply in Y/N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (This forms part of the Code of Conduct).

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (The policy is part of Company's Environment, Health and Safety (EHS) Policy).

P3 - Businesses should promote the well-being of all employees (certain policies form part of the Code of Conduct for employees. There are various policies for the benefit of the employees which are issued by the Human Resources function from time to time. The policies include Maternity Leave Policy, Employee Safety Policy, Mediclaim Policy, etc.).

P4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized (The Company does not have a specific policy, however certain aspect of this principle forms part of the CSR Policy).

P5 - Businesses should respect and promote human rights (this forms part of the Code of Conduct of the Company which is applicable to all employees).

P6 - Businesses should respect, protect and make efforts to restore the environment (this forms part of Company's Environment, Health and Safety policy).

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (not applicable).

P8 – Businesses should support inclusive growth and equitable development (this forms part of the Company's CSR Policy).

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner (this forms part of the Subsidiary Companies Consumer Policy).

a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Do you have a policy/ policies for									
1	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the policies are in comparable with the best practices in the industry.								
3	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
4	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Indicate the link for the policy to be viewed online?	www.rain-industries.com								
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
7	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR
(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Managing Director and top management periodically review the BR performance of the Company through the Business Review Meetings.

- (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

BR will be published annually along with the Annual Report.

Web link: www.rain-industries.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

Yes, the policy of Code of Conduct, Ethics, Anti-Bribery and Anti-Corruption covers the Company and its subsidiaries.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company has received and resolved 178 complaints from Shareholders during the Financial Year ended 31st December, 2016 and all the complaints have been resolved satisfactorily.

With respect to other Stakeholders, the Company has formulated Whistle Blower Policy. However, the Company has not received any complaint under Vigil mechanism during the Financial Year ended 31st December, 2016.

Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- a) Ordinary Portland and Portland Pozzolana Cement;
- b) Carbon products (Calcined Petroleum Coke, Green Petroleum Coke and Coal Tar Pitch); and
- c) Chemicals.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain:**

The Company through its group Companies mainly Rain Cements Limited which is engaged in the business of manufacture and sale of Cement and Rain CII Carbon (Vizag) Limited which is engaged in the business of Carbon products and generation and distribution of electricity, always strives for conserving natural resources and energy and improved efficiency in plant operations.

Cement Plants consume alternate materials like fly-ash and pet-coke in manufacturing to substitute natural resources like coal & fuels. In the process of manufacture of Cement and Calcined Petroleum Coke, plants generate electricity through waste heat recovery based power plant which converts the heat generated into electricity. In the manufacture of cement, there is no solid or liquid waste arising from this process.

- b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Cement, Coal tar Pitch and Electricity are used for variety of purposes by diverse consumers and Calcined Petroleum Coke is used by Aluminum and steel manufacturers. As the products are used for variety of purposes by diversified consumers, it is not practical to measure the reduction in usage by consumers.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company and its Subsidiary Companies, practices are targeted at seeking cost optimization ensuring environment sustainability, societal interest and resource efficiency. The criteria used for selection of suppliers/vendors go beyond cost relevance and include resource efficiency, product quality, life cycle, environment impact, etc. Company gives preference in selection of vendors which comply with the various principles of sustainability.

The criteria for procurement of equipment is based upon resource efficiency, mainly comprising of but not limited to energy efficiency, fuel efficiency, emission control, etc.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Rain Cements Limited, a wholly owned subsidiary Company is engaged in the business of manufacture and sale of cement. It procures lime stone from locally available resources.

The Company and subsidiary Companies accord priority to local suppliers in procurement of stores and spares and other consumables. Company's contractors who supply labour services for plant operations employ workmen from nearby communities. This workforce is educated and are provided training in occupational health and safety.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Subsidiary Companies in India are engaged in the business of manufacture and sale of Cement and Calcined Petroleum Coke. In the process of manufacture of Cement and Calcined Petroleum Coke, plants generates electricity through waste heat recovery based power plant which converts the heat generated into electricity. In the manufacture of cement, there is no solid or liquid waste arising from this process.

Principle 3

Businesses should promote the well-being of all employees

- 1. Please indicate the Total number of employees of Rain Industries Limited: 62**
- 2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: Nil**
- 3. Please indicate the Number of permanent women employees: 6**
- 4. Please indicate the Number of permanent employees with disabilities: Nil**
- 5. Do you have an employee association that is recognized by management: No**
- 6. What percentage of your permanent employees are members of this recognized employee association: Nil**
- 7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Particulars	Safety(%)	Skill-upgradation (%)
Permanent Employees	100%	100 %
Permanent Women Employees	100%	100 %
Casual/Temporary/Contractual Employees	Nil	Nil
Employees with Disabilities	N.A.	N.A.

Principle 4

Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, the Company Rain Industries Limited has mapped its internal as well as external stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders

There are no disadvantaged, vulnerable and marginalized stakeholders identified by Rain Industries Limited.

However, subsidiaries of the Company in India namely Rain Cements Limited and Rain CII Carbon (Vizag) Limited have identified the Communities around Company's manufacturing units and its contractors/ workers as disadvantaged, vulnerable and marginalized stakeholder .

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company and its subsidiaries endeavor to bring meaningful difference in the lives of its associated stakeholders in thrust areas like healthcare, infrastructure support and education. Several initiatives towards healthcare, education, sanitation, safe drinking water, integrated rural development, creation of sustainable livelihood, etc. have been taken under Corporate Social Responsibility activities of the Company and its Subsidiaries.

Principle 5

Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

All aspects of human rights are inbuilt and covered under the Company's Code of Business Conduct as well in various human resource practices / policies.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaints with respect to Human Rights was reported for the Financial Year ended 31st December, 2016.

Principle 6

Businesses should respect, protect and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company and its subsidiary Companies adheres to all the Statutory Environmental Regulatory requirements. The subsidiary Companies in India have adopted Environment, Health and Safety policy.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

-No-

3. Does the company identify and assess potential environmental risks? Y/N

-Yes-

The Company and its subsidiary Companies have Risk Management mechanism in place to identify and assess existing and potential risks across its operations.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

- i. Waste Heat Recovery based Power Generation plant is set up at Cement Plant situated at Kurnool, Andhra Pradesh, India to generate upto 7 MW Electricity; and
- ii. Rain CII Carbon (Vizag) Limited, subsidiary of the Company has Waste Heat Recovery based Power Generation facility to generate upto 49 MW Electricity situated at Visakhapatnam, Andhra Pradesh, India with Clean Development Mechanism.
- iii. Rain CII Carbon (Vizag) Limited has registered its Waste Heat Recovery based Power Generation plant with United Nations Framework Convention on Climate Change (UNFCCC) under Clean Development Mechanism (CDM).

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company and its Subsidiaries, through its dedicated team of engineers, has been monitoring performance of various plants and equipment's to reduce energy consumption. The significant energy conservation measures initiated during the year are given in the statement under section 134(3)(m) of the Companies act, 2013 read with the Companies (Accounts) Rules, 2014, which is made part of Annual Report as an annexure to Boards' Report of the Company and Subsidiary Companies. The web link for the same is <http://www.rain-industries.com/Investors.html>

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The emissions/waste generated by the Subsidiary Companies are within the permissible limits specified by Central or State pollution Control Board (CPCB/SPCB) for the financial year being reported.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There are no show cause/legal notices from CPCB/SPCB which are pending as at the end of the financial year.

Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- a) Yes, the Company is a member of Federation of Telangana and Andhra Pradesh Chamber of Commerce and Industry (FTAPCCI), Telangana State, India.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

-No-

Principle 8

Businesses should support inclusive growth and equitable development.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has adopted CSR Policy, the key areas of focus of CSR Policy are:

- i. Eradicating hunger, poverty and malnutrition, promoting sanitation and making available safe drinking water;
- ii. Providing health care, maintaining hospitals, ambulances and conducting medical camps;
- iii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- v. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government; and
- vi. Rural development projects.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The above mentioned initiatives are implemented through its in-house team and through own Foundation named Pragnya Priya Foundation. It is a not-for-profit company registered under Section 8 of the Companies Act, 2013 (Section 25 of the Companies Act, 1956).

3. Have you done any impact assessment of your initiative?

Yes, the Company has conducted impact assessments of its CSR initiatives.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Company along with its subsidiaries in India have spent an amount of Rs. 62.31 million on its CSR activities during Financial year ended December 31, 2016.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company through Pragnya Priya Foundation is providing Scholarships to economically backward students from Government schools from Kurnool, Visakhapatnam, Vizianagaram and Nalgonda districts of Andhra Pradesh and Telangana States for pursuing Intermediate studies.

Education

In order to provide better educational facilities, Rain Cements Limited, a wholly owned Subsidiary Company is maintaining schools at plant location and imparting education in English medium. The school provides education from LKG to 10th Standard to the children of the employees and also the students of surrounding Villages near the plant.

Health

In order to provide good health facilities, Rain Cements Limited, a wholly owned Subsidiary Company is maintaining Hospitals at plant locations. The Hospitals provide medical treatment to the employees and their families and also to people living in surrounding villages near the plant locations.

The Subsidiary Company has ambulance service facilities at both plant locations. They also conduct medical camps regularly.

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

No complaints/consumer cases are pending as on the end of financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

The Company and its subsidiary Companies displays product information on the product label as per the requirement of law.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No case was filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Company has not carried out any formal consumer survey/consumer satisfaction trends. However, the Company keeps track of responses/comments from various stakeholders.

On behalf of the Board of Directors
for **Rain Industries Limited**

Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The RAIN Group operate in three business segments: (a) Carbon (b) Chemicals and (c) Cement. We are a leading vertically integrated global producer of diversified portfolio of carbon-based and chemical products; that are essential raw materials for staples in everyday life.

Our carbon business segment converts the by-products of oil refining (i.e. GPC) and steel production (i.e. Coal Tar) into high-value carbon-based products (i.e. CPC, CTP & Other Carbon Products) that are critical raw materials for the aluminum, graphite, carbon black, wood preservation, titanium dioxide, refractory and several other industries globally.

Our chemicals business segment extends the value chain of our carbon processing through downstream refining into high-value chemical products that are critical raw materials for specialty chemicals, coatings, construction, petroleum and several other industries globally.

We have longstanding relationships with most of our major customers, who are among the largest companies in the global aluminum, graphite and specialty chemicals industries, and with most of our major raw material suppliers, who are among the world's largest oil refiners and steel producers.

Our scale and process sophistication provides us the flexibility to capitalize on market opportunities by selecting from a wide range of raw materials, adjusting the composition of our product-mix and producing products that meet individual customer specifications.

Our production facility locations and integrated global logistics network have strategically positioned us to capitalize on market opportunities by addressing raw material supply and product demand on a global basis in both established markets (mainly North America and Europe) and emerging markets (mainly Asia and Middle East).

We operate two integrated cement plants (one each in the States of Telangana and Andhra Pradesh) and one cement packing unit in the State of Karnataka. We sell cement under the brand "Priya Cement", one of the leading cement brands in South India.

The following operating and financial review is intended to convey the management's perspective on the operating and financial performance of Rain Industries Limited ("The Company") and its Subsidiaries (together referred as "RAIN Group") for the year ended December 31, 2016. This should be read in conjunction with the Company's

Standalone and Consolidated Financial Statements, the schedules and notes thereto and the other information included elsewhere in the Annual Report. The Company's Financial Statements have been prepared in compliance with the requirements of the Companies Act, 2013, the guidelines issued by the Securities and Exchange Board of India ("SEBI") and the Generally Accepted Accounting Principles ("GAAP") in India.

Discussion on Financial Performance

Consolidated Financial Performance Rs. in Million

Particulars	CY 2016	CY 2015
Income From Operations	93,164	102,185
Adjusted Operating Profit	14,597	13,492
Profit Before Tax	3,917	4,985
Adjusted Net Profit After Tax	3,351	3,233

During the year CY 2016, our business generated Rs. 93.2 billion Revenue from Operations. The Adjusted Operating Profit was Rs. 14.6 billion. The revenue in CY 2016 was lower compared to CY 2015 mainly due to lower price realizations. Although the revenue in CY 2016 was lower, the operating margins in CY 2016 were comparatively higher due to the contributions from new expansion projects (i.e. Russian Tar Distillation Plant, Chalmette FGD Plant, Indian CPC Blending Facility, etc.) and various cost optimizing initiatives. As a result, the Adjusted Net Profit After Tax in CY 2016 was Rs. 3.4 billion i.e. 6.25% higher than Rs. 3.2 billion in CY 2015. Consequently, the Adjusted Earnings Per Share is Rs. 9.96 in CY 2016 as against Rs. 9.61 in CY 2015.

With a commendable performance in CY 2016 coupled with a strong cash balance of Rs. 10.5 billion and undrawn working capital loans of Rs. 8.8 billion, RAIN Group is well placed to meet its debt servicing obligations.

The Paid up Share Capital of the Company as on December 31, 2016 is Rs. 672,691,358 comprising of 336,345,679 Equity Shares of Rs. 2/- each fully paid-up.

Carbon Business Segment Rs. in Million

Particulars	CY 2016	CY 2015
Sales Volumes ('000 Metric Tons)	2,992	3,214
Net Revenue	66,011	71,814
Adjusted Operating Profit	11,452	9,981
Adjusted Operating Profit (%)	17.3%	13.9%

The Carbon Business segment includes manufacturing and trading of Carbon Products comprising of Calcined

Petroleum Coke ("CPC"), Coal Tar Pitch ("CTP"), Green Petroleum Coke ("GPC"), and other derivatives of Coal Tar distillation including Creosote Oil, Naphthalene, Phthalic Anhydride, CAROBERES® and other basic aromatic oils. Energy produced through waste-heat recovery in manufacturing of CPC is included within Carbon Business segment. About 71.3% of the consolidated revenue for CY 2016 is from this Segment.

During CY 2016, the Carbon Business segment generated Rs. 66.0 billion net revenue, a decrease by about 8.1% as compared to Rs. 71.8 billion generated during CY 2015. The fall in revenue is due to decrease in average blended realizations by about 5.7% coupled with decrease in pet coke trading volumes that partially offset increase in volumes of manufactured carbon products. Although the revenue from this segment was lower, the Adjusted Operating Margin increased to 17.3% in CY 2016 as compared to 13.9% in CY 2015. The increase in margin is mainly due to increase in manufactured carbon products volumes by about 8.0% due to the commencement of operations in the new CTP Plant in Russia and FGD plant in Chalmette in conjunction with the CPC blending facility in India.

With consecutive positive results from strategic investments made in our calcination and distillation businesses, cost optimization initiatives fueled with an encouraging macro-economic environment, we expect the Carbon Business segment to remain comparatively favorable in future.

Chemicals Business Segment Rs. in Million

Particulars	CY 2016	CY 2015
Sales Volumes (‘000 Metric Tons)	283	316
Net Revenue	17,044	19,616
Adjusted Operating Profit	2,072	1,710
Adjusted Operating Profit (%)	12.2%	8.7%

Our Chemicals Business segment produces resins, modifiers, aromatic chemicals and superplasticizers, which are derived from a portion of our primary distillate-naphthalene and additional raw materials purchased from third parties. About 18.4% of the consolidated revenue for CY 2016 is from this segment.

During CY 2016, the Chemical Business segment generated Rs. 17.0 billion in net revenue, a decrease of 13.1% as compared to Rs. 19.6 billion during CY 2015. Decrease in sales volumes and 7.4% decline in blended price realizations contributed to the decrease in Chemical Business segment revenue during CY 2016. Substantial part of decrease in sales volumes occurred mainly in low

margin chemical trading business. Although there was a decrease in revenue, the Adjusted Operating Margin increased from 8.7% to 12.2% due to cost optimization initiatives and change in product-mix from low-margin products to high-margin products.

Cement Business Segment Rs. in Million

Particulars	CY 2016	CY 2015
Sales Volumes (‘000 Metric Tons)	2,137	2,164
Net Revenue	9,542	10,288
Adjusted Operating Profit	1,073	1,801
Adjusted Operating Profit (%)	11.2%	17.5%

Our Cement Business segment is engaged in the manufacture and sale of Cement. The products include high quality Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC). About 10.3% of the consolidated revenue of RAIN Group for CY 2016 is from this segment.

During CY2016, this segment generated Rs. 9.5 billion in net revenue. This decrease of 7.3% as compared to Rs. 10.3 billion during CY 2015 resulted from 1.2% decline in volumes and 6.1% decline in price realizations. The Cement Business segment operated at 61% and 62% of capacity utilization during CY 2016 and CY 2015 respectively. The decrease in volumes and realization are mainly due to the seasonal impact of heavy rains and political disturbances in our key markets in southern India coupled with the stress of demonetization on the Construction & Infrastructure sector during the fourth-quarter of CY 2016.

Considering the Government’s recent thrust towards higher spending on infrastructure and housing, the Company expects the cement market to improve going forward. Further, it is widely believed that due to unlikely capacity additions to meet the revival in demand, the cement sector is entering acycle of growth.

OVERALL BUSINESS AND GROWTH STRATEGIES

RAIN’s Group strategy is to implement process improvement and the development of new, higher-margin products and technologies through research and development initiatives, with a focus on performance, sustainability and utilization of alternative raw materials. RAIN Group intends to maximize efficiencies and minimize costs by combining the purchasing, trading and Research and Development ("R&D") functions across all business segments and by executing cost reduction initiatives.

RAIN Group believes that the scale of its vertically integrated organization will provide an effective platform

to continue to develop higher-margin downstream products. The size and excellent logistic networks of its plants allow RAIN Group to realize economies of scale. RAIN Group has integrated its Coal Tar Distillation operations with its downstream operations that efficiently use the products derived from its Primary Distillation process and allow it to generate incremental margins more than the margins that it generates through the sale of conventional Primary Distillation products.

The commissioning of the Russian Coal Tar Pitch project provides a long term reliable source of coal tar supply. Consequently, the Company enjoy flexibility to increase the volume of co-products and expand its production in downstream products.

During CY 2016, RAIN Group had reorganized its internal manpower management structure. By combining the synergies of its CPC business segment in the USA and India with the CTP business segment in Europe, the Group is able to effectively reach and service additional customers in the Aluminium smelting and chemical businesses by cross selling its products across the globe. This move has already begun to yield results. By this exercise the Company has taken full advantage of its vast geographical global presence to further optimize its capacity utilization and outreach.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

RAIN Group has optimal internal control systems and procedures in place to handle all its business such as: purchasing raw materials and stores including components, plant and machinery equipment and sale of goods and other assets, etc.

RAIN Group has clearly defined roles and responsibilities for all managerial positions and operating parameters are monitored and controlled effectively through its SAP-ERP software system.

RAIN Group has set-up a Global Shared Service Center in India for providing support to SAP users across all its global facilities. This enableseffective utilization of SAP-ERP for implementing better internal controls and timely reporting of financial and operational information.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

RAIN Group employs more than 2,500 employees directly and indirectly through its subsidiaries across the world. RAIN Group believes that the quality of these employees is the

key to its success and is committed to providing necessary human resource development and training opportunities to equip employees with additional skills to enable them to adapt to contemporary technological advancements.

Industrial relations during the year continued to be cordial and the RAIN Group is committed to maintaining good industrial relations through effective communication, meetings and negotiation.

SAFETY AND ENVIRONMENTAL COMPLIANCE:

We continuously seek to improve safety and reliability at all our production sites. Our production facilities have been awarded ISO certifications for maintaining the quality and environmental management standards. These Certificates demonstrate the Company's efforts in ensuring high product quality standards and ensuring compliance with environmental laws and regulations.

Our production facilities have also been awarded with ISO certifications for energy management systems. This enables us to follow a systematic approach in achieving continual improvement in performance, including energy efficiency, energy security, energy use and consumption. In addition, our production facilities have been awarded with the certification for compliance of international occupational health and safety management.

Prevention of incidents is one of our highest priorities. We have an extensive safety program which includes formal training for all employees, safety preventive measures such as pre-job safety analyses, and a corrective and preventive action system aimed at identifying risks to take correctiveactions and prevent incidents. We regularly conduct internal audits of these safety systems. Our management team has also implemented a structured process for handling, monitoring, documenting and learning from accidents. We have introduced stringent measures to be implemented to reduce the number of recordable incidents company-wide and most employees have incentive pay linked to fulfilling these safety targets.

STATUTORY COMPLIANCE

The Managing Director makes a declaration at each Board Meeting regarding compliance with provisions of various statutes after obtaining confirmation from all the units of the RAIN Group. The Company Secretary ensures compliance with the Companies Act, 2013, SEBI Regulations/Guidelines and Foreign Exchange Management Act, 1999.

**On behalf of the Board of Directors
for Rain Industries Limited**

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

Place : Hyderabad
Date : February 23, 2017

REPORT ON CORPORATE GOVERNANCE

Report Pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, compliance with the requirements of Corporate Governance is set out below:

A. RELATED PARTY DISCLOSURE

Transactions with related parties are disclosed in the Notes to Accounts in the Annual Report, all the transactions with related parties are at arms' length and in compliance with transfer pricing regulations. Considerations are paid/received through cheque/online payment.

All Related Party Transactions are entered into by the Company only after obtaining the prior approval of the Audit Committee and Board of Directors and are entered into on an Arms' length basis.

In terms of the Companies Act, 2013, Listing Agreement entered with the Stock Exchanges pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a policy to determine Related Party Transactions.

The policy is placed on the Company's website at: www.rain-industries.com

B. MANAGEMENT DISCUSSION AND ANALYSIS (MDA) REPORT

1. The report on MDA is annexed to the Boards' Report.
2. Disclosure of Accounting Treatments:

The Company has followed the Indian Accounting Standards and Accounting Principles Generally accepted in India in preparation of its Financial Statements.

C. CORPORATE GOVERNANCE:

1. Company's Philosophy on Code of Governance

Rain Industries Limited ("RIL"/ "the Company") is committed to implement sound corporate governance practices with a view to bring about transparency in its operations and maximize shareholder value. The Company's core philosophy on the code of Corporate Governance is to ensure:

- Fair and transparent business practices;
- Accountability for performance;
- Compliance of applicable statute;
- Transparent and timely disclosure of financial and management information;
- Effective management control and monitoring of executive performance by the Board; and
- Adequate representation of Promoter, Executive and Independent Directors on the Board.

2. Board of Directors:

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and supervises the Company's performance. As at December 31, 2016, the Board of Directors ("Board") comprises of Nine Directors, of which eight are Non-Executive Directors. The Company has a Non-Executive Chairman and five Independent Directors, Independent Directors comprise more than half of the total strength of the Board.

a. The composition and category of the Board of Directors is as follows:

Sl. No.	Name of the Director	Designation	Category
1	Mr. N. Radhakrishna Reddy	Chairman	Non - Executive Director (Promoter)
2	Mr. N. Jagan Mohan Reddy	Managing Director	Executive Director (Promoter)
3	Mr. N. Sujith Kumar Reddy	Director	Non - Executive Director (Promoter)
4	Mr. S.L. Rao ¹	Director	Independent Director
5	Mr. Dipankar Basu ¹	Director	Independent Director
6	Mr. H.L. Zutshi ¹	Director	Independent Director
7	Ms. Radhika Vijay Haribhakti	Director	Independent Director
8	Ms. Nirmala Reddy ²	Director	Independent Director
9	Mr. Krishnan Narayanan ³	Nominee Director	Non-Executive Director -Nominee of IDBI Bank Limited

¹Mr. S. L. Rao, Mr. Dipankar Basu and Mr. H.L.Zutshi were re-appointed as Independent Directors of the Company w.e.f. September 30, 2016.

²Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

³Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

b. Attendance of Directors at the meetings

The details of the attendance of the Directors at the Board meetings held during the year ended December 31, 2016 and at the last Annual General Meeting (AGM) are given below:

Name of the Director	Number of Board Meetings		Attendance at AGM Held on May 6, 2016
	Held	Attended	
Mr. N. Radhakrishna Reddy	5	5	Yes
Mr. N. Jagan Mohan Reddy	5	5	Yes
Mr. N. Sujith Kumar Reddy	5	5	Yes
Mr. S. L. Rao	5	4	Yes
Mr. Dipankar Basu	5	1	No
Mr. H. L. Zutshi	5	4	Yes
Ms. Radhika Vijay Haribhakti	5	3	Yes
Ms. Nirmala Reddy ¹	5	2	N.A
Mr. G. Krishna Prasad ²	5	3	Yes
Mr. V. Narayanamurthy ³	5	1	No
Mr. Krishnan Narayanan ³	5	N.A	N.A

¹Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

²The term of appointment of Mr. G. Krishna Prasad, Independent Director of the Company has expired on September 30, 2016. Accordingly, Mr. G. Krishna Prasad is ceased to be an Independent Director of the Company with effect from September 30, 2016.

³Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

c. Other Directorships

The number of directorships and memberships in the Committees of other Companies held by the Directors as on December 31, 2016 are as under:

Name of the Director	No. of Other Directorships*	In Other Public Companies**	
		Membership	Chairmanship
Mr. N. Radhakrishna Reddy	9	-	-
Mr. N. Jagan Mohan Reddy	7	4	-
Mr. N. Sujith Kumar Reddy	9	-	-
Mr. S.L. Rao	2	-	1
Mr. Dipankar Basu	2	1	3
Mr. H.L. Zutshi	-	-	-
Ms. Radhika Vijay Haribhakti	5	5	1
Ms. Nirmala Reddy	4	2	2
Mr. Krishnan Narayanan	-	-	-

* Includes directorships in the Companies incorporated under the Companies Act, 1956/2013.

** Includes only Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship, Grievance and Share Transfer Committee.

None of the Directors hold Directorships in more than 20 Companies.

d. Number of Board Meetings

During the year ended December 31, 2016, Five Board Meetings were held as against the minimum requirement of four meetings. The maximum time gap between any of two consecutive meetings did not exceed One Hundred and Twenty days.

