



RIL/SEs/2018

May 14, 2018

The General Manager Department of Corporate Services <b>BSE Limited</b> PhirozeJeejeebhoy Towers Dalal Street, Fort <u>Mumbai-400 001</u>	The Manager Listing Department <b>The National Stock Exchange of India Limited</b> BandraKurla 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 December 31, 2017.

Ref : Scrip Code: 500339 (BSE) and 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 43<sup>rd</sup> Annual Report of the Company for the financial year ended December 31, 2017 duly approved and adopted by the Members as per the provisions of Companies Act, 2013 at the 43<sup>rd</sup> Annual General meeting of the Company held on Friday, the May 11, 2018 at KLN Prasad Auditorium, the Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI) Red Hills, Hyderabad-500004, Telangana State, India

Please note that the 43<sup>rd</sup> Annual Report is also uploaded on the Company's website.

Thanking you,

Yours faithfully,  
for Rain Industries Limited

S. Venkat Ramana Reddy  
Company Secretary





RAIN INDUSTRIES LIMITED

## 43<sup>rd</sup> Annual Report 2017





## **BOARD OF DIRECTORS**

Mr. N. Radhakrishna Reddy  
Mr. Jagan Mohan Reddy Nellore  
Mr. N. Sujith Kumar Reddy  
Mr. S. L. Rao  
Mr. H. L. Zutshi  
Mr. Varun Batra  
Ms. Radhika Vijay Haribhakti  
Ms. Nirmala Reddy

Chairman  
Managing Director  
Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director

## **CHIEF FINANCIAL OFFICER**

Mr. T. Srinivasa Rao

## **COMPANY SECRETARY**

Mr. S. Venkat Ramana Reddy

## **STATUTORY AUDITORS**

B S R & Associates LLP  
Chartered Accountants,  
Salarpuria Knowledge City,  
Orwell, 6th Floor,  
Unit 3, Sy. No. 83/1,  
Plot No. 2, Raidurg,  
Hyderabad -500081,  
India.

## **INTERNAL AUDITORS**

Ernst & Young LLP  
Oval Office,  
18, iLabs Center, Hitech City  
Madhapur,  
Hyderabad - 500 081,  
Telangana State, India.

## **SECRETARIAL AUDITORS**

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  
Email: 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.**

<b>Business Vertical</b>	<b>Description of Business</b>
<b>Carbon Products</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Activities