The dates on which the Board meetings were held are February 19, 2016, May 6, 2016, August 13, 2016, October 8, 2016 and November 11, 2016.

e. Disclosure of relationship between directors inter-se

Mr. N. Radhakrishna Reddy, Chairman is the father of Mr. N. Jagan Mohan Reddy, Managing Director and Mr. N. Sujith Kumar Reddy, Director. Other than Mr. N. Radhakrishna Reddy, Chairman, Mr. N. Jagan Mohan Reddy, Managing Director and Mr. N. Sujith Kumar Reddy, Director, none of the Directors are related to any other Director.

f. Shares held by Non-Executive Directors

The number of equity shares of the Company held by Non-Executive Directors, as on December 31, 2016 are as follows:

Name of the Director	No. of Equity Shares (face value Rs. 2 each) held in the Company
Mr. N. Radhakrishna Reddy	10,383,730
Mr. N. Sujith Kumar Reddy	10,028,770
Mr. Krishnan Narayanan	-NIL -
Mr. S. L. Rao	-NIL -
Mr. Dipankar Basu	140
Mr. H. L. Zutshi	-NIL -
Ms. Radhika Vijay Haribhakti	-NIL-
Ms. Nirmala Reddy	-NIL-

g. Familiarization programmes imparted to Independent Directors

Senior management personnel of the Company make presentations to the Board Members on a periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives, etc., and seek their opinions and suggestions on the same. In addition, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company, its operations and is informed of the important policies of the Company including the Code of Conduct for Directors and Senior Management Personnel, the Code of Conduct for Prevention of Insider Trading, Policy on Related Party Transactions, Policy on Remuneration, Policy on material events, Policy on material subsidiaries, Whistle blower policy, Risk Management Policy, Policy on Anti-Corruption and Anti-Bribery, Policy on Prevention of Sexual Harassment and Corporate Social Responsibility policy.

The Statutory Auditors and Internal Auditors of the Company make presentations to the Board of Directors with regard to regulatory changes from time to time while approving the Financial Results.

The details of familiarization programme is available on the website: <http://www.rain-industries.com/Investors.html>

Profile of Board of Directors

Brief resume of the Directors, nature of their expertise in specific functional areas and name of Companies in which they hold directorship and the membership of the Committees of the Board are furnished hereunder:

- **Mr. N. Radhakrishna Reddy**

Mr. N. Radhakrishna Reddy (74 years) is the Chairman of Rain Industries Limited. He has more than 45 years of experience in Construction and Cement Industry. He has been a Director of the Company since 1984. Currently, he is also on the Board of Rain Cements Limited, Renuka Cement Limited, PCL Financial Services Private Limited, Arunachala Holdings Private Limited, PR Cement Holdings Limited, Apeetha Enterprises Private Limited, Lakshmi Sea Foods Limited, Rain Entertainments Private Limited and Pragnya Priya Foundation.

Mr. N. Radhakrishna Reddy holds 10,383,730 equity shares in the Company.

Mr. N Radhakrishna Reddy, Chairman is the father of Mr. N. Jagan Mohan Reddy, Managing Director and Mr. N. Sujith Kumar Reddy, Director. Other than the said Directors, he is not related to any other Director.

- **Mr. N. Jagan Mohan Reddy**

Mr. N. Jagan Mohan Reddy (50 years) brings with him more than twenty years of experience to the company in the finance, commercial and operations areas. Mr. Reddy is presently the Managing Director of Rain Industries Limited and CEO of Rain Carbon Inc., USA.

Mr. Reddy was the founder of Rain CII Carbon (Vizag) Limited, which had been originally incorporated as Rain Calcining Limited and commenced production of Calcined Petroleum Coke ("CPC") and energy in 1998 in India. He spearheaded the vision, strategy and execution of the globalization of the Indian entity's business model through the acquisition of Rain CII Carbon LLC of the U.S. (formerly CII Carbon LLC) and by combining the U.S. and Indian CPC and energy business strategies in 2007 and subsequently in 2013 through the acquisition of RÜTGERS N.V., a Coal Tar Pitch ("CTP") and Chemicals producer. Mr. Reddy has successfully integrated the acquired entities to create the world's leading industrial carbon producer. Mr. Reddy holds a Bachelor of Science degree in Industrial Engineering from Purdue University, USA.

Mr. Reddy is a Member of the Boards of Rain CII Carbon (Vizag) Limited, Rain Cements Limited, Renuka Cement Limited, Sujala Investments Private Limited, Rain Enterprises Private Limited, Rain Entertainments Private Limited, Pragnya Priya Foundation, Rain Commodities (USA) Inc., Rain CII Carbon LLC, USA, Rain CTP Inc. and Rutgers N.V. He holds 100 equity Shares in the Company. Mr. Reddy is the member of Audit Committee and Nomination and Remuneration Committee of Rain Cements Limited and Rain CII Carbon (Vizag) Limited.

Mr. Reddy is the son of Mr. N. Radhakrishna Reddy, Chairman and brother of Mr. N. Sujith Kumar Reddy, Director. Other than the said Directors, he is not related to any other Director of the Company.

- **Mr. N. Sujith Kumar Reddy**

Mr. N. Sujith Kumar Reddy (45 Years) holds a Bachelor's degree in Commerce. He has more than 24 years of experience in manufacturing and Construction Industry. He is the Managing Director of Rain Cements Limited, which manufactures and sells Cement under the brand name "Priya Cement". He is also Director of Renuka Cement Limited, PCL Financial Services Private Limited, Arunachala Holdings Private Limited, Apeetha Enterprises Private Limited, Nivee Holdings Private Limited, Nivee Property Developers Private Limited, Rain Entertainments Private Limited and Pragnya Priya Foundation.

Mr. N. Sujith Kumar Reddy holds 10,028,770 equity shares in the Company.

Mr. N. Sujith Kumar Reddy, Director is the son of Mr. N. Radhakrishna Reddy, Chairman and brother of Mr. N. Jagan Mohan Reddy, Managing Director. Other than the said Directors, he is not related to any other Director.

- **Mr. Dipankar Basu**

Mr. Dipankar Basu (81 Years) was previously the Chairman of State Bank of India until his retirement in August 1995. While serving as Chairman of State Bank of India, he served concurrently on the Boards of a number of SBI subsidiaries including those engaged in investment banking and fund management. Between 1996 and 1999, Mr. Basu served as a member of the Disinvestment Commission set up to advise the Government of India on public sector disinvestments. During 1997-98, Mr. Basu was a member of the Narasimham Committee on Banking Sector Reforms. Later, during 2004-06, he was a member of the Appointments Board constituted by Government of India for selection of Chairman and Executive Directors of Public Sector Banks. Mr. Basu brings with him long experience and wide knowledge of financial markets in India. He has several years of Board level experience in companies engaged in a wide spectrum of businesses - both financial and non-financial. He is currently on the Board of Deepak Fertilizers & Petrochemicals Corp. Ltd. He is the Chairman of Stakeholders Relationship Committee and Nomination and Remuneration Committee of Deepak Fertilisers & Petrochemicals Corp. Ltd. Mr. Basu received his Master of Arts (Economics) degree from Delhi University.

Mr. Dipankar Basu holds 140 equity shares in the Company and he is not related to any other Director of the Company.

- **Mr. S. L. Rao**

Mr. S. L. Rao (81 Years) is an Economist, Distinguished Fellow, Emeritus at The Energy & Resources Institute (TERI), New Delhi, Board Member, CIRC-CUTS Institute of Regulation and Competition and Trustee, Bangalore International Centre and Aga Khan Foundation, India. He is Member of the Advisory Committees of Competition Commission of India and the Indian Energy Exchange. He has served for many years on other corporate and institutional Boards.

He was Director-General, National Council of Applied Economic Research, Delhi from 1990 to 1996 and was the first Chairman of the Central Electricity Regulatory Commission (1998 to 2001). He had earlier spent 28 years in management positions in Unilever, Warner Hindustan and Beardsell, five years as management consultant and designed and ran the National Management Programme (1987 to 1990). He is a columnist in the "Telegraph", Kolkata and "Financial Express". He is a widely read commentator on policy issues in many national and international publications. He has authored or edited 16 books; the last 4 were "Managing India" (Academic Foundation, 2015), "Powering India" (Academic Foundation, 2011), "From Servants or Masters? Evolution of Professional Management in India", (Global Business Press, 2007) and "Governing Power", (TERI Press, 2004). He was President of All India Management Association in 1986. He has received Lifetime Achievement Awards from the Association of Indian Management Schools, IPPAI and Council of Power Utilities.

He is on the Board of Kanoria Chemicals and Industries Ltd and Global Trust Capital Finance Pvt Ltd. He is Chairman of Nomination and Remuneration Committees of Kanoria Chemicals and Industries Limited.

Mr. S L Rao does not hold any equity shares of the Company and he is not related to any other Director of the Company.

- **Mr. H. L. Zutshi**

Mr. H. L. Zutshi (74 Years) was the Chairman & Managing Director of Hindustan Petroleum Corporation Ltd (HPCL). HPCL is engaged in petroleum refining, marketing and exploration activities. He retired from HPCL in May 2002 after serving as CMD for seven years. HPCL was the successor company of ExxonMobil in India, after the latter's activities were taken over by the Government of India in 1974.

Mr. Zutshi was also the Chairman of Mangalore Refineries and Petrochemicals Ltd (MRPL), a joint venture Company between Aditya Birla Group of companies and HPCL, South Asia LPG Ltd, a joint venture between HPCL and TOTAL of France, HINCOL a joint venture between COLAS SA of France and HPCL and an Exploration & Production Company called Prize Petroleum, a joint venture between HPCL and HDFC, ICICI and TDCI.

He was a member of the Government of India appointed expert Sub-Committee for developing a policy paper on deregulation etc, which provided inputs for the Hydro Carbon Vision 2025. He was formerly Chairman of the Petroleum, Coal, Fertilizer and related products Division Council of Bureau of Indian Standards (BIS), New Delhi, Convener of the Financial Services Sector task force of the Department of Public Enterprises, which fixed annual performance targets of the Financial Services PSUs. He was also Advisor Energy & Hydrocarbon to Mittal S.a.r.l, Luxomberg, and ABN Amro Investments. He was formerly Independent Director on the Boards of MMTC, MECON Ltd and IDBI Bank Ltd., Indirapuram Habitat Centre Pvt. Ltd., Terasol Labs Pvt.Ltd, Jaguar Overseas Limited and Deepwater Drilling & Industries Ltd. He was also Special Director of BIFR on the boards of two companies namely Saurashtra Chemicals & PML Industries.

Mr. Zutshi had a brilliant academic record. He specialized in Mechanical Engineering and was trained in Management at the Administrative Staff College (Hyderabad), Indian Institute of Management (Ahmedabad) and Templeton College, Oxford University. He is Fellow of Energy Institute, UK.

Mr. Zutshi is presently the Managing Trustee of the Energy Research and Social Advancement Foundation, New Delhi and Ishwar Charitable Trust Eye Hospital - ICARE. He is a member of India International Centre, New Delhi.

Mr. Zutshi does not hold any equity shares of the Company and he is not related to any other Director of the Company.

- **Ms. Radhika Vijay Haribhakti**

Ms. Radhika Haribhakti (59 years) has over 30 years of experience in Commercial and Investment Banking with Bank of America, JM Morgan Stanley and DSP Merrill Lynch. She has advised several large corporates and led their Equity and Debt offerings in domestic as well as international capital markets. She now heads RH Financial, a boutique Advisory Firm focused on M&A and Private Equity.

She serves as an Independent Director on the Boards of Adani Ports & Special Economic Zone, EIH Associated Hotels Ltd, ICRA Ltd, Navin Fluorine International Ltd and Vistaar Financial Services Pvt Ltd.

She is a member of Audit Committee and Chairperson of Nomination & Remuneration Committee and Employee Stock Option Scheme Compensation Committee of ICRA Limited, member of Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee of Adani Ports and Special Economic Zone Limited and member of Stakeholders' Relationship Committee of Navin Fluorine International Limited.

Ms. Haribhakti has also been closely involved with issues of women empowerment, financial inclusion and CSR and has served on Boards of non-profits for over 18 years, including 12 years as Chairperson. She is the former Chair of Friends of Women's World Banking (FWWB) and Swadhaar Finaccess, both non-profits

engaged in providing financial solutions to women in economically disadvantaged communities. She has also served on the Governing Council of Citigroup Micro Enterprise Award and CII's National Committee on Women Empowerment.

Ms. Haribhakti is a Graduate in Commerce from Gujarat University and Post Graduate in Management from the Indian Institute of Management (IIM), Ahmedabad.

Ms. Radhika Vijay Haribhakti does not hold any equity shares of the Company and she is not related to any other Director of the Company.

- **Ms. Nirmala Reddy**

Ms. Nirmala Reddy (69 years) worked as a Financial Sector Consultant with the World Bank Washington D.C. during 1995-2006. Her assignments were on credit intermediation, sustainability, privatization, financial and performance appraisal of development banks and financial institutions. Projects assigned to her were located in Mongolia, Guyana, Egypt, and Jordan. She also worked for the Asian Development Bank on a Development Bank project in Thailand and on the African Development Bank in Abidjan, Cote de l'voire.

She has twenty two years experience as a career banker in India. She joined as a Probationary Officer in State Bank of Hyderabad in 1969 and underwent training in operations, credit, and foreign exchange. In 1975 she joined Vijaya Bank as a Branch Manager and held several assignments for sixteen years including heading the Merchant Banking Division in Bombay. She was deputed to the then Manufacturers Hanover Trust Company New York for training in Credit and Foreign Exchange. She has undergone a Senior management course at the Administrative Staff College in Hyderabad. Thereafter, she joined the American Express Bank Ltd in Bombay as Director and Head of Correspondent Banking for India and Nepal. She was trained in the Bank's offices in New York, London, and Frankfurt.

Ms. Reddy holds a Masters degree in Political Science from the Osmania University, Hyderabad. She has also studied French and Japanese.

She is the Managing Director of Nugget Estates Private Limited and Nugget Realty & Ventures Private Limited and Independent Director in Rain Cements Limited and Rain CII Carbon (Vizag) Limited. She is the Chairperson of Audit Committee and Nomination and Remuneration Committee of Rain CII Carbon (Vizag) Limited and Member of Audit Committee and Nomination and Remuneration Committee of Rain Cements Limited.

She does not hold any equity shares of the Company and she is not related to any Director of the Company.

- **Mr. Krishnan Narayanan**

Mr. Krishnan Narayanan (57 years) is a Post Graduate in Commerce from Mumbai University and also Certified Associate Member of the Indian Institute of Banking & Finance. He is presently working with IDBI Bank Limited as Chief General Manager, Retail Banking Group, Mumbai.

In a career spanning 30 years in IDBI Bank, he has gained experience in a wide range of functions including Exposure in Corporate Finance, Rehabilitation & Recovery, Internal Audit, Agri Business and Retail Banking. He also served as a faculty member at IDBI Bank Limited's Staff College, Hyderabad for over 5 years and was associated with a consultancy assignment involving competency mapping and conduct of an ADC for Senior Executives of DFCC Bank, Sri Lanka.

Mr. Krishnan Narayanan does not hold any equity shares of the Company and he is not related to any other Director of the Company.

3. **Audit Committee**

a. **Brief description of terms of reference:**

The terms of reference of the Audit Committee are as under:

- i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
- v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- viii) Approval or any subsequent modification of transactions of the company with related parties;
- ix) Scrutiny of inter-corporate loans and investments;
- x) Valuation of undertakings or assets of the company, wherever it is necessary;
- xi) Evaluation of internal financial controls and risk management systems;
- xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv) Discussion with internal auditors of any significant findings and follow up there on;
- xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii) To review the functioning of the Whistle Blower mechanism;
- xix) Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

- xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- xxi) Monitoring the end use of funds raised through public offers and related matters;
- xxii) To review the management discussion and analysis of financial condition and results of operations;
- xxiii) To review the statement of significant related party transactions (as defined by the audit committee), submitted by management;
- xxiv) To review the management letters / letters of internal control weaknesses issued by the statutory auditors;
- xxv) To review the internal audit reports relating to internal control weaknesses;
- xxvi) To review the appointment, removal and terms of remuneration of the chief internal auditor.
- xxvii) To review the statement of deviations of following:
 - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxviii) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- xxix) The Audit Committee shall have authority to investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company; and
- xxx) The auditors of the company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

b. Composition, names of members and Chairperson

- The Audit Committee was constituted by the Board with 5 Independent Directors and 1 Non-Executive Director (Nominee Director of IDBI Bank Limited) with Independent Director as its Chairman.

Composition of Audit Committee:

Name of the Director	Designation
Mr. H. L. Zutshi	Chairman
Mr. S. L. Rao	Member
Mr. Dipankar Basu	Member
Ms. Radhika Vijay Haribhakti	Member
Ms. Nirmala Reddy ¹	Member
Mr. Krishnan Narayanan ²	Member

¹ Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

² Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy with effect from November 28, 2016.

- The Head of Finance and Accounts, Statutory Auditors and Internal Auditors attend the Audit Committee meetings on invitation and the Company Secretary acts as the Secretary of the Committee.
- The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.

c. Audit Committee meetings held and Attendance during the Financial year ended December 31, 2016

- Four Audit Committee Meetings were held during the Financial year ended December 31, 2016. The maximum time gap between any of the two meetings was not more than one Hundred and Twenty days.
- The Audit Committee meetings were held on February 18, 2016, May 4, 2016, August 12, 2016 and November 10, 2016.
- **Attendance at the Audit Committee Meetings:**

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. H. L. Zutshi	Chairman	4	4
Mr. Dipankar Basu	Member	4	1
Mr. S. L. Rao	Member	4	4
Ms. Radhika Vijay Haribhakti	Member	4	3
Ms. Nirmala Reddy ¹	Member	4	1
Mr. V. Narayanamurthy ²	Member	4	1
Mr. Krishnan Narayanan ²	Member	4	N.A

¹ Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

² Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

4. Nomination and Remuneration Committee

a. Brief description of terms of reference

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Carry on the evaluation of every director's performance;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity; and
- Undertaking other matter as the Board may refer from time to time.

b. Composition, name of members and Chairperson

The Nomination and Remuneration Committee was constituted by the Board with 5 Independent Directors and 1 Non-Executive Director (Nominee Director of IDBI Bank) with Independent Director as its Chairman.

Composition of the Nomination and Remuneration Committee:

Name of the Director	Designation
Mr. S. L. Rao	Chairman
Mr. Dipankar Basu	Member
Mr. H. L. Zutshi	Member
Ms. Radhika Vijay Haribhakti	Member
Ms. Nirmala Reddy ¹	Member
Mr. Krishnan Narayanan ²	Member

¹ Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

² Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

The Company Secretary acts as the Secretary of the Committee.

The minutes of the meetings of the Nomination and Remuneration Committee are circulated to all the members of the Board.

c. Nomination and Remuneration Committee meetings

- During the period from January 1, 2016 to December 31, 2016, Nomination and Remuneration Committee Meetings were held on August 12, 2016 and November 10, 2016.

Attendance at the Nomination and Remuneration Committee Meetings:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. S. L. Rao	Chairman	2	2
Mr. Dipankar Basu	Member	2	0
Mr. H. L. Zutshi	Member	2	2
Ms. Radhika Vijay Haribhakti	Member	2	1
Ms. Nirmala Reddy ¹	Member	2	1
Mr. V. Narayanamurthy ²	Member	2	0
Mr. Krishnan Narayanan ²	Member	2	N.A

¹ Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

² Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

d. Nomination and Remuneration policy

- The compensation of the executive directors comprises of a fixed component and commission. The compensation is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the executive directors is periodically reviewed and suitable revision is recommended to the Board by the committee.
- The Non-executive directors are paid sitting fees and commission for attending meetings of the Board/ Committees.

e. Performance evaluation of Directors

Pursuant to applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board, in consultation with its Nomination & Remuneration Committee has formulated a framework containing, inter-alia, the criteria for performance evaluation of the Independent Directors, Board of Directors, Committees of Board, Individual Directors including Managing Director and Non-Executive Directors and Chairperson of the Board.

Criteria for Performance Evaluation of Independent Directors, Board of Directors, Committees of Board, Individual Directors, Managing Director, Non- Executive Directors and Chairperson of the Board

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

Major criteria for evaluation of Independent Directors:

- Participation at the Board/Committee meetings, Commitment (including guidance provided to senior management outside of Board/Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality, Independence of behaviour and judgment;
- Impact and influence;
- Exercise of objective independent judgment in the best interest of the Company;
- Ability to contribute to and monitor corporate governance practice; and
- Adherence to the code of conduct for Independent Directors.

Major criteria for evaluation of Board of Directors:

- Development of suitable strategies and business plans at appropriate time and its effectiveness;
- Implementation of robust policies and procedures; and
- Determining the Size, structure and expertise of the Board.

Major criteria for evaluation of Managing Director:

- Achievement of financial/business targets prescribed by the Board;
- Developing and managing/executing business plans, operational plans, risk management and financial affairs of the organization; and
- Development of policies and strategic plans aligned with the vision and mission of Company and which harmoniously balance the needs of shareholders, clients, employees and other stakeholders.

Major criteria for evaluation of Non-Executive Directors :

- Participation at the Board/Committee meetings;
- Effective deployment of knowledge and expertise; and
- Independence of judgment.

Major criteria for evaluation of Committees:

- Discharge of its functions and duties as per its terms of reference, process and procedures followed for discharging its functions effectively; and
- Effectiveness of suggestions and recommendations received.

Major criteria for evaluation of Chairperson of the Board:

- Managing relationships effectively with the members of the Board and management;
- Providing ease of raising of issues and concerns by the Board members; and
- Promoting constructive debate and effective decision making at the board meetings.

On the basis of performance evaluation of Board of Directors, Managing Director, Independent Directors, Non-Executive Directors, Committees of Directors and Chairperson of the Board of the Company, all the Directors

are recommended for continuation as Directors of the Company. The Directors expressed their satisfaction with the evaluation process.

5. Meeting of Independent Directors

A Separate meeting of the Independent Directors was held on November 10, 2016, inter-alia, to discuss evaluation of the performance of Non- Independent Directors, the Board as a whole, evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors and the evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed satisfaction with the overall performance of the Directors and the Board as a whole. Inputs and suggestions received from the Directors were considered at the Board meeting and have been implemented.

6. Remuneration of Directors

- There were no pecuniary transactions with any Non-Executive Directors of the Company.
- Non-Executive Directors are paid Sitting Fees and Commission.

Following are the details of sitting fees and Commission paid to the Directors during the year ended December 31, 2016:

(In Rs. million)

Name of the Director	Sitting Fees	Commission	Total Amount
Mr. N. Radhakrishna Reddy	0.50	Nil	0.50
Mr. S. L. Rao	0.76	0.70	1.46
Mr. Dipankar Basu	0.16	0.20	0.36
Mr. H. L. Zutshi	0.76	0.70	1.46
Ms. Radhika Vijay Haribhakti	0.54	0.50	1.04
Mr. V. Narayanamurthy ¹	0.16	Nil	0.16
Ms. Nirmala Reddy ²	0.32	0.20	0.52
Mr. G. Krishna Prasad ³	0.30	Nil	0.30
Mr. Krishnan Narayanan ¹	N.A	N.A	N.A

¹Paid to IDBI Bank Limited

Mr. Krishnan Narayanan is appointed as the Nominee Director of IDBI Bank Limited on the Board of the Company in the place of Mr. V. Narayanamurthy w.e.f. November 28, 2016.

²Ms. Nirmala Reddy is appointed as an Independent Director of the Company w.e.f. September 30, 2016.

³The term of appointment of Mr. G. Krishna Prasad, Independent Director of the Company has expired on September 30, 2016. Accordingly, Mr. G. Krishna Prasad is ceased to be an Independent Director of the Company w.e.f. September 30, 2016.

c. The Remuneration paid to the Whole-time Director during the year is as follows: (In Rs. million)

Name of the Director and Designation	Salary	Benefits	Bonuses	Pension	Commis- sion	Service contracts	Notice period	Total
Mr. N. Jagan Mohan Reddy, Managing Director	Rs. 13.44	Rs. 3.40	-	-	-	Appointed for a period of 5 years*	As per the Rules of the Company	Rs. 16.84

* Mr. N. Jagan Mohan Reddy was re-appointed for a period of 5 years with effect from November 10, 2015.

There were no severance fees and stock option plan. The appointment of Managing Director is for a period of five years on the basis of terms and conditions laid down in the respective resolutions passed by the Members in the General Meetings.

7. Stake Holders Relationship, Grievance and Share Transfer Committee

a. Composition

The Committee consists of the following Directors:

Name of the Director	Designation
Mr. N. Radhakrishna Reddy	Chairman
Mr. N. Jagan Mohan Reddy	Member
Mr. N. Sujith Kumar Reddy	Member

b. Name and designation of Compliance Officer:

Mr. S. Venkat Ramana Reddy, Company Secretary

c. Number of Shareholders complaints received so far.

During the year ended December 31, 2016, the Company has received and resolved 178 complaints.

d. Number of complaints not resolved to the satisfaction of shareholders is Nil.

e. There were no pending complaints as at the year end.

f. Terms of Reference of the Stake Holders Relationship, Grievance and Share Transfer Committee

To oversee and review all matters connected with the securities transfers, redressing of shareholders complaints such as transfer of shares, non-receipt of annual reports/dividends etc.

To oversee and review the performance of the Registrar and Transfer agents and recommend measures for overall improvement in the quality of investor services.

Email-id for Investor Grievances: secretarial@rain-industries.com

8. GENERAL BODY MEETINGS:

a. The details of date, location and time of the last three Annual General Meetings held are as under:

Financial year ended December, 31	Date	Time	Venue
2015	May 6, 2016	11.00 AM	KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI), Red Hills, Hyderabad - 500 004, Telangana State, India.
2014	June 11, 2015	11.00 AM	
2013	May 8, 2014	11.00 AM	

b. Special Resolutions passed during the previous three Annual General Meetings:

- 41st Annual General Meeting - May 6, 2016 -No special resolutions were passed.
- 40th Annual General Meeting - June 11, 2015 - No special resolutions were passed.
- 39th Annual General Meeting - May 8, 2014 - No special resolutions were passed.

c. Special resolutions passed last year through postal ballot:

Special Resolutions were passed through postal ballot to seek approval of the following:

- Re-appointment of Mr. H.L. Zutshi as an Independent Director for a period of 5 years i.e., from September 30, 2016 to September 29, 2021;
- Re-appointment of Mr. S.L.Rao as an Independent Director for a period of 4 years i.e., from September 30, 2016 to September 29, 2020;

- iii) Re-appointment of Mr. Dipankar Basu as an Independent Director for a period of 3 years i.e., from September 30, 2016 to September 29, 2019; and
- iv) Approval of Scheme of Arrangement between the Company, Rain Cements Limited, Moonglow Company Business Inc. BVI, and their respective shareholders and creditors.

Voting results:

Resolution (i)	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Re-appointment of Mr. H.L.Zutshi as an Independent Director for a period of 5 years i.e., from September 30, 2016 to September 29, 2021	Promoter and Promoter Group	138230536	138230536	100.0000	138230536	0	100.0000	0.0000
	Public-Institutions	97806462	77260679	78.9934	77260679	0	100.0000	0.0000
	Public-Non Institutions	100308681	19205269	19.1462	19200489	4780	99.9751	0.0249
	Total	336345679	234696484	69.7784	234691704	4780	99.9980	0.0020

Resolution (ii)	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Re-Appointment of Mr. S.L. Rao as an Independent Director for a period of 4 years i.e., from September 30, 2016 to September 29, 2020.	Promoter and Promoter Group	138230536	138230536	100.0000	138230536	0	100.0000	0.0000
	Public-Institutions	97806462	77260679	78.9934	77260679	0	100.0000	0.0000
	Public-Non Institutions	100308681	19203919	19.1449	19199279	4640	99.9758	0.0242
	Total	336345679	234695134	69.7780	234690494	4640	99.9980	0.0020

Resolution (iii)	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Re-Appointment of Mr. Dipankar Basu as an Independent Director for a period of 3 years i.e., from September 30, 2016 to September 29, 2019	Promoter and Promoter Group	138230536	138230536	100.0000	138230536	0	100.0000	0.0000
	Public-Institutions	97806462	77260679	78.9934	71816661	5444018	92.9537	7.0462
	Public-Non Institutions	100308681	19203919	19.1449	19200639	3280	99.9829	0.01708
	Total	336345679	234695134	69.7780	229247836	5447298	97.6790	2.3210

Resolution (iv)	Category	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Approval of Scheme of Arrangement between the Company, Rain Cements Limited, Moonglow Company Business Inc. BVI, and their respective shareholders and creditors.	Promoter and Promoter Group	138230536	138230536	100.0000	138230536	0	100.0000	0.0000
	Public-Institutions	100011779	44942183	44.94	44942183	0	100.0000	0.0000
	Public-Non Institutions	98103364	21851762	22.27	21843767	7995	99.9634	0.0366
	Total	336345679	205024481	60.96	205016486	7995	99.9961	0.0039

d. Person who conducted the Postal ballot Exercise

The Board appointed Mr. D.V.M. Gopal, Practicing Company Secretary as Scrutinizer to conduct the Postal Ballot voting process in a fair and transparent manner.

e. Procedure for Postal Ballot

The Company followed the procedure for postal ballot as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The scrutinizer submitted his report to the Chairman stating that the resolution has been duly passed by the Members with the requisite majority.

f. Details of special resolution proposed to be conducted through postal ballot:

Approval of Shareholders by way of Special resolution for amending the Main Objects Clause of the Memorandum of Association.

9. Means of Communication

a) Quarterly results:

The quarterly results of the Company are published in accordance with the requirements of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015.

b) Newspapers wherein results normally published:

The results of the Company are published in widely circulated newspapers namely Business Standard (English daily) and Andhra Prabha (Telugu daily).

c) Any website, where displayed

The Financial results of the Company are displayed on the Company's website: www.rain-industries.com

d) Whether it also displays official news releases

Official news releases along with quarterly results are displayed on the Company's website: www.rain-industries.com

e) Presentations made to institutional investors or to the analysts

Presentations are made at regular intervals. Details of presentations made to the investors/ analysts are placed on the Company's website: www.rain-industries.com

10. General Shareholder information

- a) **Annual General Meeting** : 42nd Annual General Meeting
Date : May 5, 2017
Time : 3:00 p.m.
Venue : KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI), Red Hills, Hyderabad-500 004, Telangana State.
- b) **Financial Calendar** : January 1, 2017 to December 31, 2017.
Tentative Schedule for considering Financial Results:
For the Quarter ending March 31, 2017 : April / May, 2017
For the Quarter ending June 30, 2017 : July / August, 2017
For the Quarter ending September 30, 2017 : October / November, 2017
For the Quarter/Year ending December 31, 2017 : January / February, 2018
- c) **Dividend Payment Date** : -NIL-
- d) **Listing on Stock Exchanges** : Company's equity shares are listed at:

Name and Address of the Stock Exchange	Scrip Code
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal street, Mumbai-400 001.	500339
National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	RAIN

The listing fees for the year 2016-17 has been paid to the above stock exchanges.

e) **Stock Code**

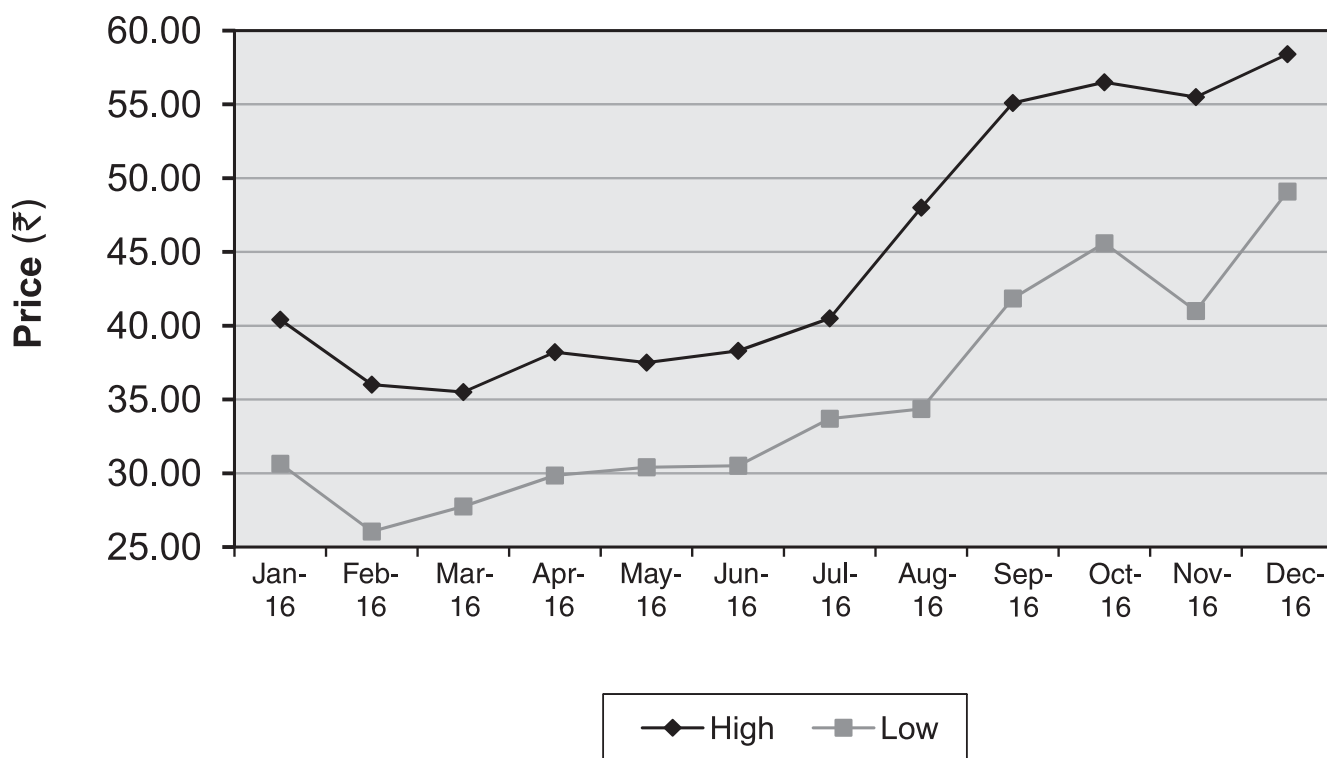
Name of the Stock Exchange	Scrip Code
BSE Limited	500339
National Stock Exchange of India Limited	RAIN

f) **Market price data - high/low during each month in past financial year**

BSE Limited (BSE)

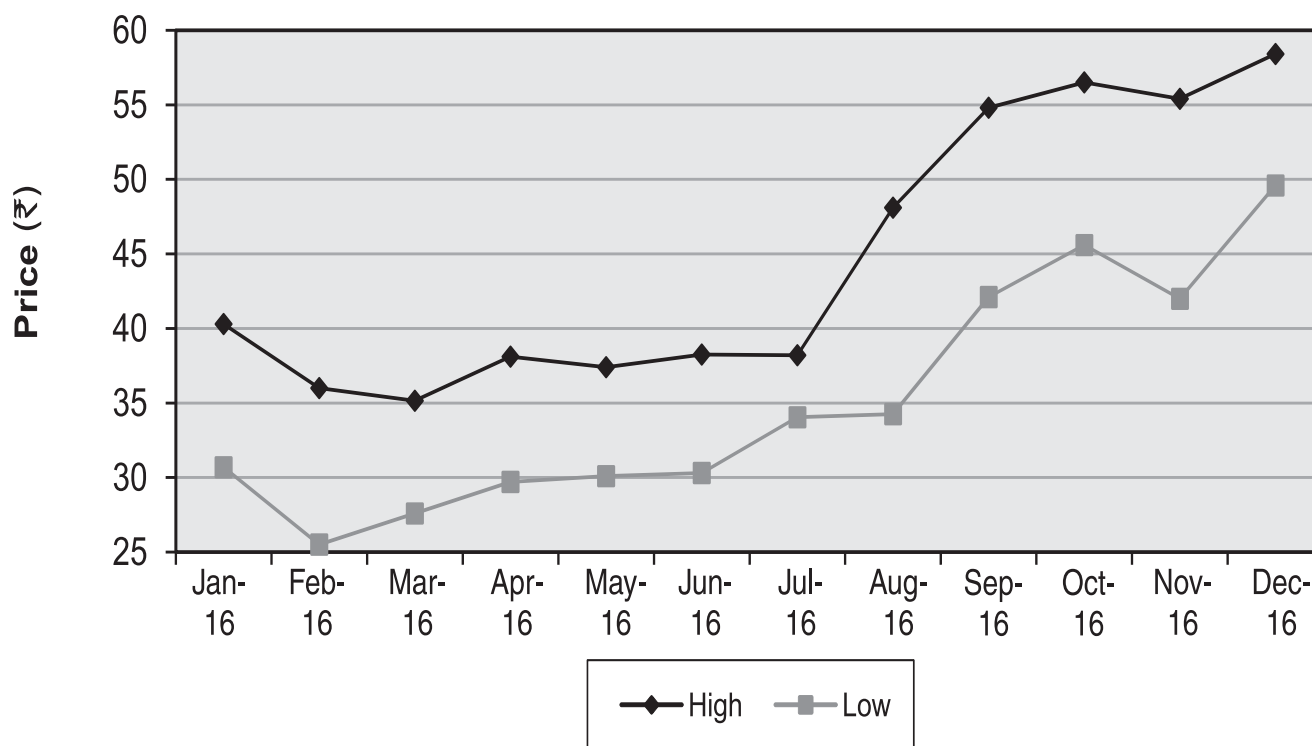
Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January 2016	40.40	30.65	2,446,849
February 2016	36.00	26.05	1,228,816
March 2016	35.50	27.75	2,366,603
April 2016	38.20	29.85	1,990,458
May 2016	37.50	30.40	1,551,408
June 2016	38.30	30.50	1,319,422
July 2016	40.50	33.70	1,598,194
August 2016	48.00	34.35	9,633,737
September 2016	55.10	41.85	5,728,676
October 2016	56.50	45.60	3,814,600
November 2016	55.50	41.00	1,756,686
December 2016	58.40	49.10	1,627,112

Share Prices at BSE



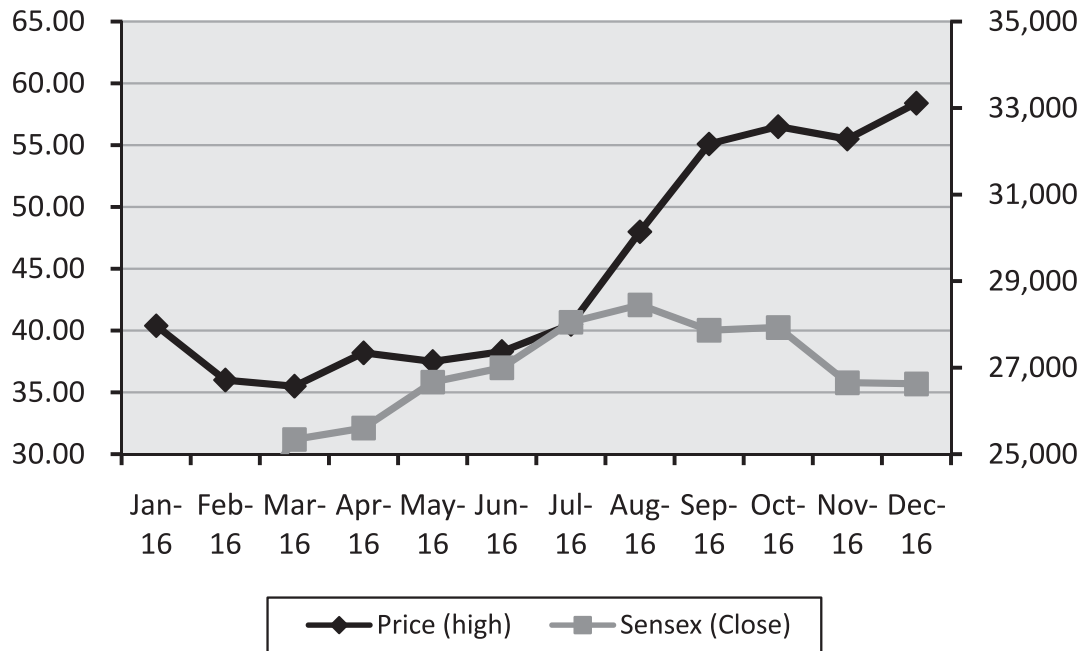
National Stock Exchange of India Limited (NSE)

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January 2016	40.30	30.70	6,973,276
February 2016	36.00	25.50	3,545,478
March 2016	35.15	27.60	7,806,852
April 2016	38.10	29.70	6,047,475
May 2016	37.40	30.10	5,388,760
June 2016	38.25	30.30	4,857,261
July 2016	38.20	34.05	5,188,701
August 2016	48.10	34.25	22,672,064
September 2016	54.80	42.10	16,774,271
October 2016	56.50	45.60	15,198,914
November 2016	55.40	42.00	10,106,717
December 2016	58.40	49.60	9,619,094

Share Prices at NSE


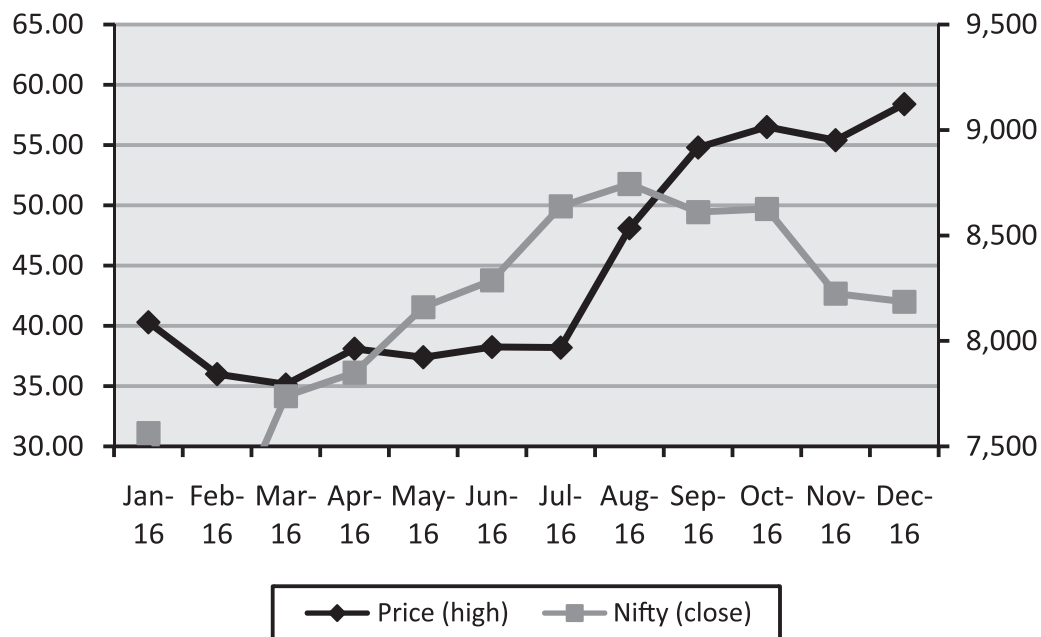
g) Performance in comparison to broad based indices of BSE Sensex:

Comparison between the Share price- High and Sensex index close price.



Performance in comparison to broad based indices of Nifty:

Comparison between the Share price- High and Nifty index close price.



h) **There was no suspension of trading in the Securities of the Company during the year under review.**

i) **Registrar to an issue & Share Transfer Agents:**

(for Shares held in both Physical and Demat mode)

Karvy Computershare Private Limited

(Unit: Rain Industries Limited)

Karvy Selenium Tower B, Plot 31-32,

Gachibowli, Financial District,

Nanakramguda, Hyderabad - 500 032, Telangana State.

Fax: +91 040 23420814

Phone: +91 040 67161566

e-mail: einward.ris@karvy.com/murthy.psrch@karvy.com

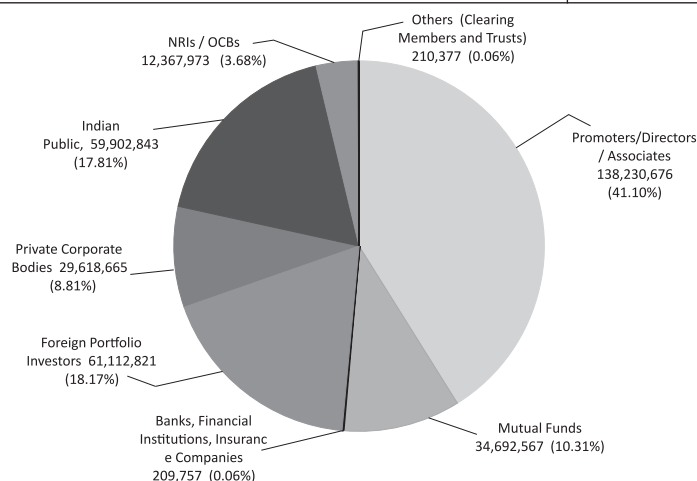
j) **Share Transfer System**

The Physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. All valid transfers are approved by Stake Holders Relationship, Grievance and Share Transfer Committee and are noted at subsequent Board Meetings.

k) **Distribution of Shareholding**

Shareholding pattern as on December 31, 2016:

Sl. No.	Category	No. of equity shares held	Percentage of shareholding
1	Promoters/Directors/ Associates	138,230,676	41.10
2	Mutual Funds	34,692,567	10.31
3	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions)	209,757	0.06
4	Foreign Portfolio Investors	61,112,821	18.17
5	Private Corporate Bodies	29,618,665	8.81
6	Indian Public	59,902,843	17.81
7	NRIs / OCBs/Foreign Companies/Foreign Financial Institutions	12,367,973	3.68
8	Others (Clearing Members and Trusts)	210,377	0.06
	Total	336,345,679	100.00



Distribution of Shareholding according to nominal value as on December 31, 2016

Shares holding of nominal value of	Shareholder		Shares	Shareholder	
	Number	% to Total Nos		In Rs.	% to Total Amount
1 - 5000	35,771	92.16	18,639,822	37,279,644	5.54
5001 - 10000	1,508	3.89	5,727,191	11,454,382	1.70
10001 - 20000	658	1.70	4,867,067	9,734,134	1.45
20001 - 30000	232	0.60	2,944,983	5,889,966	0.88
30001 - 40000	103	0.27	1,864,263	3,728,526	0.55
40001 - 50000	106	0.27	2,439,391	4,878,782	0.73
50001 - 100000	187	0.48	6,625,094	13,250,188	1.97
100001 and above	247	0.64	293,237,868	586,475,736	87.18
TOTAL	38,812	100.00	336,345,679	672,691,358	100.00

l) Dematerialization of Shares and liquidity

The Company's shares are available for dematerialisation with both the Depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

326,751,579 equity shares were dematerialised representing 97.15% of the total paid up equity share capital of the Company as on December 31, 2016.

ISIN: INE855B01025

- m)** There are no outstanding Global Depository Receipts/American Depository Receipts or Warrants or any convertible instruments as on December 31, 2016.

n) Commodity Price Risk or Foreign Exchange risk and hedging activities

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities, hence same are not applicable to the Company.

- o) The Company does not have any plants.**

p) Address for correspondence:
Company Secretary

Rain Industries Limited

Regd. Off: "Rain Center", 34, Srinagar Colony,

Hyderabad - 500 073, Telangana State, India.

Phone No.040-40401234, 040-40401259

Fax No. 040-40401214.

CIN: L26942TG1974PLC001693

E-mail: secretarial@rain-industries.com (for investor grievance)

Website: www.rain-industries.com

11. Other Disclosures

- a)** During the year ended December 31, 2016, there were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. The transactions with related parties are disclosed in the Note 30 to the Annual Accounts.

b) Details of non-compliance etc.,

A Statement on Compliance with all Laws and Regulations as certified by the Managing Director and Company Secretary is placed at periodic intervals for review of the Board.

There were no instances of non-compliance, penalty or strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

No penalty has been imposed by any Stock Exchange, SEBI or any other regulatory authority nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital markets over the last three years.

c) Details of establishment of Vigil Mechanism (Whistle Blower policy)

The Board of Directors of the Company had adopted the Whistle Blower Policy and appointed an ombudsman. Employees can report to the Management, concerned unethical behavior, act or suspected fraud or violation of the Company's Code of Conduct policy.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of this mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases.

The Audit Committee reviews periodically the functioning of whistle blower mechanism.

No personnel has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is also available on the website of the Company: <http://www.rain-industries.com/Investors.html>

The ombudsman had not received any complaint during the Financial Year ended 31st December, 2016.

d) The policy for determining 'material' subsidiaries is available on the website of the Company <http://www.rain-industries.com/Investors.html>

e) The policy on dealing with related party transactions is available on the website of the Company: <http://www.rain-industries.com/Investors.html>

12. The Company Complied with the requirements of Schedule V Corporate Governance Report sub-paras (2) to (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

13. Details of compliance with mandatory requirements and adoption of Discretionary Requirements

The Company has complied with all the mandatory requirements of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

With regard to discretionary requirements, the Company has adopted clauses relating to the following:

- i) **Board:** The Company has Non-Executive Chairperson, Separate persons were appointed for the post of Chairman and Managing Director.
- ii) **Reporting of internal auditor:** Internal Auditors reports directly to the Audit Committee.

The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulation	Particulars of Regulations	Compliance status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

14. Risk Management

The Company has constituted a Risk Management Committee and adopted Risk Management Policy. Currently, the Company's risk management approach comprises of the following:

- I Governance of Risk
- I Identification of Risk
- I Assessment and control of Risk

The risks have been prioritized through a company-wide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees.

The Company had appointed a Risk Officer and put in place a risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.

The details of Risks identified and mitigation measures undertaken are presented to the Board of Directors and the Audit Committee on a quarterly basis. The Board and the Audit Committee provides oversight and reviews the risk management policy periodically.

A detailed note on the risks is included in the Management Discussion and Analysis annexed to the Boards' Report.

15. Subsidiary Companies

The Company has two material unlisted subsidiaries in India namely Rain Cements Limited and Rain CII Carbon (Vizag) Limited. An Independent Director of the Company is also Director on the Board of these subsidiaries. The Audit Committee and Board of the Company reviews the financial statements of the subsidiaries. The minutes of Subsidiary Companies are placed as part of the agenda for the Board meetings of the Company.

16. Code of Conduct

The Board has laid down Code of Conduct policy covering the ethical requirements to be complied with covering all the Board members and all employees of the Company. An affirmation of compliance with the code is received from them on an annual basis.

17. CEO and CFO Certification

The Managing Director and the CFO have given a Certificate to the Board as contemplated in Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is separately annexed.

18. Disclosure with respect to Demat suspense account/ unclaimed suspense account

Unclaimed Equity shares are held in Rain Industries Limited suspense account maintained with Karvy Stock Broking Limited, Banjara Hills, Hyderabad-500034 vide Client ID: 19074218 and DP ID:IN300394.

In accordance with the requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

S No	Particulars	Number of shareholders	Number of equity shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	3,299	2,974,260
2	No. of shareholders who approached the Company for transfer of shares from Unclaimed Suspense account during the year.	29	35,845
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	29	35,845
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., December 31, 2016.	3,270	2,938,415

The voting rights on the shares outstanding in the suspense account as on December 31, 2016 shall remain frozen till the rightful owner of such shares claim the shares.

19. Proceeds from public issues, rights issues, preferential issues, etc.

During the year ended December 31, 2016, there were no proceeds from public issues, rights issues, preferential issues, etc.

- 20.** The Company has adopted the policy on dissemination of information on the material events to stock exchanges in accordance with the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available on the website of the Company <http://www.rain-industries.com/Investors.html>
- 21.** The Company has adopted the policy on preservation of documents in accordance with the Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Documents Preservation Policy is available on the website of the Company: <http://www.rain-industries.com/Investors.html>
- 22.** The Company has adopted policy on Dividend Distribution. Policy on Dividend Distribution is available on the website of the Company :<http://www.rain-industries.com/Investors.html>

On behalf of the Board of Directors
for **Rain Industries Limited**

Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

CODE OF CONDUCT DECLARATION

As provided under Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended December 31, 2016.

for **Rain Industries Limited**

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

Place: Hyderabad
Date : February 23, 2017

CEO AND CFO CERTIFICATE

We hereby certify that:

- a) we have reviewed financial statements and the cash flow statement for the Financial Year ended December 31, 2016 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that there are no:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

for **Rain Industries Limited**

Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

T. Srinivasa Rao
Chief Financial Officer
M.No. F29080

To
The Members of Rain Industries Limited

Independent Auditor's Certificate on the corporate governance report for the period 1 January 2016 to 31 December 2016

- 1 This certificate is issued in accordance with the terms of our engagement letter dated 28 October 2016.
- 2 Independent Auditor's certificate on Corporate governance is required as per the Regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 January 2016 to 31 December 2016.

Management responsibility

- 3 The preparation of the corporate governance report is the responsibility of the management of the Company. The Management is also responsible for ensuring that the Company complies with the requirements of regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 January 2016 to 31 December 2016.

Auditor's Responsibility

- 4 We conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates issued for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
- 5 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- 6 Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Conclusion

- 7 In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of the Schedule V of the Listing Regulations, as applicable.

Restrictions on Use

This certificate is issued solely for the purpose of complying with regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 January 2016 to 31 December 2016 and may not be suitable for any other purpose.

For B S R & Associates LLP

Chartered Accountants

Firm Registration Number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place : Hyderabad

Date : February 23, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Rain Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Rain Industries Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (collectively referred to as 'the standalone financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued

by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016' ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

Independent Auditor's Report to the members of Rain Industries Limited (Continued)

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 December 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of the pending litigations on its financial position in its standalone financial statements - refer note 24 to the standalone financial statements.
 - ii. the Company did not have long-term contracts including derivative contracts, for which there were no material foreseeable losses; and
 - iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: February 23, 2017

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements

With reference to the Annexure A referred to in our report of even date to the members of Rain Industries Limited ('the Company') on the standalone financial statements for the year ended 31 December 2016, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The Company has a regular program of physical verification of fixed assets by which all fixed assets are verified once in two years. In our opinion, the periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were observed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in the Note 11 to these standalone financial statements, are held in the name of the Company.
- ii. As explained to us, the Company's activities primarily include service revenue and trading in inventory of petroleum coke products. The sales are made to its customers on a high sea sale basis. Accordingly, it does not hold any physical inventories. Therefore, clause 3(ii) of the said order is not applicable.
- iii. The Company has granted unsecured loans to one subsidiary company covered in the register maintained under Section 189 of the Companies Act 2013 ("Act"). The Company has not granted loans to firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
 - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
 - (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the party is repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable
 - (c) In respect of the aforesaid loans, there are no amount which is overdue for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 with respect to loan given and investments made to the extent applicable. However, the Company has not granted any guarantee or created security to the parties covered under section 185 and 186 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under.
- vi. The Central Government of India has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, for the products sold and services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Service tax, Income-tax, Value Added Tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities by the Company. As explained to us, the Company did not have any dues on account of Employees' State Insurance, Sales tax, Duty of Customs, Duty of Excise and Cess.

According to the information and explanation given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Service tax, Value added tax and other material statutory dues were in arrears as at 31 December 2016 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no dues of Service tax, value added tax which have not been deposited with the appropriate authorities on account of any dispute except for the following dues of Income-tax.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements (Continued)

Name of the Statute	Nature of the Dues	Amount in Millions (Rs.)	Period to which the amount relates	Forum where dispute is pending
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	<i>91.24 (91.24)</i>	<i>AY 2004-05</i>	<i>Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	<i>25.61 (12.80)</i>	<i>AY 2008-09</i>	<i>Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	<i>166.70 (94.90)</i>	<i>AY 2009-10</i>	<i>Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	<i>200.44 (10.00)</i>	<i>AY 2010-11</i>	<i>Income Tax Appellate Tribunal</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	<i>57.74</i>	<i>AY 2011-12</i>	<i>Income Tax Appellate Tribunal</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	<i>149.70</i>	<i>AY 2012-13</i>	<i>Income Tax Appellate Tribunal</i>

(Amount in parenthesis represents payment under protest)

(AY represents Assessment Year)

- viii. According to the information and explanation given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank. The Company did not have any dues to Government, nor has it issued any debentures as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements (Continued)

- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such related party transactions have been disclosed in the standalone financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or persons connected with him as contemplated under the provisions of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: February 23, 2017

INDEPENDENT AUDITOR'S REPORT

Annexure B to the Independent Auditor's Report on the Standalone Financial Statements

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

We have audited the internal financial controls over financial reporting of the Company as of 31 December 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Annexure B to the Independent Auditor's Report on the Standalone Financial Statements (Continued)

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at 31 December 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: February 23, 2017

BALANCE SHEET AS AT DECEMBER 31, 2016

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Note	As at December 31, 2016	December 31, 2015
A. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	672.69	672.69
(b) Reserves and surplus	4	8,543.50	2,445.10
		9,216.19	3,117.79
2 Non-current liabilities			
(a) Long-term borrowings	5	3,397.50	2,653.20
(b) Deferred tax liabilities (net)	6	-	-
(c) Long-term provisions	7	4.92	3.22
		3,402.42	2,656.42
3 Current liabilities			
(a) Trade payables	8		
(i) total outstanding dues to micro and small enterprises		-	-
(ii) total outstanding dues to other than micro and small enterprises		2.59	2.34
(b) Other current liabilities	9	1,475.07	685.99
(c) Short-term provisions	10	30.41	27.87
		1,508.07	716.20
TOTAL		14,126.68	6,490.41
B. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	75.88	88.11
(b) Non-current investments	12	9,169.66	3,048.35
(c) Long-term loans and advances	13	3,670.03	2,895.55
		12,915.57	6,032.01
2 Current assets			
(a) Trade receivables	14	13.22	5.81
(b) Cash and bank balances	15	116.86	126.02
(c) Short-term loans and advances	16	1,022.03	321.33
(d) Other current assets	17	59.00	5.24
		1,211.11	458.40
TOTAL		14,126.68	6,490.41

Corporate Information 1

Significant accounting policies and notes to accounts 2-36

The accompanying notes are an integral part of the financial statements
For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

Sriram Mahalingam
Partner
Membership number: 049642
Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

T. Srinivasa Rao
Chief Financial Officer
M.No. F29080

N. Sujith Kumar Reddy
Director
DIN: 00022383

S. Venkat Ramana Reddy
Company Secretary
M.No. A14143

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2016

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Note	For the year ended December 31, 2016	For the year ended December 31, 2015
1 Revenue			
Revenue from operations	18	448.46	862.08
Other income	19	683.65	561.02
Total revenue		1,132.11	1,423.10
2 Expenses			
Purchases of stock-in-trade		280.50	767.88
Employee benefits expense	20	89.76	67.83
Finance costs	21	300.50	235.43
Depreciation expense	11	15.29	15.71
Other expenses	22	111.51	70.42
Total expenses		797.56	1,157.27
3 Profit before tax (1-2)		334.55	265.83
4 Tax expense	23	21.14	4.96
5 Profit for the year (3-4)		313.41	260.87
Earnings per share (Face Value of Rs. 2/- each)			
Basic and diluted (Rs.)	26	0.93	0.78
Corporate Information	1		
Significant accounting policies and notes to accounts	2-36		

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

N. Sujith Kumar Reddy
Director
DIN: 00022383

Sriram Mahalingam
Partner
Membership number: 049642
Place: Hyderabad
Date : February 23, 2017

T. Srinivasa Rao
Chief Financial Officer
M.No. F29080

S. Venkat Ramana Reddy
Company Secretary
M.No. A14143

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
A. Cash flow from operating activities		
Profit before taxation	334.55	265.83
Adjustments for :		
Depreciation expense	15.29	15.71
Interest income	(188.81)	(126.94)
Interest and other borrowing costs	213.47	112.55
Dividend income	(418.07)	(336.80)
Foreign exchange loss, net	8.12	25.37
	<u>(370.00)</u>	<u>(310.11)</u>
Operating loss before working capital changes	(35.45)	(44.28)
Adjustments for:		
Trade receivables	(7.12)	7.32
Loans and advances and other assets	(0.23)	(0.98)
Trade payables, other current liabilities and provisions	68.49	5.61
	<u>61.14</u>	<u>11.95</u>
Cash generated from/(used in) operations	25.69	(32.33)
Income taxes paid, net	(48.23)	(127.70)
Net cash flow used in operating activities	<u>(22.54)</u>	<u>(160.03)</u>
B. Cash flow from investing activities		
Purchase of fixed assets, including capital advances	(3.06)	(1.39)
Bank deposits and other bank balances	(19.78)	(0.63)
Purchase of long term investments	-	(12.40)
Loan given to subsidiary companies	(2,018.70)	(1,314.05)
Loans repaid by subsidiaries during the year	651.66	904.06
Interest received	136.05	153.72
Dividends received	418.07	336.80
Net cash flow (used in)/from investing activities	<u>(835.76)</u>	<u>66.11</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
C. Cash flow from financing activities		
Proceeds from borrowings	2,018.40	1,314.00
Repayment of long-term borrowings	(638.90)	(933.44)
Interest and other borrowing costs paid	(213.79)	(106.90)
Dividend paid	(336.35)	(336.35)
Net cash flow from/(used in) financing activities	829.36	(62.69)
Net decrease in cash and cash equivalents (A+B+C)	(28.94)	(156.61)
Cash and cash equivalents - Opening balance	89.46	246.07
Cash and Cash equivalents - Closing Balance	60.52	89.46

Reconciliation of Cash and Cash equivalents with the Balance Sheet:

	As at December 31, 2016	As at December 31, 2015
a) Cash and Cash equivalents - Closing Balance	60.52	89.46
Add: Other bank balances	56.34	36.56
Cash and bank balances - Closing Balance (Refer note 15)	116.86	126.02

- b) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

Sriram Mahalingam
Partner
Membership number: 049642
Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

T. Srinivasa Rao
Chief Financial Officer
M.No. F29080

N. Sujith Kumar Reddy
Director
DIN: 00022383

S. Venkat Ramana Reddy
Company Secretary
M.No. A14143

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Rain Industries Limited ('the Company') was incorporated on March 15, 1974 under the Companies Act, 1956. The Company is currently engaged in the business of trading in Carbon Products. The Company's equity shares are Listed at BSE Limited and National Stock Exchange of India Limited in India.

2. Significant Accounting Policies

(a) Basis of accounting and preparation of financial statements

The financial statements have been prepared in accordance with accounting principles generally accepted in India (Indian GAAP). Indian GAAP comprises Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI) (Collectively referred to as "IGAAP"). The financial statements are presented in Indian Rupees rounded off to the nearest Millions.

(b) Use of estimates

The preparation of the financial statements in conformity with the Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made.

(c) Current and non-current classification

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- i. It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- ii. It is held primarily for the purpose of being traded;
- iii. It is expected to be realised within 12 months after the reporting date; or
- iv. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- i. It is expected to be settled in the Company's normal operating cycle;
- ii. It is held primarily for the purpose of being traded;
- iii. It is due to be settled within 12 months after the reporting date; or
- iv. The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's operating cycle is within a period of 12 months.

(d) Inventories

Traded goods are valued at lower of weighted average cost and net realisable value. Goods in transit are valued at cost or below.

(e) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

Cash and cash equivalents for the purpose of cash flow comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(f) Revenue Recognition

Sales are recognised on dispatch of goods and upon transfer of property in the goods to customers. Sales are inclusive of excise duty, as applicable.

Income from shared services (services provided to Group companies) is recognised by the Company on accrual basis. Income in excess of billings is disclosed under Other current assets as unbilled revenues.

(g) Other Income

Interest income is recognised using the time proportion method, based on the transactional interest rates.

Dividend income is recognised when the Company's right to receive dividend is established.

(h) Fixed Assets, Depreciation, Impairment

Fixed Assets are stated at cost/professional valuation less accumulated depreciation. Cost includes freight, installation cost, duties and taxes, interest on specific borrowings utilised for financing the qualifying fixed assets and other incidental expenses.

Effective from January 01, 2015, the Company has charged Depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Depreciation on fixed assets is provided using the straight-line method based on the useful life of the assets as prescribed by Schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Individual assets costing rupees five thousand or below are fully depreciated in the year of acquisition and put to use.

All fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment loss being the excess of carrying value over the recoverable value of the assets is charged to the Statement of Profit and Loss in the respective financial years. The impairment loss recognised in prior years is reversed in cases where the recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

(i) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the prevailing year end rates. The resultant gain/loss upon such restatement along with the gain/loss on account of foreign currency transactions are accounted in the Statement of Profit and Loss. In respect of items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognised in the Statement of Profit and Loss.

(j) Investment

Non-current investments are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments. Current investments are carried at the lower of cost and fair value.

(k) Employee Benefits

Defined Contribution Plans

Contributions paid/payable under defined contribution plans are recognised in the Statement of Profit and Loss each year. Contribution plans comprises of Superannuation fund covered under a scheme administered and managed by ICICI Prudential Life Insurance Company Limited, and Provident Fund is administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

Defined Benefit Plans

The Company has a defined benefit Gratuity plan covering all its employees. Gratuity is

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

covered under a scheme administered by Life Insurance Corporation of India (LIC). The liability as at the balance sheet date is provided based on an actuarial valuation carried out by an independent actuary, in accordance with Accounting Standard 15 on 'Employee Benefits' (AS 15).

All actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss for the year.

Other Long-term Employee Benefits

Other long term employee benefits comprise compensated absences which is provided based on an actuarial valuation carried out in accordance with AS-15 at the end of the year.

Short-term Employee Benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(l) Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

(m) Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

(n) Earnings Per Share

The earnings considered in ascertaining the company's Earnings Per Share (EPS) comprise net profit after tax (and includes the post tax effect of any extra ordinary items). The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

(o) Taxes on Income

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods subject to consideration of prudence. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is a virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets and liabilities have been measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

(p) Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes to the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016		As at December 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
3. Share capital				
Authorized:				
Equity Shares of Rs. 2 each	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of Rs. 100 each	4,900,000	490.00	4,900,000	490.00
Total	594,900,000	1,670.00	594,900,000	1,670.00
Issued, subscribed and paid up				
Equity Shares of Rs. 2 each	336,345,679	672.69	336,345,679	672.69
Total	336,345,679	672.69	336,345,679	672.69

Notes:

(i) **Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year**

Particulars	For the year ended December 31, 2016		For the year ended December 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Add: Issued during the year	-	-	-	-
As at end of the year	336,345,679	672.69	336,345,679	672.69

(ii) **Rights, preferences and restrictions attached to the equity shares**

The Company has only one class of equity shares having a par value of Rs. 2 each per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

The Board of Directors of the Company at their meeting held on August 13, 2016, had declared an Interim Dividend of Rs. 1/- per Equity Share i.e. 50% on face value of Rs. 2/- per Equity Share fully paid up for the financial year ending December 31, 2016 (31 December 2015: Rs. 1/-) and no further dividend has been recommended for the said year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

(iii) Shareholders holding more than 5% of the equity shares

Name of the Shareholder	As at December 31, 2016		As at December 31, 2015	
	Number of Shares	%	Number of Shares	%
Sujala Investments Private Limited	37,766,675	11.23	37,766,675	11.23
ICICI Prudential (including all managed funds)	16,882,168	5.02	20,895,550	6.21
Reliance Capital Trustee Co. Ltd (including all managed funds)	15,540,944	4.62	19,914,985	5.92
Rain Enterprises Private Limited	25,316,465	7.53	25,316,465	7.53
N. Anupama Reddy	27,152,351	8.07	27,152,351	8.07
Meghamala Enterprises Private Limited	17,403,110	5.17	17,403,610	5.17
Pabrai Investment Fund 3, Ltd	16,254,715	4.83	17,469,468	5.19

(iv) There are no shares issued pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date.

(v) Equity shares bought back during the last five years:

	As at December 31, 2016	As at December 31, 2015
	Number of Shares	Number of Shares
Aggregate number of shares [Refer Notes (a) to (c) below]	13,137,302	17,827,216

Note:

- 5,310,086 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from January 1, 2012 to March 29, 2012.
- 2,471,293 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from October 22, 2012 to December 31, 2012.
- 5,355,923 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from January 1, 2013 to March 31, 2013.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
4. Reserves and surplus		
(a) Capital reserve		
Opening balance	417.73	417.73
Add: On account of merger of Moonglow (Refer Note 34)	3,902.18	-
Closing balance	4,319.91	417.73
(b) Capital redemption reserve	47.66	47.66
(c) Securities premium account	516.67	516.67
(d) General reserve		
Opening balance	642.26	616.17
Add: Transferred from surplus in Statement of Profit and Loss	31.34	26.09
Closing balance	673.60	642.26
(e) Foreign currency translation reserve		
Opening balance	-	-
Add: Movement during the year (Refer Note 34)	2,219.36	-
Closing balance	2,219.36	-
(f) Surplus in Statement of Profit and Loss		
Opening balance	820.78	923.99
Add: Profit for the year	313.41	260.87
Less: Interim dividend (Refer note 3(ii))	336.35	336.35
Depreciation as per Transitional provisions of Companies Act, 2013	-	1.64
Transfer to general reserve	31.34	26.09
On account of merger of Moonglow (Refer Note 34)	0.20	-
Closing balance	766.30	820.78
Total	8,543.50	2,445.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
5. Long-term borrowings		
Term Loans		
From Banks		
- Secured (Refer notes below)	4,756.50	3,289.97
Less: Current portion of Long-term borrowings (disclosed under note 9 - Other current liabilities)	1,359.00	636.77
Total	3,397.50	2,653.20

Notes:

- (i) Term loan with the original amount of US\$ 40 Million borrowed from IDBI Bank Limited, DIFC Branch, Dubai branch is secured by a pari passu:
 - (a) First charge on all immovable and movable properties present and future of the Company and Rain Cements Limited, a wholly owned subsidiary; and
 - (b) Second charge on all current assets of the Company and Rain Cements Limited, a wholly owned subsidiary Company.

It carries interest of 3 months Libor plus 400 basis points. Of the original amount of US\$ 40 Million borrowed, last installment for 24% of original amount was due on April 1, 2016 and was completely repaid.
- (ii) Term loan of US\$ 20 Million borrowed from IDBI Bank Limited, DIFC branch, Dubai branch, during financial year ended December 31, 2014, is secured by a pari passu first charge on all immovable and movable properties present and future of Rain Cements Limited, a wholly owned subsidiary Company.
- (iii) Term loan of US\$ 20 Million borrowed from Citibank, NA Nassau, Bahamas branch, during the financial year ended December 31, 2015, is secured by:
 - (a) Pari passu first charge on movable assets of the Company including current assets of the Company.
 - (b) First Ranking exclusive charge and Hypothecation over designated account No.0037315052 maintained with Citibank.
 - (c) First ranking exclusive pledge on 1,000,000 equity shares held by the Company in Rain CII Carbon (Vizag) Limited, a wholly owned step-down subsidiary Company.
- (iv) Term loan of US\$ 30 Million borrowed from IDBI Bank Limited, DIFC branch, Dubai during the current financial year ended December 31, 2016, is secured by a pari passu first charge on all immovable and movable properties present and future of Rain Cements Limited, a wholly owned subsidiary Company. The loan has been sanctioned vide credit facilities agreement dated 20 February 2016 between the Company, Rain Cements Limited and IDBI Bank Limited, DIFC branch, Dubai.
- (v) Term loan from IDBI Bank Dubai branch of US\$ 20 Million carries interest of 6 months Libor plus 350 basis points, Term loan from Citibank of US\$ 20 Million carries interest of 3 months Libor plus 235 basis points and Term loan from IDBI Bank Dubai branch of US\$ 30 Million carries interest of 3 months Libor plus 400 basis points.
- (vi) The term loans availed by the Company have been utilised for the purpose of investment in its wholly owned subsidiary company which is engaged in the business of Calcined Petroleum Coke, in accordance with the sanctioned terms.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

(vii) The scheduled maturity of Long-term borrowings and total number of installments are summarised as below:

Borrowings Repayable	As at December 31, 2016
Outstanding Term Loans from Banks	
IDBI Bank Limited - US\$ 20.0 Million*	1,359.00
Citibank - US\$ 20.0 Million**	1,359.00
IDBI Bank Limited - US\$ 30.0 Million***	2,038.50
Total	4,756.50

* US\$ 20 Million is a bullet repayment on April 28, 2017.

**US\$ 20 Million is a bullet repayment on October 31, 2018.

*** US\$ 30 Million is repayable in 10 quarterly instalments starting from December 2019.

(viii) The aggregate amount of loans (including current maturities of long-term borrowings) guaranteed by others is Rs. 4,756.50 (December 31, 2015 : Rs. 3,289.97).

	As at December 31, 2016	As at December 31, 2015
6. Deferred tax liabilities (net)		
A. Deferred tax liabilities		
- on account of depreciation	13.31	12.59
	13.31	12.59
B. Deferred tax assets		
- on account of employee benefits	1.87	1.35
- on account of carry forward losses	11.44	11.24
	13.31	12.59
Deferred tax liabilities [A-B]	-	-

Note:

In the absence of virtual certainty supported by convincing evidence that there will be future taxable income against which such losses can be set off, the deferred tax asset on carry forward loss as at December 31, 2016 and 2015 are created to the extent of deferred tax liability.

7. Long-term provisions

Provision for employee benefits		
- Compensated absences (Refer note 28(c))	2.93	2.24
- Gratuity (Refer note 28(b))	1.99	0.98
Total	4.92	3.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
8. Trade payables		
Trade payables - other than Micro and Small enterprises	2.59	2.34
Total	2.59	2.34
Disclosures under the Micro, Small and Medium Enterprises Act 2006		
(a) the principal amount and the interest due thereon remaining unpaid to any supplier.	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day.	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) the amount of interest accrued and remaining unpaid; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
9. Other current liabilities		
Current maturities of long-term borrowings (Refer note 5)	1,359.00	636.77
Interest accrued but not due on borrowings	5.80	5.64
Unclaimed dividends	38.22	36.57
Other payables		
- Statutory remittances	2.48	2.05
- Advance from customers (Refer note 30(b))	65.00	-
- Others	4.57	4.96
Total	1,475.07	685.99
10. Short-Term Provisions		
Provision for employee benefits		
- Compensated absences [Refer Note 28(c)]	0.59	0.74
Provision - others		
- Provision for tax [net of advance tax Rs. 330.66 (December 31, 2015 Rs. 330.66)]	29.82	27.13
Total	30.41	27.87

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

11. Fixed Assets

Description	Gross block (At Cost / Professional Valuation)				Depreciation				Net Block	
	As at January 1, 2016	Additions during the year	Deletions during the year	As at December 31, 2016	As at January 1, 2016	For the year	Transfer to retained earnings (Refer note 32)	Deletion	As at December 31, 2016	As at December 31, 2015
Buildings	82.77	-	-	82.77	13.89	1.34	-	-	67.54	68.88
Furniture and fixtures	45.19	-	-	45.19	34.97	8.76	-	-	1.46	10.22
Office equipments	18.68	3.06	-	21.74	10.72	5.07	-	-	5.95	7.96
Vehicles	1.25	-	-	1.25	0.20	0.12	-	-	0.93	1.05
TOTAL	147.89	3.06	-	150.95	59.78	15.29	-	-	75.88	88.11
Year ended December 31, 2015	146.55	1.39	0.05	147.89	42.48	15.71	1.64	0.05	88.11	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
12. Non-current investments		
(1) Un-quoted investments		
Trade		
In Subsidiary companies		
Equity shares (fully paid-up)		
(a) Rain Cements Limited	2,128.10	2,128.10
29,805,000 (December 31, 2015 : 29,805,000)		
Equity Shares of Rs. 10 each fully paid up		
(b) Rain Commodities (USA) Inc.		
20 (December 31, 2015 : 20) Common Stock at par		
value of US\$ 0.01 per share fully paid up	4.45	4.45
200,000 (December 31, 2015 : 20,000,000)		
Class B Redeemable Common Stock at par value of		
US\$ 100 (December 31, 2015: US\$ 1) per share fully paid up	902.80	902.80
(c) Rain CII Carbon (Vizag) Limited	13.00	13.00
1,000,000 (December 31, 2015 : 1,000,000)		
Equity Shares of Rs. 10 each fully paid up		
Preference shares (fully paid-up)		
(a) Rain Commodities (USA) Inc.		
97,800 (December 31, 2015 : Nil) Convertible Redeemable		
Preferred Series - B at par value US\$ 1,000 per share		
fully paid up (Refer note 34)	6,121.31	-
Total	9,169.66	3,048.35
Aggregate amount of quoted investments	-	-
Aggregate amount of un-quoted investments	9,169.66	3,048.35
Aggregate provision for diminution value of amount investments	-	-
13. Long-term loans and advances		
(Unsecured, considered good)		
(a) Loans and advances to related parties		
- Rain Commodities (USA) Inc. (refer note below)	4,416.75	2,971.58
Less: Current portion of long term loans and advances	1,019.25	318.38
	3,397.50	2,653.20
(b) Advance income tax [net of provision for tax		
Rs. 922.89 (December 31, 2015 Rs. 904.44)]	271.58	241.80
(c) Security deposits	0.95	0.55
Total	3,670.03	2,895.55

Note:

- A) The term loan of US\$ 20 Million (original amount), provided during the financial year ended December 31, 2014, carries interest of 6 months Libor plus 400 basis points. This loan is repayable by Rain Commodities (USA) Inc. as bullet payment on April 24, 2017.

(Contd.)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- B) The term loan of US\$ 20 Million, provided during the financial year ended December 31, 2015, carries interest of 3 months Libor plus 260 basis points. This loan is repayable by Rain Commodities (USA) Inc. as bullet payment on October 30, 2018.
- C) The term loan of US\$ 30 Million, provided during the current year, carries interest of 3 months Libor plus 425 basis points. This loan is repayable by Rain Commodities (USA) Inc. in quarterly instalments starting from December 2019.
- D) The loan was given for the purpose of making investment in subsidiaries outside India.

	As at December 31, 2016	As at December 31, 2015
14. Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, considered good	-	-
Other Trade receivables		
- Unsecured, considered good	13.22	5.81
Total	13.22	5.81
15. Cash and Bank balances		
Cash and cash equivalents		
Cash on Hand	-	-
Balances with banks		
- in current accounts	60.52	89.46
Other bank balances:		
- Balances held as margin money against guarantees and other commitments	18.12	-
- Unclaimed dividend accounts	38.22	36.56
Total	116.86	126.02
16. Short-term loans and advances		
(Unsecured, considered good)		
Current portion of long term loans and advances to related parties		
Subsidiary Companies: (Refer note 13)		
- Rain Commodities (USA) Inc.	1,019.25	318.38
Prepaid expenses	0.14	0.16
Balances with government authorities	2.55	1.55
Advance to employees	0.01	-
Others	0.08	1.24
Total	1,022.03	321.33
17. Other current assets		
Interest accrued on deposits	0.01	-
Interest accrued on loans	58.99	5.24
Total	59.00	5.24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
18. Revenue from operations		
Sale of carbon products (traded)		
- Green Petroleum Coke	285.74	775.57
Revenue from shared services	162.72	86.51
Total	448.46	862.08
19. Other income		
Interest income		
- Interest from banks on deposits	5.34	25.92
- Interest on loans and advances	183.47	101.01
Dividend income		
- from long-term investments (subsidiaries)	418.07	336.80
Gain on foreign currency transactions and translations	76.68	97.28
Miscellaneous income	0.09	0.01
Total	683.65	561.02
20. Employee benefits expense		
Salaries, wages and bonus	82.56	63.04
Contributions to provident and other funds (Refer note 28)	7.20	4.79
Total	89.76	67.83
21. Finance costs		
Interest expense on borrowings	186.70	110.36
Other borrowing costs	26.77	2.19
Net loss on foreign currency transactions and translations	87.03	122.88
Total	300.50	235.43

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
22. Other expenses		
Rent	1.94	1.80
Rates and taxes	2.45	2.13
Repairs and maintenance		
- Others	0.77	1.10
Insurance	0.21	0.26
Communication expenses	9.42	11.89
Travelling and conveyance	6.19	4.82
Printing and stationery	3.36	1.73
Advertisement	1.40	1.73
Legal and professional charges	7.40	8.38
Payments to auditors [Refer Note below]	4.73	3.94
Directors' sitting fees	3.50	4.58
Commission to directors	2.30	2.60
Donations and contributions (Refer note 35)	1.40	2.40
IT expenses	62.41	21.78
Miscellaneous expenses	4.03	1.28
Total	111.51	70.42

Note:

Payment to Auditors comprises (excluding Service Tax):

Statutory audit fees	1.90	1.90
Limited review fees	0.90	0.90
Other Services	0.21	0.15
Reimbursement of Expenses	1.72	0.99
Total	4.73	3.94

23. Tax expenses

Current Tax		
(i) Tax for current year	13.40	0.43
(ii) Tax relating to earlier years	7.74	4.53
(iii) Minimum alternate tax credit entitlement	-	-
Net current tax	21.14	4.96
Deferred Tax	-	-
Total	21.14	4.96

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

24. Contingent liabilities not provided for in respect of:

Particulars	As at December 31, 2016	As at December 31, 2015
Matters under dispute - Income Tax	165.82	156.89

25. Unhedged foreign currency exposure:

- (a) There are no outstanding forward exchange contracts as at the year end.
- (b) The following table analyzes foreign currency risk from financial instruments as at 31 December 2016 and 2015:

(All figures in equivalent Indian Rupees millions)

Particulars	As at December 31, 2016		
	USD	EURO	Total
Trade receivables	8.12	5.10	13.22
Term loans*	339.75	-	339.75

(All figures in equivalent Indian Rupees millions)

Particulars	As at December 31, 2015		
	USD	EURO	Total
Trade receivables	3.80	2.01	5.81
Term loans*	318.38	-	318.38

*net of advance given to subsidiary.

26. Earnings Per Share (EPS)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
a. Profit after tax	313.41	260.87
b. Weighted average number of equity shares of Rs.2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
Earnings per share		
c. Basic and Diluted - [a/b] - (Rs.)	0.93	0.78

27. The Company has entered into operating lease agreements for buildings and vehicles. The lease rentals of Rs. 0.30 (December 31, 2015 - Rs. 0.30), net of rent cost reimbursed by subsidiary companies amounting to Rs. 1.64 (December 31, 2015 - Rs. 1.50).

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

Particulars	As at December 31, 2016	As at December 31, 2015
Not later than 1 year	0.88	1.41
Later than 1 year and not later than 5 years	-	0.88
Beyond 5 years	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

28. Employee Benefits

a) Defined Contribution Plans

The Company has recognised the following amounts in Note 20 of the Statement of Profit and Loss:

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Provident fund	5.18	3.96
Superannuation fund	0.11	0.10
Total	5.29	4.06

b) Defined Benefit Plans - Gratuity

The following table sets forth the status of the Gratuity plan of the Company and the amounts recognized in the balance sheet and statement of profit and loss:

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Present value of funded obligation	7.29	5.83
Less: Fair Value of Plan Assets	(5.30)	(4.85)
Net Liability		
- Current	-	-
- Non current	1.99	0.98

Amounts recognised in Note 20 of Statement of Profit and Loss is as follows:

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Current service cost	0.56	0.40
Past service cost	-	-
Interest cost	0.49	0.42
Expected return on plan assets	(0.40)	(0.34)
Net actuarial loss	1.26	0.27
Total	1.91	0.75

Reconciliation of opening and closing balances of the present value of obligations:

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Opening defined benefit obligation	5.83	4.94
Current service cost	0.56	0.40
Past service cost	-	-
Interest cost	0.49	0.42
Actuarial loss	1.24	0.31
Benefits paid	(0.83)	(0.24)
Closing defined benefit obligation	7.29	5.83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Opening fair value of plan assets	4.85	4.23
Expected return on plan assets	0.40	0.34
Actuarial gain/ (Losses)	(0.02)	0.04
Contribution by employer	0.90	0.48
Benefits paid	(0.83)	(0.24)
Closing fair value of plan assets	5.30	4.85
Actual return on plan assets	0.38	0.38
Expected employer's contribution for next year	1.00	0.50

Major category of plan assets as a percentage to fair value of plan assets:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Insurer Managed Funds	100%	100%

Experience adjustments:

Particulars	Year ended				
	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Defined benefit obligations	3.22	3.56	4.94	5.83	7.29
Plan assets	2.84	3.54	4.23	4.85	5.31
Deficit	(0.38)	(0.02)	(0.71)	(0.98)	(1.98)
Experience adjustment on plan liabilities	(0.02)	0.06	0.24	0.14	0.55
Experience adjustment on plan assets	0.06	0.02	0.02	0.04	(0.02)

Principal actuarial assumptions used:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Discount rates	6.65%	7.85%
Expected rate of return on plan assets	7.50%	8.00%
Expected salary increase rates	7.00%	7.00%

The estimates of future salary increase considered in the actuarial valuation take into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

c) Defined Benefit Plans - Compensated absences

The following table sets forth the status of the compensated absences:

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Net Liability		
- Current	0.59	0.74
- Non current	2.93	2.24
Total	3.52	2.98
Amounts recognised in Note 20 of Statement of Profit and Loss	1.27	1.47

The principal actuarial assumptions used for the computation of defined plan equally apply to the computation of long term compensated absences and are accordingly considered in the estimation of the long term benefit.

29. Additional information to the financial statements:

(a) Particulars of revenue

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Carbon products	285.74	775.57
Revenue from services	162.72	86.51
Total	448.46	862.08

(b) Details of purchases of stock-in-trade

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Carbon products	280.50	767.88
Total	280.50	767.88

(c) CIF value of imports

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Carbon products	280.50	767.88
Total	280.50	767.88

(d) Expenditure in foreign currency

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Interest expense on borrowings	186.70	110.36
Demurrage Charges	-	0.44
Others	5.54	0.82

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

(e) Earnings in foreign currency

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
Interest on loans	183.47	94.14
Income from shared services	82.17	32.92
Dividend income from subsidiary	80.83	-

(f) Dividends remitted in foreign currency to non-resident shareholders

Particulars	Year ended December 31, 2016 Amount	Year ended December 31, 2015 Amount
	Interim Dividend	Interim Dividend
Number of shareholders	195	199
Number of shares held (face value of Rs.2/- each)	3,130,205	3,202,275
Year to which dividend relates	2016	2015
Amount of dividend remitted	3.13	3.20

30. Related Party Disclosures

a) Names of related parties and description of relationship:

Sl.No.	Relationship	Name
(i)	Subsidiaries	- Rain Cements Limited [RCL] - Rain Coke Limited [RCoke] - Renuka Cement Limited [RenCL] - Moonglow Company Business Inc [Moonglow] (merged w.e.f. April 1, 2015) - Rain Commodities (USA) Inc. [RCUSA] - Rain Global Services LLC [RGS] - RGS Egypt Limited Company LLC [RGS Egypt] - Rain Carbon Inc. [RCI] - Rain Global Holdings, LLC [RGH] (merged with RCI w.e.f. November 30, 2016) - Rain Carbon Holdings, LLC [RCH] - Rain CII Carbon (Vizag) Limited [RCCVL] - Rain CII Carbon LLC [RCC] - Rain CII Carbon Mauritius Limited [RCCML] (liquidated w.e.f. August 9, 2016) - CII Carbon Corp [CIICC] - Rain CTP Inc [Rain CTP] (merged with RCC w.e.f. November 30, 2016) - Rain RÜTGERS CTP LLC (RRCTP) - Rain Holdings Germany Gmbh (RainHG)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

a) Names of related parties and description of relationship (Contd.)

Sl.No.	Relationship	Name
		18. RÜTGERS Canada Inc. [RCan] 19. RÜTGERS Polymers Limited [RPL] 20. Handy Chemicals (USA) Ltd [HUSA] 21. RÜTGERS BVBA (formerly known as RÜTGERS NV [RNV]) 22. RÜTGERS Holdings Belgium BVBA [RHBVBA] 23. RÜTGERS Belgium BVBA (Formerly known as RÜTGERS Belgium NV [RBNV]) 24. VFT Trading BVBA (Formerly known as VFT Trading NV [VNV]) 25. VFT France SA [VFSA] 26. RÜTGERS Holdings Germany GmbH [RHGmbH] 27. RÜTGERS Wohnimmobilien GmbH & Co.KG 28. RÜTGERS Gewerbeimmobilien GmbH & Co.KG 29. RÜTGERS Germany GmbH [RGmbH] 30. RÜTGERS Aromatic Chemicals GmbH [RACGmbH] 31. RÜTGERS ChemTrade GmbH [RCTGmbH] 32. RÜTGERS Basic Aromatics GmbH [RBAGmbH] 33. RÜTGERS Poland SP Zoo [RPZ] 34. RÜTGERS InfraTec GmbH [RIGmbH] 35. RÜTGERS Novares GmbH [RNGmbH] 36. RÜTGERS Resins BV [RRBV] 37. OOO RÜTGERS Severtar [OOOSevertar] 38. Severtar Holding Ltd [Severtar] 39. Rumba Invest BVBA & Co. KG [Rumba] 40. RÜTGERS (Shanghai) Trading Co. Ltd.
(ii)	Associates/joint ventures of subsidiaries	1. Tarlog GmbH [Tarlog] 2. InfraTec Duisburg GmbH [IDGmbH]
(iii)	Enterprise where key managerial personnel along with their relatives exercise significant influence	1. Sujala Investments Private Limited 2. Rain Enterprises Private Limited 3. Nivee Holdings Private Limited 4. Arunachala Holdings Private Limited 5. PCL Financial Services Private Limited 6. Rain Entertainment Private Limited 7. Nivee Property Developers Private Limited 8. Pragnya Priya Foundation (PPF)
(iv)	Key managerial personnel	1. Mr. N. Jagan Mohan Reddy, Managing Director 2. Mr. T. Srinivasa Rao, Chief Financial Officer 3. Mr. S. Venkat Ramana Reddy, Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

**b) Transactions with related parties:
Year Ended December 31, 2016**

Nature of Transactions	Subsidiary Companies	Enterprise where Key Managerial Personnel along with their relatives exercise significant influence	Key Managerial Personnel	Balance outstanding To/(From)
Sales/Receivables				
- RCCVL	285.74	-	-	-
Revenue from Shared Services				
- RCCVL	28.34	-	-	-
- RCL	52.21	-	-	-
- RCC	25.24	-	-	(8.12)
- RÜTGERS	56.93	-	-	(5.10)
Loan given				
- RCUSA	2,018.70	-	-	(4,416.75)
Loan repaid				
- RCUSA	651.66	-	-	-
Interest Income				
- RCUSA	183.47	-	-	(58.99)
Remuneration to Key Managerial Personnel				
- N. Jagan Mohan Reddy	-	-	16.84	-
- T Srinivasa Rao	-	-	11.75	-
- S Venkat Ramana Reddy	-	-	3.61	-
Dividend paid	-	81.27	0.09	-
Donations given				
- PPF	-	1.40	-	-
Dividend Income received				
- RCL	268.24	-	-	-
- RCUSA	80.83	-	-	-
- RCCVL	69.00	-	-	-
Reimbursement of ocean freight and other expenses				
- RCC	46.37	-	-	-
Advance Received from Customer				
- RCCVL	65.00	-	-	65.00
Reimbursement of Payment made on behalf of				
- RCCVL	0.54	-	-	-
- RCL	0.47	-	-	-
Reimbursement of Payment made to the Subsidiary				
- RCCVL	15.28	-	-	-
Corporate Guarantee (released) / given on behalf of the Company by				
- RCL	2,054.82	-	-	3,397.50
- RCCVL	-	-	-	1,359.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

**c) Transactions with related parties:
Year Ended December 31, 2015**

Nature of Transactions	Subsidiary Companies	Enterprise where Key Managerial Personnel along with their relatives exercise significant influence	Key Managerial Personnel	Balance outstanding To/(From)
Sales/Receivables - RCCVL	775.57	-	-	-
Revenue from Shared Services - RCCVL - RCC - RCL - RÜTGERS	17.23 20.16 36.72 12.40	- - - -	- - - -	- (3.79) - (2.01)
Loan given - RCUSA	1,314.05	-	-	(2,971.58)
Loan repaid - RCUSA - RCL	566.97 336.83	- -	- -	- -
Interest Income - RCUSA - RCL	94.14 6.87	- -	- -	(5.24) -
Remuneration to Key Managerial Personnel - N. Jagan Mohan Reddy - T Srinivasa Rao - S Venkat Ramana Reddy	- - -	- - -	13.47 10.50 3.19	- - -
Dividend paid	-	81.27	0.09	-
Donations given - PPF	-	2.40	-	-
Dividend Income received - RCL	336.80	-	-	-
Reimbursement of ocean freight and other expenses - RCC	81.40	-	-	-
Sale of Investments - Rain Coke Limited	0.60	-	-	-
Purchase of investments - RCL	13.00	-	-	-
Reimbursement of Payment made to the Subsidiary - RCCVL	1.61	-	-	-
Corporate Guarantee (released) /given on behalf of the Company by - RCL - RCCVL	- 1,326.60	- -	- -	3,979.80 1,326.60

Also refer to note 34 for details of amalgamation during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

31. Segment Reporting

The segment results are included and presented on consolidated basis in accordance with the requirements of Accounting Standard - 17 "Segment Reporting".

32. Effective from 1 January 2015, the Management has internally reassessed and revised, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act 2013. Consequently, the carrying amount of tangible assets at 1 January 2015 is being depreciated over the revised remaining useful life of the tangible asset. The carrying value of Rs. 1.64 in case of assets with nil revised remaining useful life as at 1 January 2015 is set off against the surplus in the Statement of Profit and Loss. Further, had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended 31 December 2015 would have been lower by Rs. 12.03 and the profit before tax would have been higher by such amount.

33. Long-term loans and advances

Reconciliation of opening and closing balances of Loans and advances to related parties:

a) Loans to Rain Commodities (USA) Inc.

Amounts in US Dollars millions

Particulars	For the year ended December 31,	
	2016	2015
(a) As at the beginning of the financial year	44.80	33.60
(b) Given during the financial year	30.00	20.00
(c) Repaid during the financial year	9.80	8.80
(d) As at the end of the financial year	65.00	44.80

Amounts in US Dollars millions

Particulars	Balance as at December 31,		Maximum outstanding at any time during the year ended December 31,	
	2016	2015	2016	2015
Loan to Rain Commodities (USA) Inc.	65.00	44.80	74.80	48.80

b) Loans to Rain Cements Limited

Particulars	For the year ended December 31,	
	2016	2015
(a) As at the beginning of the financial year	-	336.83
(b) Given during the financial year	-	-
(c) Repaid during the financial year	-	336.83
(d) As at the end of the financial year	-	-

Particulars	Balance as at December 31,		Maximum outstanding at any time during the year ended December 31,	
	2016	2015	2016	2015
Loan to Rain Cements Limited	-	-	-	336.83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

34. Moonglow Company Business Inc., a step down wholly owned subsidiary and subsidiary of Rain Cements Limited, amalgamated with the Company, with effect from April 1, 2015 ("the appointed date"). The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh vide its order dated July 29, 2016 granted its approval for Scheme of Arrangement between Moonglow Company Business Inc. (Step down wholly owned subsidiary), Rain Industries Limited (Ultimate Holding Company), Rain Cements Limited (wholly owned subsidiary) and their respective Shareholders and Creditors in terms of the provisions of Section(s) 391 - 394 read with Section(s) 78, 100 to 103 of the Companies Act, 1956/ Companies Act, 2013 for amalgamation of Moonglow Company Business Inc., with Rain Industries Limited.

The Board of Directors of the Company have taken on record the order of the Hon'ble High Court at Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh at their meeting held on October 8, 2016 and e-Form INC-28 along with the Court order is filed with the Registrar of Companies, Hyderabad for the States of Telangana and Andhra Pradesh on October 20, 2016.

Accordingly, the Company has recorded the assets (Investment in Rain Commodities (USA) Inc. herein after referred to as RCUSA and Balances with banks) and liabilities (Trade payables) including reserves of the Moonglow Company Business Inc., at their historical book values under "Pooling of interest method" as specified in the Scheme, and as prescribed by Accounting Standard 14 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Therefore, the assets, liabilities and reserves of Moonglow Company Business Inc. as at April 1, 2015 has been taken over at its book values and in the same form.

Since Rain Cements Limited, the transferor company, was wholly owned by the Company, no shares were exchanged to effect the amalgamation and the consideration is nil. Consequently, the net assets acquired, less free reserves taken over, have been added to the Capital Reserve. The amalgamation has resulted in transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summarised values:

Particulars	Amount
Assets	
Investments in Preference shares of RCUSA (Refer note 12)	6,121.31
Balances with banks in current accounts	0.10
Less: Liabilities	
Trade payables	0.07
Total net assets acquired	6,121.34
Less: Deficit in statement of profit and loss taken over	(0.20)
Less: Foreign Currency translation reserve taken over	2,219.36
Balance transferred to Capital Reserve	3,902.18

35. As per section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The proposed areas for CSR activities, as per the CSR policy of the Company are promotion of education, rural development activities, medical facilities, employment and ensuring environmental sustainability which are specified in Schedule VII of the Companies Act, 2013.

Manner in which the amount is spent during the financial year:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Donations for scholarship for pursuing education*	1.40	2.40
Total	1.40	2.40

*The above amounts are spent by the way of contribution to Pragnya Priya Foundation.

36. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

Sriram Mahalingam
Partner
Membership number: 049642
Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

T. Srinivasa Rao
Chief Financial Officer
M.No. F29080

N. Sujith Kumar Reddy
Director
DIN: 00022383

S. Venkat Ramana Reddy
Company Secretary
M.No. A14143

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Rain Industries Limited Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Rain Industries Limited ("the Holding Company") and its subsidiaries (the Company and its subsidiaries together referred to as the 'Rain Group') and associates, which comprise the Consolidated Balance Sheet as at December 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that gives a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows of Rain Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in Rain Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of Rain Group and its associates for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account

the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub paragraph (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates as noted below, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In case of Consolidated Balance Sheet, of the consolidated state of affairs of Rain Group and its associates as at December 31, 2016.

Independent Auditor's Report on the Consolidated Financial Statements (Continued)

- ii) In case of the Consolidated Statement of Profit and Loss, of the consolidated profits for the year ended on that date; and
- iii) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

Other matters

- (a) We did not audit the financial statements of certain subsidiaries incorporated outside India, whose financial statements reflect total assets of ₹ 47,480 million and net assets of ₹ 23, 237 million) as at December 31, 2016, total revenues of ₹ 14,890 million and net cash outflows of ₹ 511 million for the year ended on that date, as considered in the Consolidated Financial Statements. The financial statements and other financial information of these subsidiaries incorporated outside India is drawn up in accordance with the generally accepted accounting principles of the respective countries and have been audited by other auditors qualified to act as auditors in those countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associates located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.
- (b) We did not audit the financial statements of certain subsidiaries and associates, whose financial statements reflect total assets of ₹ 65,519 million and net assets of ₹ 47,375 million as at December 31, 2016, total revenues of ₹ 56,547 million and net cash inflows of ₹ 2,401 million for the year ended on that date, and share of profit from associates of ₹ 41.53 million as considered in the Consolidated Financial Statements. These financial statements have been audited by the other auditors and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on the report of the other auditors.
- (c) We did not audit the financial statements of certain

subsidiaries, whose financial statements reflect total assets of ₹ 1,146 million and net assets of ₹ 768 million as at December 31, 2016, total revenues of ₹ 785 million for the year and net cash inflows amounting to ₹ 187 million ended on that date, as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management and our report on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to Rain Group.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and financial statements certified by the respective Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

Independent Auditor's Report on the Consolidated Financial Statements *(Continued)*

- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of any such companies are disqualified as on December 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report 'Annexure A'; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph;
- (i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of Rain Group and its associates- Refer Note 30.1 to the Consolidated Financial Statements.
 - (ii) Rain Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended December 31, 2016 and
 - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by Rain Group, wherever applicable during the year ended December 31, 2016.

for B S R & Associates LLP

Chartered Accountants

Firm Registration Number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: February 23, 2017

Annexure-A to the Independent Auditors' Report of even date to the members of Rain Industries Limited ('the Holding Company') on the Consolidated Financial Statements for the year ended December 31, 2016.**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of Holding Company and its subsidiary companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and subsidiary companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure-A to the Independent Auditors' Report on the Consolidated Financial Statements (Continued)**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2016, based on the internal control over financial reporting criteria established by the Company, considering the essential

components of internal controls stated in the Guidance Note.

Other Matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which is incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

for B S R & Associates LLP

Chartered Accountants

Firm Registration Number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: February 23, 2017

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2016

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Notes	As at	
		December 31, 2016	December 31, 2015
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	672.69	672.69
(b) Reserves and surplus	4	29,470.83	28,702.32
Total shareholders' fund		30,143.52	29,375.01
2. Minority interest		715.56	24.17
3. Non-current liabilities			
(a) Long-term borrowings	5	69,756.10	71,323.11
(b) Deferred tax liability (net)	6	2,833.07	3,843.72
(c) Other long-term liabilities	7	628.37	715.28
(d) Long-term provisions	8	8,214.17	7,276.52
Total Non-current liabilities		81,431.71	83,158.63
4. Current liabilities			
(a) Short-term borrowings	9	1,819.34	2,594.24
(b) Trade payables			
(i) total outstanding dues to micro and small enterprises	10	10.78	16.68
(ii) total outstanding dues to other than micro and small enterprises	10	7,819.96	10,211.25
(c) Other current liabilities	11	6,976.36	6,324.22
(d) Short-term provisions	12	1,362.02	1,525.85
Total Current liabilities		17,988.46	20,672.24
TOTAL		130,279.25	133,230.05
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	30,696.50	28,084.71
(ii) Intangible assets	13	58,424.00	57,313.10
(iii) Capital work-in-progress		2,352.40	4,108.43
(b) Non-current investments	14	99.20	58.77
(c) Deferred tax asset (net)	6	2,158.86	2,786.11
(d) Long-term loans and advances	15	634.00	1,556.06
(e) Other non-current assets	16	51.33	1.86
Total Non-current assets		94,416.29	93,909.04
2. Current assets			
(a) Current investments	17	-	135.62
(b) Inventories	18	12,678.06	16,209.90
(c) Trade receivables	19	10,637.24	11,968.17
(d) Cash and bank balances	20	10,490.81	8,604.61
(e) Short-term loans and advances	21	1,997.09	2,313.13
(f) Other current assets	22	59.76	89.58
Total Current assets		35,862.96	39,321.01
TOTAL		130,279.25	133,230.05

Corporate information 1

Significant accounting policies and Notes to Accounts 2-30

The accompanying notes are an integral part of the consolidated financial statements

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/ W-100024

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

T. Srinivasa Rao
Chief Financial Officer
Membership No. F29080

N. Sujith Kumar Reddy
Director
DIN: 00022383

S. Venkat Ramana Reddy
Company Secretary
Membership No. A14143

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2016**

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Notes	For the year ended December 31, 2016	For the year ended December 31, 2015
1. Revenue from operations			
Revenue from operations (gross)	23	95,526.94	104,506.13
Less: Excise duty		2,362.94	2,320.82
Revenue from operations (net)		93,164.00	102,185.31
Other income	24	1,214.09	796.36
Total revenue		94,378.09	102,981.67
2. Expenses			
Cost of materials consumed		27,737.33	30,169.96
Purchases of stock-in-trade		15,265.45	22,893.43
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	914.34	(173.53)
Employee benefits expense	26	9,706.87	9,610.54
Finance costs	27	6,001.87	5,964.47
Depreciation and amortisation expense	13	3,461.39	3,278.16
Other expenses	28	26,002.92	26,192.90
Total expenses		89,090.17	97,935.93
3. Profit before exceptional items, tax, share of (profit)/loss of associates and minority interest (1-2)		5,287.92	5,045.74
4. Exceptional Items	30.13	1,370.40	60.91
5. Profit before tax, share of (profit)/loss of associates and minority interest (3-4)		3,917.52	4,984.83
6. Tax expense	29	1,647.95	1,962.08
7. Profit after tax and before share of (profit)/loss of associates and minority interest (5-6)		2,269.57	3,022.75
8. Share of (profit) / loss of associates		(41.53)	6.50
9. Minority interest		63.83	(217.14)
10. Profit for the year (7-8-9)		2,247.27	3,233.39
Earnings per share (Face value of Rs. 2/- each)			
Basic and Diluted (Rs.)	30.4	6.68	9.61
Corporate information	1		
Significant accounting policies and notes to accounts	2-30		

The accompanying notes are an integral part of the consolidated financial statements**For and on behalf of the Board of Directors**

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/ W-100024

Sriram Mahalingam
Partner
Membership number: 049642
Place: Hyderabad
Date : February 23, 2017

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Membership No. F29080

N. Sujith Kumar Reddy
Director
DIN: 00022383

S. Venkat Ramana Reddy
Company Secretary
Membership No. A14143

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
A. Cash flow from operating activities		
Profit before taxation	3,917.52	4,984.83
Adjustments for :		
Depreciation and amortisation expense	3,461.39	3,278.16
(Profit)/Loss on sale of fixed assets (net)	(13.11)	17.85
Income on redemption of senior secured notes	(469.50)	(113.59)
Interest and other borrowing costs	5,866.54	5,763.00
Interest income	(137.95)	(174.37)
Dividend income from current investments	(9.17)	(9.66)
Provision for inventories	122.63	10.55
Liabilities / provisions no longer required written back	(67.58)	(85.15)
Provision for doubtful debts and advances	75.50	146.84
Provision for litigation	-	428.80
Foreign exchange (gain) / loss, net	(278.41)	288.78
	<u>8,550.34</u>	<u>9,551.21</u>
Operating profit before working capital changes	12,467.86	14,536.04
Adjustments for :		
Inventories	3,615.68	(1,072.83)
Trade receivables	1,453.55	1,443.22
Loans and advances and other assets	295.18	689.65
Trade payables, other current liabilities and provisions	(910.59)	(1,646.89)
	<u>4,453.82</u>	<u>(586.85)</u>
Cash generated from operations	16,921.68	13,949.19
Income taxes paid, net	(3,036.61)	(1,566.87)
Net cash from operating activities	<u>13,885.07</u>	<u>12,382.32</u>
B. Cash flow from investing activities		
Purchase of fixed assets, including capital advances	(3,085.99)	(4,987.06)
Proceeds from sale of fixed assets	36.32	48.16
Advance received for sale of fixed assets	-	8.50
Other advances received	-	264.40
Purchase of long term investments	(0.04)	(0.03)
Proceeds from sale of investments	135.62	59.76
Bank deposits and other bank balances	(269.70)	(480.19)
Interest received	132.82	174.18
Dividends received on current investments	9.17	9.66
Net cash used in investing activities	<u>(3,041.80)</u>	<u>(4,902.62)</u>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)**

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
C. Cash flow from financing activities		
Redemption of preference shares	(1.35)	-
Proceeds from long-term borrowings	2,108.62	4,061.03
Repayment of long-term borrowings	(3,713.50)	(4,809.79)
Repayment of short-term borrowings	(837.29)	(987.18)
Sales tax deferment paid	(48.70)	(46.40)
Interest and other borrowing costs paid	(5,900.13)	(5,766.81)
Dividend paid (including tax on dividend)	(505.87)	(404.91)
Net cash used in financing activities	(8,898.22)	(7,954.06)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,945.05	(474.36)
Cash and cash equivalents - opening balance	7,517.98	8,400.66
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	(250.91)	(408.32)
Cash and cash equivalents - closing balance (Refer Note (ii) below)	9,212.12	7,517.98

Notes:

- (i) The above consolidated cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.
- (ii) Reconciliation of Cash and Cash equivalents with the Balance Sheet :

	As at December 31, 2016	As at December 31, 2015
Cash and Cash equivalents - Closing Balance	9,212.12	7,517.98
Add: Other bank balances	1,278.69	1,086.63
Cash and Bank balances - Closing Balance (Refer Note 20)	10,490.81	8,604.61

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/ W-100024

Sriram Mahalingam
Partner
Membership number: 049642
Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
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Chief Financial Officer
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N. Sujith Kumar Reddy
Director
DIN: 00022383

S. Venkat Ramana Reddy
Company Secretary
Membership No. A14143

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Corporate Information

Rain Industries Limited ("RIL" or "the Company" or the "Parent Company") was incorporated on March 15, 1974 under the Companies Act, 1956. The Company along with its subsidiaries ("the Group" or "Rain Group") is engaged in the business of manufacture and sale of Carbon Products, Chemicals and Cement.

Carbon Products include Calcined Petroleum Coke ("CPC"), Coal Tar Pitch ("CTP"), Green Petroleum Coke ("GPC"), Energy produced through Waste-heat recovery and other derivatives of Coal Tar distillation including Creosote Oil, Naphthalene, Phthalic Anhydride, Carbores and others. Chemicals Products include Resins, Modifiers, Superplasticizers, Aromatic Chemicals, and others. The manufacture and sales of Cement has been classified as Cement.

Rain Group has operations in India, Belgium, Canada, Egypt, Germany, the Netherlands, Poland, Russia and the United States of America.

Note 2: Significant Accounting Policies

(a) Basis of preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP). Indian GAAP comprises Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI) (Collectively referred to as "IGAAP"). The consolidated financial statements are presented in Indian Rupees Millions. The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

(b) Use of estimates

The preparation of the consolidated financial statements in conformity with the Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made. Estimates, assumptions and judgments are reviewed on an ongoing basis.

(c) Current and non current classification

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- i. It is expected to be realised in, or is intended for sale or consumption in the Group's normal operating cycle;
- ii. It is held primarily for the purpose of being traded;
- iii. It is expected to be realised within 12 months after the reporting date; or
- iv. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- i. It is expected to be settled in the Group's normal operating cycle;
- ii. It is held primarily for the purpose of being traded;
- iii. It is due to be settled within 12 months after the reporting date; or
- iv. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's operating cycle is within a period of 12 months.

(d) Principles of consolidation

The Consolidated Financial Statements of the Group have been prepared in accordance with Accounting Standard 21 (AS-21) - "Consolidated Financial Statements" and Accounting Standard 23 (AS-23) - "Accounting for Investments in Associates in Consolidated Financial Statements".

The Financial Statements of the subsidiaries and associates used in consolidation are drawn upto the same reporting date as that of the Parent Company i.e. year ended December 31, 2016.

The consolidated financial statements have been prepared on the following basis:

- i) The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses unless cost cannot be recovered.
- ii) The Consolidated Financial Statements include the share of profit/loss of the associate companies which have been accounted for using equity method as per AS-23. Accordingly, the share of profit/loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to/deducted from the cost of investments.
- iii) The excess of cost to the Group of its investments in the subsidiary companies, over its share of equity of the subsidiary companies, at the date on which the investments are made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements and included under the head 'Fixed Assets'. Such Goodwill is not amortised and is tested for impairment at the end of each financial year. Alternatively, where the share of equity in the subsidiary, as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' and included under the head 'Reserves and Surplus', in the Consolidated Financial Statements.
- iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments in the subsidiary companies were made and further movements in their share in the profit/loss, subsequent to the dates of Investments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Companies considered in the consolidated financial statements along with Rain Industries Limited are:

Sl. No.	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2016	December 31, 2015
1	Rain Cements Limited (RCL)	Subsidiary	India	100	100
2	Rain Commodities (USA) Inc. (RCUSA)	Subsidiary	United States of America (USA)	100	100
3	Rain Coke Limited (RCOKE)	Subsidiary of RCL	India	51	51
4	Moonglow Company Business Inc. (Moonglow)	Subsidiary of RCL	British Virgin Island	-*	100
5	Renuka Cement Limited (RenCL)	Subsidiary of RCL	India	100	100
6	Rain Carbon Inc. (RCI)	Subsidiary of RCUSA	USA	100	100
7	Rain Global Holdings, LLC (RGH)	Subsidiary of RCI	USA	-**	100
8	Rain Carbon Holdings, LLC (RCH)	Subsidiary of RGH (Upto November, 2016) Subsidiary of RCI (from November, 2016)	USA	100	100
9	Rain Global Services LLC (RGS)	Subsidiary of RCUSA	USA	100	100
10	RGS Egypt Limited Company LLC (RGS Egypt)	Subsidiary of RGS	Egypt	51	51
11	Rain CII Carbon (Vizag) Limited (RCCVL)	Subsidiary of RCH	India	100	100
12	Rain CII Carbon LLC (RCC)	Subsidiary of RCH	USA	100	100
13	CII Carbon Corp. (CIICC)	Subsidiary of RCC	USA	100	100
14	Rain CII Carbon Mauritius Limited (RCCML)	Subsidiary of RCC	Mauritius	-***	100
15	Rain CTP Inc. (Rain CTP)	Subsidiary of RCC	USA	-****	100
16	Rain RÜTGERS CTP LLC (RRCTP)	Subsidiary of RCI	USA	100	100
17	Rain Holding Germany GmbH (RainHG) [#]	Subsidiary of RCC	Germany	100	100
18	RÜTGERS BVBA (RBVBA) [formerly RÜTGERS N.V. (RNV)] [#]	Subsidiary of RainHG	Belgium	100	100
19	Handy Chemicals (U.S.A.) Ltd. (HUSA) [#]	Subsidiary of RCC	USA	100	100
20	RÜTGERS Canada Inc. (RCan) [#]	Subsidiary of RCC	Canada	100	100
21	RÜTGERS Polymers Ltd. (RPL) [#]	Subsidiary of RCC	Canada	100	100
22	RÜTGERS Holding Belgium BVBA (RHBVBA) [^]	Subsidiary of RainHG & RBVBA	Belgium	100	100
23	RÜTGERS Belgium BVBA (RBBVBA) [formerly RÜTGERS Belgium N.V. (RBNV)]	Subsidiary of RHBVBA	Belgium	100	100
24	RÜTGERS Holding Germany GmbH (RHGmbH)	Subsidiary of RainHG	Germany	100	100

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Sl. No.	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2016	December 31, 2015
25	RÜTGERS Wohnimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
26	RÜTGERS Gewerbeimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
27	VFT Trading BVBA (VBVBA) [formerly VFT Trading N.V. (VNV)]	Subsidiary of RBBVBA	Belgium	100	100
28	VFT France S.A (VFSA)	Subsidiary of RBBVBA	France	100	100
29	Rumba Invest BVBA & Co. KG (Rumba)	Subsidiary of RHGmbH	Germany	94.9	94.9
30	RÜTGERS Germany GmbH (RGmbH)	Subsidiary of RHGmbH	Germany	99.7	99.7
31	RÜTGERS Aromatic Chemicals GmbH (RACGmbH)	Subsidiary of RGmbH	Germany	100	100
32	RÜTGERS InfraTec GmbH (RIGmbH)	Subsidiary of RGmbH	Germany	100	100
33	RÜTGERS ChemTrade GmbH (RCTGmbH)	Subsidiary of RGmbH	Germany	100	100
34	RÜTGERS Basic Aromatics GmbH (RBAGmbH)	Subsidiary of RGmbH	Germany	100	100
35	RÜTGERS Novares GmbH (RNGmbH)	Subsidiary of RGmbH	Germany	100	100
36	RÜTGERS Poland Sp. z o.o (RPZ)	Subsidiary of RBAGmbH	Poland	100	100
37	Severtar Holding Ltd. (Severtar)	Subsidiary of RHGmbH	Cyprus	65.3	65.3
38	RÜTGERS Resins BV (RRBV)	Subsidiary of RNGmbH	The Netherlands	100	100
39	OOO RÜTGERS Severtar (OOOSevertar)	Subsidiary of Severtar	Russia	65.3	65.3
40	InfraTec Duisburg GmbH (IDGmbH)	Investment in Associates by RGmbH	Germany	30	30
41	Tarlog GmbH (Tarlog)	Investment in Associates by RIGmbH	Germany	50	50
42	RÜTGERS (Shanghai) Trading Co. Ltd.	Subsidiary of RGmbH	China	100	100

* merged with RIL during the year.

** merged with RCI during the year.

*** dissolved during the year.

**** merged with RCC during the year.

Subsidiary of Rain CTP upto November, 2016.

^ Subsidiary of Rain CTP and RNV upto November, 2016.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Revenue Recognition

Revenue on sale of products is recognised at the time of transfer of significant risks and rewards in/control of the goods to customers to the extent that it is probable that economic benefits will flow to the Group. Transfer of significant risks and rewards occurs at the time of dispatch of goods or at the time the customer obtains control i.e. the Customer has the ability to direct the use of and obtain substantially all the remaining benefits from the goods. Sales are inclusive of excise duty, but excludes sales tax, value added tax and trade discounts as applicable.

Revenue from sale of carbon products include sale of co-generated energy which is recorded exclusive of electricity duty payable to Government authorities and recognised in accordance with contract terms.

Revenue from services rendered is recognised when the related services are performed in accordance with contract terms.

Revenue which arise from the Group's operating activities, principal or ancillary, but which are not arising from sale of products/services rendered are included as other operating revenue.

Income from sale of Certified Emission Reduction (CER's) are recognised on conclusion of CER sale to ultimate buyers.

Rental income is recognised on a time-apportioned basis in accordance with the underlying substance of the relevant contract.

(f) Other Income

Interest income is recognised using the time proportion method, based on the underlying interest rates. Dividend income is recognised when the Group's right to receive dividend is established.

(g) Tangible Assets and Depreciation

Fixed Assets are stated at cost/professional valuation less accumulated depreciation and impairment losses. Cost includes freight, installation cost, duties and taxes, interest on specific borrowings utilised for financing the qualifying fixed assets and other incidental expenses. Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under long-term loans and advances as capital advances. Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress.

Depreciation on all the tangible fixed assets is provided using the straight-line method based on the useful life of the assets as prescribed by Schedule II to the Companies Act, 2013 except as mentioned below:

- a) In respect of Rain Cements Limited, Plant and machinery is depreciated based on the technical evaluation and assessment. The Management believes that the useful lives adopted (3 - 15 years) by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.
- b) In respect of Rain CII Carbon (Vizag) Limited, the Management is using the remaining leasehold period of land for calculating depreciation for plant and equipment and buildings, as the assets are constructed over leasehold land.

When parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of the fixed asset.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The cost of land used for mining is amortised over the estimated period of mining rights granted and leasehold land is amortised over the lease period.

Individual assets costing rupees five thousand or below are fully depreciated in the year of acquisition and put to use.

Gains and losses on disposal of tangible assets are determined as the difference between net sales proceeds and the carrying amount, and are presented in the Consolidated Statement of Profit and Loss.

(h) Intangible Assets (other than goodwill on consolidation) and Amortisation

Intangible assets are recorded at the consideration paid for acquisition including any import duties and other applicable taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), and any directly attributable expenditure in making the asset ready for its intended use.

Intangible assets are amortised on a systematic basis over the best estimate of their useful lives, commencing from the date the asset is available to the Group for its use.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Gains or losses arising from the disposal of intangible assets are recognised in the Consolidated Statement of Profit and Loss.

(i) Impairment of assets

All fixed assets including Goodwill and other intangible assets are assessed for any indication of impairment at the end of each financial year. For assets in respect of which any such indication exists the recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost as per requirement of Accounting Standard 28 (AS 28) "Impairment of Assets".

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is recognised in the Consolidated Statement of Profit and Loss in the respective financial years, if the carrying amount of the assets or CGU exceeds its recoverable amount.

(j) Inventories

Inventories are valued at lower of cost and net realisable value. Raw material cost is computed on the basis of weighted average cost per unit of measurement after providing for obsolescence, if any. Finished goods and work in progress are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises material, labour and applicable overhead expenses. Stores and spares are valued at cost determined on weighted average basis or below.

Traded goods are valued at lower of weighted average cost and net realisable value.

(k) Foreign Currency Transactions and Balances

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing on the balance sheet date. The resultant gain/loss upon such restatement along with the gain/loss on account of

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

foreign currency transactions are accounted in the Consolidated Statement of Profit and Loss.

All subsidiaries of the Group are in the nature of non-integral operations in terms of Accounting Standard 11, "The effects of changes in foreign exchange rates". All monetary and non monetary assets and liabilities are translated at the rate prevailing on the balance sheet date. All revenue and expense transactions during the year are reported at an average rates. The resultant translation adjustment is reflected as 'Foreign Currency Translation Reserve' and included under Reserves and Surplus.

Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non integral foreign operation are accumulated in a foreign currency translation reserve in the Group's financial statements. Such exchange differences are recognized in the Statement of Profit and Loss in the event of disposal of the net investment.

(l) Investments

Non-current investments are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments. Current investments are carried at the lower of cost and fair value.

(m) Employee Benefits

Defined contribution plans

Contributions paid/payable under defined contribution plans are recognised in the Consolidated Statement of Profit and Loss each year. The Group makes the contributions and has no further obligations under the plan beyond its contributions.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss in the period in which they occur. Past service cost to the extent that the benefits are already vested is recognised immediately and the balance service cost is amortised on a straight line basis over the average service period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes. All actuarial gains and losses arising during the year are recognised in the Consolidated Statement of Profit and Loss.

Other long-term employee benefits

Other long term employee benefits comprise compensated absences which is provided based on an actuarial valuation carried out in accordance with AS-15 "Employee Benefits" at the end of the year.

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(n) Segment Reporting

The Group has considered business segment as the primary segment for reporting. The products considered as business segment are:

- | Carbon Products
- | Chemicals

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

l Cement

The above business segments have been identified based on the nature of products, risks and return, organisation structure and internal financial reporting.

The geographical segments considered for disclosures are:

- l Sales within India – represents sales made to customers located within India.
- l Sales outside India – represents sales made to customers located outside India.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the respective segment.

(o) Leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on accrual basis.

Profit or loss on sale and lease back arrangements resulting in operating leases are recognised, in case the transaction is established at fair value, else the excess over the fair value is deferred and amortised over the period for which the asset is expected to be used.

(p) Derivative Instruments and Hedge Accounting

The Group uses foreign exchange forward contracts, option contracts and swap contracts (derivatives) to mitigate its risk of changes in foreign currency exchange rates and does not use them for trading or speculative purposes.

The premium or discount on foreign exchange forward contracts is amortised as income or expense over the life of the contract. The exchange difference is calculated and recorded in accordance with AS-11 (revised) in the Consolidated Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such a forward contract is recognised in the Consolidated Statement of Profit and Loss. The changes in the fair value of foreign currency option and swap contracts are recognised in the Consolidated Statement of Profit and Loss as they arise. Fair value of such option and swap contracts is determined based on the appropriate valuation techniques considering the terms of the contract.

The Group has designated certain foreign currency loans availed as a hedging instrument to hedge its net investment in non-integral foreign operations, with effect from January 1, 2009. Accordingly, the translation gain/(loss) on such foreign currency loans, determined as an effective net investment hedge is recognised in Foreign Currency Translation Reserve (FCTR) included under Reserves and Surplus and would be transferred to the Consolidated Statement of Profit and Loss upon sale or disposal of the investment in the non-integral foreign operations.

(q) Earnings Per Share

The earnings considered in ascertaining the Group's Earnings Per Share (EPS) comprise net profit after tax (and includes the post tax effect of any extra ordinary items). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

(r) Tax Expense

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods subject to consideration of prudence. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is a virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets and liabilities have been measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and deferred tax liabilities are off-set when there is legally enforceable right to set off the assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by same governing taxation laws.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Consolidated Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(s) Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

(t) Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated.

Cash and Cash equivalents for the purpose of cash flow comprises of cash at bank and in hand and short term investments with an original maturity of three months or less.

(u) Provisions and Contingencies

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes to the consolidated financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which change occurs.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016		As at December 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
Note 3: Share capital				
Authorized:				
Equity Shares of Rs. 2 each	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of Rs. 100 each	4,900,000	490.00	4,900,000	490.00
TOTAL	594,900,000	1,670.00	594,900,000	1,670.00
Issued, subscribed and paid up				
Equity Shares of Rs. 2 each	336,345,679	672.69	336,345,679	672.69
TOTAL	336,345,679	672.69	336,345,679	672.69

Notes:

- (i) **Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:**

Particulars	For the year ended December 31, 2016		For the year ended December 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Add: Issued during the year	-	-	-	-
As at end of the year	336,345,679	672.69	336,345,679	672.69

- (ii) **Rights, preferences and restrictions attached to the equity shares**

The Company has only one class of equity shares having a par value of Rs. 2 each per share. Each holder of equity shares is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. However, in case of interim dividend the profits are distributed based on approval of Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

The Board of Directors of the Company at their meeting held on August 13, 2016, had declared an Interim Dividend of Rs. 1/- per Equity Share i.e. 50% on face value of Rs. 2/- per Equity Share fully paid up for the financial year ending December 31, 2016 (31 December 2015: Rs. 1/-) and no further dividend has been recommended for the said year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

(iii) Shareholders holding more than 5% of the equity shares

Name of the Shareholder	As at December 31, 2016		As at December 31, 2015	
	Number of Shares	%	Number of Shares	%
Sujala Investments Pvt. Limited	37,766,675	11.23	37,766,675	11.23
ICICI Prudential (including all managed funds)	16,882,168	5.02	20,895,550	6.21
Reliance Capital Trustee Co. Ltd (including all managed funds)	15,540,944	4.62	19,914,985	5.92
Rain Enterprises Pvt Ltd	25,316,465	7.53	25,316,465	7.53
N. Anupama Reddy	27,152,351	8.07	27,152,351	8.07
Meghamala Enterprises Private Limited	17,403,110	5.17	17,403,610	5.17
Pabrai Investment Fund 3, Ltd	16,254,715	4.83	17,469,468	5.19

(iv) There are no shares issued pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date.

(v) Equity shares bought back during the last five years:

	As at December 31, 2016	As at December 31, 2015
	Number of Shares	Number of Shares
Aggregate no. of shares [Refer Notes (a) to (c) below]	13,137,302	17,827,216

Note:

- 5,310,086 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from January 1, 2012 to March 29, 2012.
- 2,471,293 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from October 22, 2012 to December 31, 2012.
- 5,355,923 equity shares of Rs. 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the period from January 1, 2013 to March 31, 2013.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
Note 4: Reserves and surplus		
(a) Capital reserve		
Opening balance	43.98	37.47
Add: Transferred from Minority interest	-	6.51
Closing balance	<u>43.98</u>	<u>43.98</u>
(b) Capital redemption reserve	47.66	47.66
(c) Securities premium account	516.67	516.67
(d) General reserve		
Opening balance	1,255.69	990.69
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	77.01	265.00
Closing balance	<u>1,332.70</u>	<u>1,255.69</u>
(e) Foreign currency translation reserve		
Opening balance	(661.20)	2,120.54
Add: Movement during the year	(1,071.96)	(2,781.74)
Closing balance	<u>(1,733.16)</u>	<u>(661.20)</u>
(f) Surplus in Consolidated statement of Profit and Loss		
Opening balance	27,499.52	25,072.11
Add: Profit for the year	2,247.27	3,233.39
Less: Interim dividend (Refer note 3(ii))	336.35	336.35
Tax on dividend (Refer note below)	54.61	183.46
Transfer to general reserve	77.01	265.00
Depreciation as per transitional provisions of Companies Act, 2013 net of deferred tax (Refer note 30.15)	-	21.17
Additional depreciation on account of component accounting	15.84	-
Closing balance	<u>29,262.98</u>	<u>27,499.52</u>
TOTAL	<u>29,470.83</u>	<u>28,702.32</u>

Note: As at December 31, 2015 tax on dividend includes Rs. 114.91 relating to the final dividend declared by the subsidiary Rain CII Carbon (Vizag) Limited subsequent to the balance sheet date.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
Note 5: Long-term borrowings		
A. Term loans		
From banks [Refer note (i) to (iv)]		
- Secured	8,089.69	7,760.20
From other parties		
- Unsecured [Refer note (v)]	795.63	603.49
Less: Current maturities of Long-term borrowings disclosed under Note 11 - Other current liabilities	2,780.65	1,886.54
	6,104.67	6,477.15
B. Senior secured notes [Refer note (vi)]		
8.25% Senior secured notes (due for repayment in January 2021)	22,807.41	23,598.88
8.50% Senior secured notes (due for repayment in January 2021)	14,213.10	15,226.12
8.00% Senior secured notes (due for repayment in December 2018)	25,334.48	24,730.15
	62,354.99	63,555.15
C. Deferred payment liabilities		
- Unsecured [Refer note (vii)]	757.92	806.56
Less: Current maturities of Long-term borrowings disclosed under Note 11 - Other current liabilities	28.86	47.10
	729.06	759.46
D. Finance lease obligations		
- Secured [Refer note (viii)]	524.90	637.27
Less: Current maturities of Long-term borrowings disclosed under Note 11 - Other current liabilities	108.15	105.92
	416.75	531.35
E. Debentures (Unsecured) [Refer note (ix)]	150.63	-
Total [A+B+C+D+E]	69,756.10	71,323.11

Notes:

(i) Term loan with the original amount of US\$ 40 Million borrowed from IDBI Bank Limited, DIFC Branch, Dubai branch is secured by a pari passu:

- First charge on all immovable and movable properties present and future of the Company and Rain Cements Limited, a wholly owned subsidiary; and
- Second charge on all current assets of the Company and Rain Cements Limited, a wholly owned subsidiary Company. It carries interest of 3 months Libor plus 400 basis points. Of the original amount of US\$ 40 Million borrowed, last installment for 24% of original amount was due on April 1, 2016 and was completely repaid.

Term loan of US\$ 20 Million borrowed from IDBI Bank Limited, DIFC Branch, Dubai branch, during the year ended December 31, 2014, is secured by a pari passu first charge on all immovable and movable properties present and future of Rain Cements Limited, a wholly owned subsidiary Company.

The loan has a bullet repayment on April 28, 2017. It carries interest of 6 months Libor plus 350 basis points.

Term loan of US\$ 20 Million borrowed from Citi Bank, NA Nassau, Bahamas branch, in the previous year is secured by:

- Pari passu first charge on movable assets of the Company including current assets of the Company.
- First Ranking exclusive charge and Hypothecation over designated account No.0037315052 maintained by the Company with Citibank.
- First ranking exclusive pledge on 1,000,000 equity shares held by the Company in Rain CII Carbon (Vizag) Limited, a wholly owned step-down subsidiary Company.

The loan has a bullet repayment on October 31, 2018. It carries interest of 3 months Libor plus 235 basis points.

Term loan of US\$ 30 Million borrowed from IDBI Bank Limited, DIFC branch, Dubai during the current year ended December 31, 2016, is secured by a pari passu first charge on all immovable and movable properties present and future of Rain Cements

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- Limited, a wholly owned subsidiary Company. The loan has been sanctioned vide credit facilities agreement dated February 20, 2016 between the Company, Rain Cements Limited and IDBI Bank Limited, DIFC branch, Dubai. It is repayable in 10 quarterly instalments starting from December 2019 and carries interest of 3 months Libor plus 400 basis points.
- (ii) Term loan A with original amount of US\$ 20 Million availed from ICICI Bank Limited, New York Branch by Rain Commodities (USA) Inc. ("RCUSA") is secured by:
- Pari passu first charge on all movable fixed assets of RCUSA and first charge on the Debt Service Reserve Account balance of RCUSA; and
 - Guarantee from Rain Cements Limited.
- This loan is repayable in four equal annual installments starting from March 2014. This loan carries interest of 3 month Libor plus 500 basis points.
- Term loan B with original amount of US\$ 20 Million availed from ICICI Bank Limited, New York Branch by RCUSA is secured by:
- Pari passu first charge on all movable fixed assets of RCUSA and first charge on the Debt Service Reserve Account balance of RCUSA;
 - Guarantee from Rain Carbon Holdings, LLC; and
 - Pledge of 14.6% of membership interest in Rain CII Carbon LLC ("RCC") by Rain Carbon Holdings, LLC.
- This loan is repayable in four equal annual installments starting from March 2014. This loan carries interest of 3 month Libor plus 600 basis points.
- (iii) Term loan of US\$40 Million availed by Rain CII Carbon LLC (RCC) is secured by the fixed assets of the company. It carries interest of 2.1% and is repayable in 84 monthly instalments commencing from January 2016.
- (iv) Term loan availed from European Bank for Reconstruction and Development by OOO RÜTGERS Severtar ("OOOSevertar") is secured by:
- Senior charge on all assets of the OOOSevertar; and
 - Guarantee from certain group companies, until completion of the project in Russia.
- The loan is repayable in 16 equal quarterly instalments starting from July 2014. This loan carries interest of 3 months LIBOR plus 400 basis points.
- (v) Term loan from others includes loan taken by OOO Severtar from OAO Severstal at fixed interest rate of 8.00% with bullet repayment in December 2018.
- (vi) The Senior secured notes of RCC are secured by substantially all of the RCC's assets in the USA and are guaranteed by RCC's subsidiaries in the USA on a joint and several basis.
- (vii) Deferred payment liabilities include interest free sales tax deferment liability. Balance outstanding is repayable in 101 monthly installments based on deferment schedule.
- (viii) Finance leases are secured by assets financed under the leasing agreement.
- (ix) This represents 15,062,600 compulsorily convertible cumulative debentures of INR 10 each, carrying an interest rate of 12.5%p.a. They are convertible into equity shares in the ratio of 1:1 at the end of 20 years from the date of issuance. The interest on these debentures shall accrue from the expiry of 18 months from the commercial operations date.

	As at December 31, 2016	As at December 31, 2015
Note 6: Deferred taxes		
Deferred tax liability/(asset)		
- on account of depreciation and amortisation	5,289.84	4,494.12
- on account of employee benefits	(1,371.93)	(1,374.28)
- on account of deferred payment liabilities	(31.22)	(31.22)
- others	(3,212.48)	(2,031.01)
Net deferred tax liability	674.21	1,057.61
The net deferred tax liability of Rs. 674.21		
(December 31, 2015: Rs. 1,057.61) comprises of:		
Deferred tax asset	(2,158.86)	(2,786.11)
Deferred tax liability	2,833.07	3,843.72
Net deferred tax liability	674.21	1,057.61

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All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
Note 7: Other long-term liabilities		
Interest accrued but not due on borrowings	142.81	87.65
Advances from customers	160.43	184.30
Others	325.13	443.33
Total	628.37	715.28
Note 8: Long-term provisions		
Provision for employee benefits:		
- Compensated absences	135.50	129.98
- Gratuity (Refer note 30.6)	103.59	81.98
- Other defined benefit plans (net) (Refer note 30.6)	7,408.28	6,008.30
Provision - Others		
- Provision for environment liabilities (Refer note 30.17)	535.07	1,026.46
- Provision - others	31.73	29.80
Total	8,214.17	7,276.52
Note 9: Short-term borrowings		
Loans repayable on demand		
From banks - Secured [Refer note (i)]		
- Buyer's credit	500.22	-
- External packing credit loan	1,200.35	1,602.52
- Other working capital loans [Refer note (ii)]	101.92	811.38
From banks - Unsecured [Refer note (iii)]	-	167.56
From other parties - Unsecured	16.85	12.78
Total	1,819.34	2,594.24

Notes:

- i) Borrowings availed by Rain CII Carbon (Vizag) Limited ("RCCVL"):

Buyer's Credit has been availed from ICICI bank, is repayable on demand and is secured by first pari-passu charge over current assets (present and future) and first pari-passu charge over movable fixed assets (present and future) of the Company. They carry an interest rate of 6 months USD LIBOR plus interest margin.

The Company has availed packing credit in foreign currency from ICICI Bank Limited, Citibank N.A. and IDBI Bank Limited, carry an interest rate of 4 to 6 months USD LIBOR plus interest margin. The packing credit in foreign currency availed from

- ICICI Bank Limited and Citibank N.A are secured by pari-passu first charge on the current assets (present and future) and first pari-passu charge over movable fixed assets (present and future) of the Company.
- IDBI Bank Limited are secured by pari-passu first charge on the current assets (present and future) and pari-passu second charge on the moveable fixed assets of the Company (present and future). As per renewal letter dated October 29, 2016, IDBI Bank Limited working capital facility to be secured by pari-passu first charge on the moveable fixed assets of the Company (present and future) in addition to pari-passu first charge on the current assets (present and future). The Company is in the process of execution of deed of hypothecation for creation of pari-passu first charge on the moveable fixed assets of the Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

ii) Borrowings availed by Rain Commodities (USA) Inc. (RCUSA):

During the previous year, the Company entered into agreement with bank for an aggregated facility amount of \$15,000 thousands, which can be utilized for issuance of letter of credits and cash drawings. Outstanding letters of credit issued under these facilities are subject to a fee of 1% per annum. The Company is obliged to pay 0.25% per annum commitment fee on unused portion of the working capital line of credit under this facility if the unutilized amount is more than or equal to \$5,000 thousands. Cash drawings under these facilities are subject to interest rate of 3.84% per annum. These facilities are secured by pari-passu first charge over current assets of the Company.

iii) Borrowings availed by RGS Egypt Limited Company LLC (RGS Egypt):

The Company had availed various working capital facilities with limits up to \$16,484 thousands carrying interest rates ranging from 0.06% to 6.50%. These working capital facilities were completely repaid during the year.

	As at December 31, 2016	As at December 31, 2015
Note 10: Trade payables		
Total outstanding dues to micro and small enterprises	10.78	16.68
Total outstanding dues to other than micro and small enterprises	7,819.96	10,211.25
Total	7,830.74	10,227.93
(a) the principal amount and the interest due thereon remaining unpaid to any supplier.	10.78	16.68
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day.	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) the amount of interest accrued and remaining unpaid; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
Note 11: Other current liabilities		
Current maturities of long-term borrowings (Refer note 5)	2,917.66	2,039.56
Interest accrued but not due on borrowings	1,604.38	1,666.74
Unclaimed dividends	38.22	36.57
Other payables		
- Statutory remittances	525.47	530.30
- Trade / security deposits received	224.49	274.53
- Advances from customers	171.15	145.10
- Payables on purchase of fixed assets	510.67	639.98
- Provision for discounts	374.06	299.26
- Others	610.26	692.18
Total	6,976.36	6,324.22
Note 12: Short-term provisions		
Provision for employee benefits:		
- Compensated absences	43.09	46.56
Provision - Others:		
- Provision for tax (net of advance tax : Rs. 593.70; December 31, 2015: Rs. 703.65)	405.49	514.40
- Provision for tax on proposed dividend (Refer note below)	-	114.91
- Provision for environment liabilities (Refer note 30.17)	767.55	776.91
- Provision for loss on derivatives	14.97	27.97
- Other provisions	130.92	45.10
Total	1,362.02	1,525.85

Notes: Provision for tax on proposed dividend as at December 31, 2015 relates to the final dividend declared by the subsidiary Rain CII Carbon (Vizag) Limited subsequent to the balance sheet date.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 13: Fixed Assets

Description	Gross Block (At Cost/ Professional Valuation)					Depreciation/Amortisation					Net Block	
	As at January 1, 2016	Additions/ Adjustments (Refer note iv)	Deletions/ Adjustments	Foreign Exchange Adjustments	As at December 31, 2016	As at January 1, 2016	For the year	Deletions/ Adjustments [Refer Note (iii) below]	Foreign Exchange Adjustments	As at December 31, 2016	As at December 31, 2015	
Tangible assets												
Land - freehold	985.68	42.11	0.04	9.66	1,037.41	269.56	4.64	-	(3.45)	270.75	716.12	
Land - leasehold (Refer note (i) below)	87.85	3.60	-	-	91.45	23.52	4.54	-	-	28.06	64.33	
Buildings												
Owned (Refer note (ii) below)	8,108.58	1,953.20	23.47	200.75	10,239.06	4,919.14	324.68	(435.23)	38.98	5,718.03	3,189.44	
Taken under finance lease	48.51	-	-	1.37	49.88	38.31	2.76	-	1.17	42.24	10.20	
Plant and equipment												
Owned	66,705.25	3,730.03	466.62	238.84	70,207.50	43,805.95	2,692.90	388.39	(107.06)	46,003.40	22,899.30	
Taken under finance lease	2,019.26	-	-	(24.35)	1,994.91	1,826.45	39.73	-	(23.46)	1,842.72	192.81	
Furniture and fixtures	2,513.43	185.15	11.60	(33.81)	2,653.17	1,903.61	178.79	13.67	(26.87)	2,041.86	609.82	
Office equipments												
Owned	1,778.08	89.63	18.19	(6.91)	1,842.61	1,502.86	97.68	15.78	(6.81)	1,577.95	275.22	
Taken under finance lease	50.75	-	-	(0.62)	50.13	50.75	-	-	(0.62)	50.13	-	
Vehicles	433.21	21.40	18.49	(0.17)	435.95	305.74	40.66	15.02	(0.95)	330.43	127.47	
	82,730.60	6,025.12	538.41	384.76	88,602.07	54,645.89	3,386.38	(2.37)	(129.07)	57,905.57	28,084.71	
Intangible assets												
Goodwill	57,160.06	631.75	-	495.38	58,287.19	-	-	(1.13)	(0.04)	1.09	57,160.06	
Licenses and franchise	1,397.03	51.83	-	(10.06)	1,438.80	1,245.36	74.20	(0.87)	(17.85)	1,302.58	151.67	
Other intangible assets	9.81	1.12	0.43	(0.33)	10.17	8.44	0.81	-	(0.76)	8.49	1.37	
	58,566.90	684.70	0.43	484.99	59,736.16	1,253.80	75.01	(2.00)	(18.65)	1,312.16	57,313.10	
Total	141,297.50	6,709.82	538.84	869.75	148,338.23	55,899.69	3,461.39	(4.37)	(147.72)	59,217.73	85,397.81	
Year ended December 31, 2015	143,063.78	2,671.85	638.96	(3,799.17)	141,297.50	55,945.85	3,278.16	528.05	(2,796.27)	55,899.69	85,397.81	

Notes:

- Includes land admeasuring 11 acres 82 cents taken on lease from Visakhapatnam Port Trust till October 27, 2022, in respect of which the lease deed is in the process of being executed in the name of the Company.
- Include buildings constructed on leasehold land and depreciated over the lease period.
- Include Depreciation adjusted as per the Transitional provisions of Companies Act, 2013 (Refer note 30.15).
- Include capitalisation of borrowing costs mainly on plant and equipment amounting to Rs. 13.89 (31 December 2015: Rs. 58.67).
- Addition to goodwill includes Group's contribution in kind for the minority shareholders in one of the subsidiaries, pursuant to the terms of share purchase agreement amounting to Rs. 584.99.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
Note 14: Non-current investments (Valued at cost unless otherwise stated)		
A. Trade investments (unquoted)		
Investment in equity instruments		
(i) of associates		
- InfraTec Duisburg GmbH – 7,500 (previous year: 7,500) ordinary shares with no par value	58.59	17.91
- Tarlog GmbH – 50,000 (previous year: 50,000) ordinary shares with no par value*	-	-
(ii) in other entities		
- Arsol Aromatics GmbH & Co. – 1,365,860 (previous year: 1,365,860) ordinary shares with no par value	24.42	24.72
- Andhra Pradesh Gas Power Corporation Limited 134,000 (December 31, 2015: 134,000) equity shares of Rs. 10 each fully paid up	16.00	16.00
B. Non-Trade Investments - in Government securities (Unquoted)		
- National Savings Certificates	0.19	0.14
Total	99.20	58.77
*Considering the performance and expected future cashflows, the investment value is written down		
Aggregate provision for diminution in value of investments.	3.45	3.45
Note 15: Long-term loans and advances (Unsecured, considered good)		
Capital advances	297.16	788.25
Security deposits	284.67	293.30
Loans and advances		
- to employees	5.87	5.80
- to others	16.08	438.04
Prepaid expenses	1.97	2.50
Balances with statutory authorities	28.25	28.17
Total	634.00	1,556.06
Note 16: Other non-current assets		
Non-current portion of bank balances (Refer note 20)	46.50	1.86
Others	4.83	-
Total	51.33	1.86
Note 17: Current investments		
Investment in mutual funds of (unquoted):		
a) Frankling Templeton Investments	-	25.22
b) ICICI Prudential Flexible Income-Direct Plan-Growth	-	100.36
c) IDFC Arbitrage Fund-Dividend - (Direct Plan)	-	10.04
Total	-	135.62
Aggregate amount of unquoted investments	-	135.62
Aggregate provision for diminution in value of investments	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
Note 18: Inventories		
(At lower of cost and net realisable value)		
a) Raw materials	4,913.03	7,727.51
b) Work-in-progress	1,196.53	961.33
c) Finished goods	3,804.94	4,034.57
d) Stock-in-trade	1,156.28	2,007.81
e) Stores and spares	1,239.60	1,152.09
f) Packing materials	93.56	92.79
g) Fuel	274.12	233.80
Total	12,678.06	16,209.90
Goods-in-transit, included above:		
a) Raw materials	563.41	405.48
b) Finished goods	24.92	51.69
c) Stock-in-trade	177.90	256.65
d) Stores and spares	4.19	2.16
e) Packing materials	5.50	0.27
f) Fuel	27.16	91.09
	803.08	807.34
Note 19: Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Secured, considered good	13.02	33.45
- Unsecured, considered good	59.77	88.16
- Doubtful	51.31	51.45
	124.10	173.06
Less: Provision for doubtful trade receivables	51.31	51.45
	72.79	121.61
Other trade receivables		
- Secured, considered good	75.05	59.28
- Unsecured, considered good	10,489.40	11,787.28
- Doubtful	5.30	91.16
	10,569.75	11,937.72
Less: Provision for doubtful trade receivables	5.30	91.16
	10,564.45	11,846.56
Total	10,637.24	11,968.17

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	As at December 31, 2016	As at December 31, 2015
Note 20: Cash and bank balances		
A. Cash and cash equivalents		
Cash on hand	5.58	4.43
Cheques/ drafts on hand	1.70	12.78
Balances with banks:		
- in current accounts	8,573.66	6,452.15
- in exchange earners foreign currency (EEFC) accounts	11.76	1.68
- in deposit accounts (with original maturity of 3 month or less)	619.42	1,046.94
	<u>9,212.12</u>	<u>7,517.98</u>
B. Other bank balances		
Balances held as margin money against guarantees and other commitments	231.78	205.79
Unclaimed dividend accounts	38.22	36.56
Bank deposits	1,055.19	846.14
Less: Non-current portion of bank balances (Refer note 16)	46.50	1.86
	<u>1,278.69</u>	<u>1,086.63</u>
Total [A+B]	<u><u>10,490.81</u></u>	<u><u>8,604.61</u></u>
Note 21: Short-term loans and advances (Unsecured, considered good)		
Security deposits	12.14	15.99
Advance to employees	17.36	16.84
Prepaid expenses	198.67	172.20
Balances with Statutory authorities	1,076.74	736.05
Advances to supplier and service providers	556.50	569.85
Others	135.68	802.20
Total	<u><u>1,997.09</u></u>	<u><u>2,313.13</u></u>
Note 22: Other current assets		
Fixed assets reclassified as held for sale	-	32.50
Unbilled revenue	28.19	30.46
Interest accrued on deposits	28.42	26.55
Others	3.15	0.07
Total	<u><u>59.76</u></u>	<u><u>89.58</u></u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
Note 23: Revenue from operations		
Sale of products	94,751.05	103,848.40
Revenue from services	208.62	190.03
Other operating revenues [Refer Note below]	567.27	467.70
Revenue from operations (gross)	95,526.94	104,506.13
Less: Excise duty	2,362.94	2,320.82
Revenue from operations (net)	93,164.00	102,185.31
Note:		
Other operating revenues comprises:		
Scrap sales	26.88	27.32
Income from sale of Certified Emission Reductions	5.66	1.03
Rental income	161.98	127.70
Insurance claims	14.83	23.57
Rebate on value added tax	-	40.55
Dock revenue	139.83	108.53
Other operating revenues	218.09	139.00
Total	567.27	467.70
Note 24: Other income		
Interest income		
Interest from banks on deposits	127.98	164.19
Other interest	9.97	10.19
Dividend income from current investments	9.17	9.66
Gain on foreign currency transactions and translations (net)	477.30	296.96
Other non-operating income		
Liabilities/provisions no longer required written back	67.58	85.15
Income from redemption of senior secured notes	469.50	113.59
Profit on sale of fixed assets (net)	13.11	-
Miscellaneous income	39.48	116.62
	589.67	315.36
Total	1,214.09	796.36

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
Note 25: Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	4,034.57	3,739.91
Work-in-progress	961.33	1,542.95
Stock-in-trade	2,007.81	1,702.05
	<u>7,003.71</u>	<u>6,984.91</u>
Closing Stock		
Finished goods	3,804.94	4,034.57
Work-in-progress	1,196.53	961.33
Stock-in-trade	1,156.28	2,007.81
	<u>6,157.75</u>	<u>7,003.71</u>
(Increase)/decrease in stock	845.96	(18.80)
Foreign currency translation adjustment	68.38	(154.73)
Net (increase)/decrease	<u>914.34</u>	<u>(173.53)</u>
Note 26: Employee benefits expense		
Salaries, wages and bonus	8,854.52	8,669.37
Contributions to provident and other funds	325.17	349.87
Staff welfare expenses	527.18	591.30
Total	<u>9,706.87</u>	<u>9,610.54</u>
Note 27: Finance cost		
Interest expense on borrowings	5,725.17	5,619.06
Other borrowing costs	141.37	144.43
Net loss on foreign currency transactions and translation	135.33	200.98
Total	<u>6,001.87</u>	<u>5,964.47</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2016	For the year ended December 31, 2015
Note 28: Other expenses		
Consumption of stores and spares	1,393.09	1,364.83
Consumption of packing materials	693.40	680.06
Change in excise duty on finished goods	0.64	(17.45)
Power and fuel	5,428.47	5,410.88
Repairs and maintenance		
- Plant and machinery	3,504.97	3,371.86
- Buildings	161.38	141.02
- Others	590.46	387.01
Insurance	562.42	581.36
Rent (Refer note 30.2)	800.10	662.44
Rates and taxes	306.10	265.37
Travelling and conveyance	330.09	273.19
Selling and distribution expenses	8,576.12	8,869.98
Cash discounts	138.52	137.38
Donations and contributions	169.37	125.16
Consultancy charges	1,569.07	1,784.30
Payments to auditors [Refer Note below]	110.55	151.63
Directors' sitting fees	16.94	6.03
Commission to directors	14.80	17.60
Provision for doubtful trade receivables	12.24	12.52
Loss on sale of fixed assets (net)	-	17.85
Miscellaneous expenses	1,697.21	2,014.72
	26,075.94	26,257.74
Less: Expenses capitalised	73.02	64.84
Total	26,002.92	26,192.90
Note:		
Payments to the auditors (excluding service tax):		
Audit fees	43.79	68.95
Limited review fees	7.57	11.28
Other services	53.79	65.36
Reimbursement of expenses	5.40	6.04
Total	110.55	151.63
Note 29: Tax expense		
Current tax		
(i) Tax for current year	2,846.64	3,539.80
(ii) Tax relating to earlier years	(8.72)	3.08
(iii) Minimum alternate tax credit entitlement	-	(126.70)
Net current tax	2,837.92	3,416.18
Deferred tax benefit	(1,189.97)	(1,454.10)
Total	1,647.95	1,962.08

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 30.1: Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at December 31, 2016	As at December 31, 2015
(I) Contingent liabilities		
(a) In respect of demands/claims arising on account of:		
- Income tax	394.72	284.31
- Wheeling charges [Refer note (i)]	275.41	311.19
- Operating charges of state load dispatch center and minimum energy/ demand	12.53	12.53
- Electricity duty	-	17.53
- Customs Duty, Sales Tax, Service Tax and Excise Duty related matters under dispute	485.74	500.03
- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	34.57	34.57
During 2002, the erstwhile Rain Calcining Limited had disputed the order of Andhra Pradesh Electricity Regulatory Commission ('APERC') in respect of wheeling charges before the Honorable High Court of Andhra Pradesh. The Honorable High Court of Andhra Pradesh had set aside the order of APERC. Transmission Corporation of Andhra Pradesh ('AP Transco') filed a Special Leave Petition in the Supreme Court of India against the order of the Honorable High Court of Andhra Pradesh. The final verdict of the Honorable Supreme Court of India is awaited. The contingent liability has been computed on the basis of imputed cost till December 31, 2016 per the terms of the said APERC order.		
(b) Claims against the Group not acknowledged as debt	672.99	251.50

Other contingencies:

One of the Group company in United States, along with other co-defendants, is involved in mass tort lawsuits whereby plaintiffs, in different cases, allege bodily injury and property damage caused by alleged exposure to by-products from the calcining process at the Moundsville facility. The company is additional defendant in the case. As a result of various mergers between the Company and the prior owners/operators of the Moundsville calcining facility, the Company assumed the legal liability for the plant's operations from 1990 to the present. The Company has shut down the Moundsville facility in January 2014. The Company has sought to identify all of the liability insurers who provided coverage for the Moundsville calcining plant back to that time. The Company has filed a Third-Party Complaint against a number of insurers seeking full coverage. The Company is also named as Third Party Defendant along with a number of commercial entities which operated other plants in the vicinity of the Company's facility and the Plaintiffs' residents alleging that if Company's emissions caused plaintiffs harm, then the emissions of the Third Party Defendants also caused Plaintiffs harm and accordingly, the Third Party Defendants should contribute to any recovery. The Company believes that it has no liability for the Plaintiffs' damages.

Mediation was held on July 8-9, 2015. Several of the Company's insurers, over the Company's objections, have offered to settle with the majority of the claimants in this case where settlements have been approved and finalized. Additionally, a number of third party commercial defendants settled with the plaintiffs. As a result of various settlements, all claims against the commercial third party defendants have been dismissed. Regarding the remaining plaintiffs, a settlement has been reached. The hearing for approval of the plaintiffs' settlement has been delayed while the plaintiffs attempt to negotiate settlement with an additional party (which is not the Company). Once that settlement is approved, all claims against the Company will be resolved. All of Company's claims against insurers, except one have been resolved.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	As at December 31, 2016	As at December 31, 2015
(II) Commitments		
Estimated amounts of contracts remaining to be executed on capital account [net of Capital advance Rs. 32.16 (December 31, 2015: Rs. 468.80)]	291.28	1,100.32
(III) Liabilities pursuant to the German Mergers and Acquisitions Act (Umwandlungsgesetz - UmwG), which are largely the result of the spin-off of retirement pension obligations in the past to RÜTGERS Altersversorgungs-GmbH, Germany and RÜTGERS Dienstleistungs-GmbH, Germany. After the sale of shares to RÜTGERS Germany GmbH, Germany these two companies continued to be with the prior owners of RÜTGERS. Management do not expect any claims from this obligation and hence, not recorded any liabilities in the books. The amount of this obligation as at December 31, 2016 is Rs. 459.08 (December 31, 2015: Rs. 1,191.18).		

Note 30.2: Operating Leases

The Group has entered into various operating lease agreements for assets comprising of storage and other facilities and amounts aggregating Rs. 800.10 (December 31, 2015 - Rs. 662.44) paid under such agreements have been charged off in the Consolidated Statement of Profit and Loss. The minimum lease payments are as follows:

Particulars	As at December 31, 2016	As at December 31, 2015
- Not later than 1 year	566.75	532.26
- Later than 1 year and not later than 5 years	1,415.07	1,130.43
- Beyond 5 years	163.72	379.83

Note 30.3: Finance Leases

The Group has taken buildings, plant and equipment and other assets under finance leases. The future minimum lease payments and their present values as at December 31, 2016 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	108.15	24.64	132.78
- Later than 1 year and not later than 5 years	416.76	41.75	458.51
- Beyond 5 years	-	-	-

The future minimum lease payments and their present values as at December 31, 2015 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	105.92	30.02	135.94
- Later than 1 year and not later than 5 years	531.35	67.21	598.56
- Beyond 5 years	-	-	-

Note 30.4: Earnings per Share (EPS)

Particulars	As at December 31, 2016	As at December 31, 2015
a. Profit for the year	2,247.27	3,233.39
b. Weighted average number of equity shares of Rs. 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (Rs.)	6.68	9.61

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 30.5: Segmental Reporting

a) Business Segment

Particulars	Year ended December 31, 2016				Year ended December 31, 2015			
	Carbon Products	Chemicals	Cement	Total	Carbon Products	Chemicals	Cement	Total
Revenue								
External Sales (net of excise duty and taxes on sales)	66,015.62	17,044.08	9,537.03	92,596.73	71,813.55	19,615.96	10,288.10	101,717.61
Inter- Segment Sales	5,259.62	3,228.83	5.29	8,493.74	3,103.65	3,385.66	4.88	6,494.19
Total	71,275.24	20,272.91	9,542.32	101,090.47	74,917.20	23,001.62	10,292.98	108,211.80
Less: Eliminations	(5,259.62)	(3,228.83)	(5.29)	(8,493.74)	(3,103.65)	(3,385.66)	(4.88)	(6,494.19)
Total Revenue from sale of products and from services provided	66,015.62	17,044.08	9,537.03	92,596.73	71,813.55	19,615.96	10,288.10	101,717.61
Other operating income	400.03	158.72	8.52	567.27	268.89	144.98	53.83	467.70
Total Revenue from operations	66,415.65	17,202.80	9,545.55	93,164.00	72,082.44	19,760.94	10,341.93	102,185.31
Result								
Segment Result	7,963.71	1,464.17	647.82	10,075.70	7,817.10	974.14	1,422.61	10,213.85
Finance costs				5,866.54				5,763.49
Unallocated income				(736.79)				(499.40)
Forex (gain) / loss in other (income) / expense/Finance costs				(341.97)				(95.98)
Exceptional items				1,370.40				60.91
Profit Before Taxation				3,917.52				4,984.83
Provision for Taxation				1,647.95				1,962.08
Profit after tax and before share of loss of associates and minority interest				2,269.57				3,022.75
Segment Assets	98,494.87	22,552.42	7,034.88	128,082.17	99,780.51	23,156.94	7,469.93	130,407.38
Unallocated Corporate Assets				2,197.08				2,822.67
Total Assets	98,494.87	22,552.42	7,034.88	130,279.25	99,780.51	23,156.94	7,469.93	133,230.05
Segment Liabilities [Refer note (i)]	14,535.51	6,924.22	2,009.89	23,469.62	17,447.47	6,406.46	2,219.58	26,073.51
Unallocated Corporate Liabilities				3,276.79				4,394.69
Total Liabilities	14,535.51	6,924.22	2,009.89	26,746.41	17,447.47	6,406.46	2,219.58	30,468.20
Capital Expenditure	2,207.33	544.98	333.68	3,085.99	3,494.99	927.05	565.02	4,987.06
Depreciation	2,427.61	608.76	425.02	3,461.39	2,163.46	736.00	378.70	3,278.16

Note: (i) Segment Liabilities does not include borrowings of Rs. 72,673.76 (December 31, 2015 : Rs. 73,362.67).

b) Geographical Segment

Particulars	December 31, 2016		December 31, 2015	
	Revenue from sale of products/services rendered to external customers	Segment Assets	Revenue from sale of products/services rendered to external customers	Segment Assets
India	18,082.29	15,689.53	16,657.51	23,247.77
Outside India	74,514.44	112,392.64	85,060.10	107,159.61
Total	92,596.73	128,082.17	101,717.61	130,407.38

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 30.6: Employee Benefits

The Group has various employee benefit schemes covering different categories of employees based on their location of employment.

a) Contribution plans:

Amounts towards defined contribution plans have been recognised under "Contributions to provident and other funds" in Note 26: Rs. 166.41 (December 31, 2015 - Rs. 152.07).

b) Benefit plans:

The Group operates the following defined benefit plans:

- (i) Gratuity
- (ii) Pension
- (iii) Others

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2016. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Balance Sheet and Statement of Consolidated Profit and Loss.

Amounts recognized in the Balance Sheet are as follows:

Particulars	As at December 31, 2016	As at December 31, 2015
Present value of funded obligation	10,072.95	8,434.85
Less: Fair value of plan assets	2,561.08	2,344.57
Net liability	7,511.87	6,090.28

The Net liability in respect of unfunded obligation is Rs. 6,652.71 (December 31, 2015: Rs. 5,412.65)

Net employee benefits expense (recognised in employee cost)

Particulars	For the year ended December 31, 2016	For the year ended December 31, 2015
Current service cost	363.26	419.28
Past service cost	-	35.33
Interest cost	231.10	200.99
Expected return on plan assets	(101.36)	(99.26)
Administrative expenses	(5.58)	2.49
Net actuarial loss/(gain) recognized during the year	1,147.24	(674.99)
Total	1,634.66	(116.16)

Periodic benefit in respect of unfunded obligation is Rs. 1,352.64 (December 31, 2015: Rs. 135.59)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Opening defined benefit obligation	8,434.85	9,165.45
Current service cost	363.26	419.28
Past service cost	-	35.33
Interest Cost	231.10	200.99
Actuarial loss/(gain)	1,190.44	(732.04)
Administrative expenses, taxes and insurance premiums	(19.04)	(16.89)
Other significant events	(6.02)	(1.35)
Plan participant contributions	68.27	67.90
Amount paid to employees	(167.11)	(106.83)
Exchange differences	(22.80)	(596.99)
Closing defined benefit obligation	10,072.95	8,434.85

Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Opening fair value of plan assets	2,344.57	2,467.64
Expected return on plan assets	101.36	99.26
Actuarial (loss)/gain	43.20	(57.05)
Contribution by employer	62.46	89.50
Plan participant contributions	68.35	67.90
Administrative expenses, taxes and insurance premiums	(13.46)	(19.38)
Amount paid to employees	(121.66)	(106.83)
Exchange differences	76.26	(196.47)
Closing fair value of plan assets	2,561.08	2,344.57
Actual return on plan assets	144.56	42.22

Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2016	As at December 31, 2015
Equity securities	40%	40%
Debt securities	37%	37%
Insurer managed funds	22%	22%
Others	1%	1%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Discount rates on benefit obligations	1.31% - 6.65%	2.10% to 7.85%
Expected rate of return on plan assets	2.40% - 7.50%	1.70% to 8.00%
Expected salary increase rates	2.00% - 7.00%	2.00% to 7.00%
Annual increase in health cost		
Initial trend rate	6.39%	6.56%
Ultimate trend rate	4.50%	4.50%
Year ultimate trend rate is reached	2031	2031

The expected contribution to be made by the Group during the financial year ending December 31, 2017 is Rs. 158.55.

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the Funds during the estimated term of the obligations.

c) Compensated absences

The Group provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise it in future periods or receive cash in lieu thereof as per Group policy. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded towards this benefit as at December 31, 2016 is Rs. 178.59 (December 31, 2015 is Rs. 176.54).

Note 30.7: Related Party Disclosures

a) Names of related parties and description of relationship

Key Managerial Personnel (KMP) and their Relatives	- Mr. N. Jagan Mohan Reddy Managing Director - Mr. N. Sujith Kumar Reddy Relative of KMP - Mr. T. Srinivasa Rao Chief Financial Officer - Mr. S. Venkat Ramana Reddy Company Secretary
Enterprise where key managerial personnel along with their relatives exercise significant influence	- Sujala Investments Private Limited - Rain Enterprises Private Limited (RENPL) - Nivee Holdings Private Limited - Arunachala Holdings Private Limited - PCL Financial Services Private Limited - Rain Entertainments Private Limited (REPL) - Nivee Property Developers Private Limited (NPDPL) - Pragnya Priya Foundation (PPF)
Associates and joint ventures of the reporting enterprises and the investing party or venturer in respect of which the reporting enterprise is an associate or joint venture	- Tarlog GmbH (Tarlog) (Investment by RÜTGERS InfraTec GmbH) - InfraTec Duisburg GmbH (IDGmbH) (Investment by RÜTGERS Germany GmbH)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

b) Transactions with related parties:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Purchases and services (net of reimbursements) from :		
a) Tarlog	196.68	192.15
b) IDGmbH	449.96	412.00
Other operating income		
a) Tarlog	5.71	6.30
b) IDGmbH	31.64	30.64
Managerial remuneration		
a) N. Jagan Mohan Reddy	16.84	13.47
b) T. Srinivasa Rao	11.75	10.50
c) S. Venkat Ramana Reddy	3.61	3.19
Remuneration to relatives of KMP		
a) N. Sujith Kumar Reddy (managing director of a wholly owned subsidiary)	48.45	30.39
Dividend paid		
a) Enterprise where key managerial personnel along with their relatives exercise significant influence	81.27	81.27
b) Key Managerial Personnel	0.09	0.09
Donations given		
a) PPF	45.01	7.00

The Group has the following dues from / to related parties:

Particulars	As at December 31, 2016	As at December 31, 2015
Amounts receivable from		
a) Tarlog	1.01	2.90
b) IDGmbH	53.50	71.27
c) REPL	0.19	0.13
Amounts payable to		
a) Tarlog	9.79	26.61
b) IDGmbH	70.12	118.68

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 30.8: Unhedged foreign currency exposure

The following table analyses foreign currency risk from financial instruments as at December 31, 2016:

(All figures in equivalent Indian Rupees Millions)

Particulars	USD	EUR	CAD	Others*	Total
Assets:					
Cash and Bank balances	2,156.84	62.60	0.14	47.41	2,266.99
EEFC Balance	11.76	-	-	-	11.76
Trade receivables	4,695.31	62.68	-	14.04	4,772.03
Loans and advances given	1,006.40	-	1,871.29	4.23	2,881.92
	7,870.31	125.28	1,871.43	65.68	9,932.70
Liabilities:					
Trade payables	1,826.29	315.70	(3.01)	2.15	2,141.13
Loans and borrowings**	3,463.27	983.13	-	-	4,446.40
	5,289.56	1,298.83	(3.01)	2.15	6,587.53

*Others include GBP and RUB

The following table analyzes foreign currency risk from financial instruments as at December 31, 2015:

(All figures in equivalent Indian Rupees Millions)

Particulars	USD	EUR	CAD	Others*	Total
Assets:					
Cash and Bank balances	1,576.66	64.31	-	11.67	1,652.64
EEFC Balance	1.68	-	-	-	1.68
Trade receivables	4,704.48	18.54	-	4.42	4,727.44
Loans and advances given	1,516.99	-	2,914.72	-	4,431.71
	7,799.81	82.85	2,914.72	16.09	10,813.47
Liabilities:					
Trade payables	1,926.91	663.88	(10.08)	(1.23)	2,579.48
Loans and borrowings**	3,666.41	1,498.50	-	-	5,164.91
	5,593.32	2,162.38	(10.08)	(1.23)	7,744.39

*Others include GBP and CNY

**Net of advances given

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 30.9: Additional information to Consolidated Financial Statements

Sl. No.	Name of the Company	As at December 31, 2016		For the year ended December 31, 2016		As at December 31, 2015		For the year ended December 31, 2015	
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount
	Parent								
	Rain Industries Limited	4.95	9,216.19	1.37	313.41	1.60	3,117.79	1.64	260.87
	Subsidiaries								
	Indian								
1	Rain Cements Limited	2.04	3,801.66	1.99	456.66	3.94	7,699.04	6.68	1,064.57
2	Rain Coke Limited	0.05	96.46	(0.14)	(33.05)	0.07	129.51	(0.02)	(2.86)
3	Renuka Cement Limited	0.00	2.84	0.00	0.05	0.00	2.78	(0.01)	(1.64)
4	Rain CII Carbon (Vizag) Limited	3.67	6,838.10	4.53	1,038.83	2.97	5,799.25	8.25	1,314.52
	Foreign								
5	Rain Commodities (USA) Inc.	8.61	16,029.89	7.62	1,745.96	7.01	13,681.94	11.50	1,831.79
6	Moonglow Company Business Inc.	-	-	-	-	3.32	6,487.12	(0.00)	(0.01)
7	Rain Carbon Inc.	10.60	19,735.11	7.80	1,787.27	8.80	17,176.41	13.40	2,135.18
8	Rain RÜTGERS CTP LLC (RRCTP)	-	-	-	-	-	-	-	-
9	Rain Global Holdings, LLC	-	-	8.83	2,024.98	8.73	17,034.98	12.38	1,972.23
10	Rain Carbon Holdings, LLC	10.56	19,659.27	9.53	2,183.89	8.73	17,044.60	12.44	1,982.05
11	Rain Global Services LLC	(0.07)	(139.01)	(0.13)	(30.34)	(0.05)	(105.96)	(1.21)	(192.58)
12	RGS Egypt Limited Company LLC	0.01	25.50	(1.58)	(362.21)	0.20	382.07	(0.64)	(102.15)
13	Rain CII Carbon LLC	13.12	24,432.14	(18.80)	(4,311.01)	11.97	23,351.51	(5.14)	(818.30)
14	CII Carbon Corp.	-	-	-	-	-	-	-	-
15	Rain CII Carbon Mauritius Limited	-	-	-	-	(0.04)	(87.80)	(0.64)	(102.39)
16	Zhenjiang Xin Tian Tansu Co. Ltd	-	-	-	-	-	-	(0.02)	(3.16)
17	Rain CTP Inc.	-	-	3.43	785.48	13.60	26,545.33	(3.00)	(477.14)
18	RÜTGERS BVBA	2.37	4,417.93	4.02	922.26	2.16	4,223.69	(0.63)	(100.51)
19	RÜTGERS Polymers Ltd.	0.86	1,607.52	1.89	433.74	0.57	1,117.89	2.33	371.70
20	RÜTGERS Canada Inc.	1.11	2,066.76	1.03	235.60	0.90	1,748.12	(1.10)	(175.57)
21	Handy Chemicals (U.S.A.) Ltd.	0.02	28.16	0.14	32.00	(0.00)	(4.56)	0.14	22.89

(Contd.)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Additional information (Contd.)

Sl. No.	Name of the Company	As at December 31, 2016		For the year ended December 31, 2016		As at December 31, 2015		For the year ended December 31, 2015	
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount
22	RÜTGERS Holding Belgium BVBA	3.88	7,223.69	0.04	8.44	4.54	8,863.00	8.95	1,426.22
23	RÜTGERS Belgium BVBA	13.86	25,809.13	39.73	9,108.39	8.85	17,280.18	9.86	1,570.84
24	VFT France S.A	0.51	946.77	0.09	21.23	0.48	937.79	0.13	21.45
25	VFT Trading BVBA	0.50	932.06	0.08	17.33	0.47	926.68	0.11	17.33
26	Rumba Invest BVBA & Co. KG	(0.00)	(1.67)	0.35	80.18	(0.00)	(1.69)	0.46	73.33
27	RÜTGERS Holding Germany GmbH	6.23	11,594.41	6.13	1,405.67	5.31	10,372.05	2.49	397.12
28	RÜTGERS Germany GmbH	4.31	8,033.52	9.61	2,203.01	4.22	8,231.29	6.52	1,039.43
29	RÜTGERS Aromatic Chemicals GmbH	0.36	679.28	(0.31)	(71.15)	0.38	737.33	(0.11)	(18.30)
30	RÜTGERS InfraTec GmbH	(0.06)	(102.69)	(2.46)	(563.29)	0.16	316.80	(1.54)	(245.34)
31	RÜTGERS ChemTrade GmbH	0.01	9.73	0.39	89.24	0.02	30.70	0.24	38.47
32	RÜTGERS Basic Aromatics GmbH	0.57	1,066.51	9.27	2,124.51	0.58	1,136.55	12.07	1,922.59
33	RÜTGERS Novares GmbH	0.09	168.68	3.85	881.70	0.20	380.63	9.74	1,551.77
34	RÜTGERS Resins GmbH	(0.18)	(329.89)	(0.16)	(35.99)	(0.15)	(298.99)	(1.47)	(233.59)
35	Severtar Holding Ltd.	1.32	2,459.89	(0.02)	(5.34)	0.40	789.88	(0.01)	(2.38)
36	OOO RÜTGERS Severtar	0.51	946.78	2.42	555.27	(0.34)	(664.94)	(3.30)	(525.18)
37	RÜTGERS Poland Sp. z o.o	0.12	223.82	0.02	3.97	0.13	251.05	0.13	20.54
38	RÜTGERS (Shanghai) Trading Co. Ltd	0.03	50.37	0.05	11.51	0.01	19.87	0.03	4.19
39	RÜTGERS Wohnimmobilien GmbH & Co	0.10	188.09	0.20	46.39	0.07	145.45	(0.32)	(50.58)
40	RÜTGERS Gewerbeimmobilien GmbH & Co	0.19	359.89	(0.01)	(1.29)	0.19	365.62	(0.36)	(56.81)
41	RAIN Holding Germany GmbH	9.75	18,150.64	(0.77)	(176.73)	0.00	1.80	(0.00)	(0.01)
	Sub total	100.00	186,227.53	100.00	22,926.57	100.00	195,164.75	100.00	15,930.58
	Less: Inter company adjustments/eliminations		(156,084.01)		(20,573.94)		(165,789.74)		(12,920.83)
	Minority Interest				(63.83)				217.14
	Share of (profit) / loss of associates				(41.53)				6.50
	TOTAL		30,143.52		2,247.27		29,375.01		3,233.39

Note: Net assets and share in profit or loss for parent company, subsidiaries and associates are as per the standalone financial statements of the respective entities.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Note 30.10: Net Investment Hedge

The Group has designated the 'foreign currency loan' as a hedging instrument to hedge its net investment in a non-integral foreign operation, with effect from January 1, 2009. The translation loss for the year ended December 31, 2016 on such foreign currency loan, determined as an effective net investment hedge, recognized in the Foreign Currency Translation Reserve included in Note 4 - Reserves and surplus is Rs. 9.36 (December 31, 2015: Rs. 25.10).

Note 30.11:

The Group has entered into the following derivative contracts:

As at 31 December, 2016

Category	Currency	Cross Currency	Amounts In Millions	Buy/Sell	Purpose
Forward contract	USD	CAD	USD 5.00	Sell	Hedging
Forward contract	USD	EUR	USD 0.04	Buy	Hedging
Forward contract	USD	EUR	USD 5.00	Sell	Hedging
Forward contract	JPY	EUR	JPY 31.68	Buy	Hedging

As at 31 December, 2015

Category	Currency	Cross Currency	Amounts In Millions	Buy/Sell	Purpose
Forward contract	USD	INR	USD 15.00	Buy	Hedging
Forward contract	USD	INR	USD 15.00	Sell	Hedging
Forward contract	CAD	USD	CAD 13.03	Buy	Hedging
Forward contract	CAD	USD	CAD 12.96	Sell	Hedging
Forward contract	USD	EUR	USD 5.00	Buy	Hedging
Forward contract	USD	EUR	USD 15.00	Sell	Hedging

Note 30.12: Net investment in foreign operations

The Group supports its overseas subsidiaries through long term loans wherever required and in respect of any loan, which is considered in substance a part of the net investment in a non-integral foreign operation, the exchange difference arising on translation of such loans will be accumulated in foreign currency translation reserve as per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates". The Group has designated certain long term loans effective July 1, 2015 as such and accordingly exchange differences amounting to Rs. 200.59 (December 31, 2015: Rs. 366.72) (net of Minority interest) has been transferred to foreign currency translation reserve.

Note 30.13: Exceptional items

Particulars	For the year ended December 31, 2016	For the year ended December 31, 2015
Incremental pension liability resulting from actuarial losses (a)	1,108.84	(697.43)
Provision for Hanau site closure expenses (b)	261.56	-
Foreign exchange loss (c)	-	195.22
Litigation settlement (d)	-	428.80
Provision for doubtful debts (e)	-	134.32

- a) On account of volatility in the interest rates in European and Canadian financial markets, there was significant impact on the measurement of pension liability of the Group's subsidiaries in Europe and Canada as on December 31, 2015 and 2016. Such changes in rates resulted in the actuarial gain of Rs. 697.43 and actuarial

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

loss of Rs. 1,108.84 in the pension cost for the year ended December 31, 2015 and 2016 respectively. The impact of such change in the pension liability has been disclosed under exceptional items in the Consolidated Statement of Profit and Loss for the years ended December 31, 2015 and 2016.

- b) In November 2016, the Board of Directors of the Company considered and approved the closure of its impregnated wood products manufacturing facility in Hanau, Germany. The Company has made necessary provision for the closure costs during the year ended December 31, 2016.
- c) During the year ended December 31, 2015, the Russian Rubles depreciated considerably as compared to the US Dollar. This impacted the local currency value of the USD payables in the Group's Russian subsidiary. The Net foreign exchange loss on account of the above decline amounting to Rs. 195.22 has been disclosed under exceptional items in the Consolidated Statement of Profit and Loss for the year ended December 31, 2015.
- d) During the year ended December 31, 2015, exceptional items included loss on settlement of litigation by its US subsidiary amounting to Rs. 428.80. The subsidiary was a defendant in a law suit regarding capital works carried out by one of the EPC contractors for construction of a waste heat recovery power generation unit ("Unit") in Calcasieu Parish, Louisiana. The said subsidiary received an adverse order for claim of damages and penalties to be paid to the contractor. On February 4, 2016, the parties entered into a confidential settlement agreement to fully and finally resolve this dispute. Accordingly, the Subsidiary has made a provision towards the legal cost and penalties payable in the previous year.
- e) During the year ended December 31, 2015, exceptional items included provision for doubtful debts of Rs. 134.32 towards the amount receivable from one of the customer for Group's US and Canadian subsidiaries for the sale of goods. On February 8, 2016 the customer filed for Chapter 11 bankruptcy protection in the USA. Based on this filing and in addition to the conditions that existed at December 31, 2015, the Group recognized a provision for doubtful debts related to the outstanding amount due at December 31, 2015. The aforesaid amount has been written off in the current year.

Note 30.14:

During the year, the Group has given donations to the political parties Rs. 1.69 (December 31, 2015: Rs. 1.99).

Note 30.15:

Effective from January 1, 2015, the Management has internally reassessed and revised, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act 2013. Consequently, the carrying amount of tangible assets as at January 1, 2015 is being depreciated over the revised remaining useful life of the tangible asset. The carrying value of Rs. 21.17 in case of assets with nil revised remaining useful life as at January 1, 2015 is set off against the surplus in the Consolidated Statement of Profit and Loss. Further, had the Group continued with the previously assessed useful lives, charge for depreciation for the year ended December 31, 2015 would have been lower by Rs. 24.07 and the profit before tax would have been higher by such amount.

Note 30.16:

As per section 135 of the Companies Act, 2013, a Corporate Social responsibility (CSR) Committee has been formed by the Group. The proposed areas for CSR activities, as per the CSR policy of the Group are promotion of education, rural development activities, medical facilities, employment and ensuring environmental sustainability which are specified in Schedule VII of the Companies Act, 2013. Expenditure incurred under Section 135 of the Companies Act, 2013 on CSR activities are as below:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	For the year ended December 31, 2016	For the year ended December 31, 2015
Amount to be spent	45.64	40.01
Amount paid in cash	62.55	32.57
Amount yet to be paid in cash	-	7.44

Note 30.17: Provision for environment liabilities:

Particulars	For the year ended December 31, 2016	For the year ended December 31, 2015
Balance at beginning of year	1,803.37	2,114.30
Additional provision made	319.33	239.22
Provisions utilised/reversed	(812.67)	(430.53)
Foreign currency exchange rate changes	(7.41)	(119.62)
Balance at end of year	1,302.62	1,803.37
Long-term provision	535.07	1,026.46
Short-term provision	767.55	776.91
Total	1,302.62	1,803.37

Note 30.18:

Previous year's figures have been regrouped/ reclassified wherever necessary, to conform to current year's classification/ disclosure.

For and on behalf of the Board of Directors

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/ W-100024

Sriram Mahalingam
Partner
Membership number: 049642

Place: Hyderabad
Date : February 23, 2017

N. Jagan Mohan Reddy
Managing Director
DIN: 00017633

T. Srinivasa Rao
Chief Financial Officer
M.No. F29080

N. Sujith Kumar Reddy
Director
DIN: 00022383

S. Venkat Ramana Reddy
Company Secretary
M.No. A14143

**ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)
MANDATE FORM FOR PAYMENT OF DIVIDEND**

To,
Karvy Computershare Private Limited
(Unit: Rain Industries Limited)
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032, Telangana State, India.
Fax: +91 40 23420814; Phone: +91 40 67161566

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No. :	ECS Ref. No. : (for Office use only)
Name of the first/sole shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy (xerox copy) of a cheque issued to you by your Bank, for verification of the above particulars)	
Account Type (Please tick the option)	☐ Savings ☐ Current ☐ Cash Credit
Bank Account Ledger Folio No. (If any)	
Effective date of this mandate	

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s. Rain Industries Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place : _____ Name of First Holder : _____

Date : _____ Signature of First Holder : _____

Note:

1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.



RAIN INDUSTRIES LIMITED

Regd.Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Telangana State.

CIN: L26942TG1974PLC001693

ATTENDANCE SLIP

42nd Annual General Meeting, Friday, the May 5, 2017 at 3.00 P.M.

Regd. Folio No.	
No. of Equity Shares held	

* DP ID:	
* Client ID:	

Name of the Shareholder	
Name of Proxy	

I/We hereby record my / our presence at the 42nd Annual General Meeting of the members of the Company held on Friday, the May 5, 2017 at 3:00 P M. at K L N Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Red Hills, Hyderabad-500 004, Telangana State.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please sign here

If Proxy, Please sign here

Note: This form should be signed and handed over at the Meeting Venue.

* Applicable for investors holding shares in electronic form.

Route Map for Venue of the Meeting





RAIN INDUSTRIES LIMITED

Regd. Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Telangana State.

Form No. MGT-11

PROXY FORM

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

CIN: L26942TG1974PLC001693
Name of the Company: Rain Industries Limited
Registered office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Telangana State.

Name of the member(s):

Registered address:

Email Id:

Folio No./Client Id:

DP ID:

I/We, being the member(s) of.....shares of the above named company, hereby appoint

1. Name:_____

Address:_____

E-mail Id:_____ Signature:_____

or failing him/her

2. Name:_____

Address:_____

E-mail Id:_____ Signature:_____

or failing him/her

3. Name:_____

Address:_____

E-mail Id:_____ Signature:_____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the company, to be held on Friday, the May 5, 2017 at 3.00 p.m. at KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI), Red Hills, Hyderabad-500 004, Telangana State and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
Ordinary Business	
1.	To receive, consider and adopt the Standalone Balance Sheet as at December 31, 2016, Statement of Profit and Loss for the Financial Year ended on December 31, 2016, Cash Flow Statement for the Financial Year ended December 31, 2016 and reports of Boards' and Auditors thereon.
2.	To receive, consider and adopt the Consolidated Balance Sheet as at December 31, 2016, Statement of Profit and Loss for the Financial Year ended on December 31, 2016, Cash Flow Statement for the Financial Year ended December 31, 2016 and Report of Auditors thereon.
3.	To approve and ratify interim dividend.
4.	To appoint a Director in place of Mr. N. Radhakrishna Reddy, who retires by rotation and being eligible offers himself for re-appointment.
5.	To appoint a Director in place of Mr. N. Sujith Kumar Reddy, who retires by rotation and being eligible offers himself for re-appointment.
6.	To ratify appointment of M/s. BSR & Associates LLP, as Statutory Auditors of the Company from this 42nd Annual General Meeting till the conclusion of 43rd Annual General Meeting.
Special Business	
7.	To amend the main Objects Clause of Memorandum of Association

Signed this..... day of..... 2017

Signature of shareholder

Signature of Proxy holder(s)

Please Affix
Re.1/-
Revenue
Stamp and sign
across

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



RAIN INDUSTRIES LIMITED

Regd. Office: Rain Center, 34, Srinagar Colony,
Hyderabad - 500 073, Telangana, India.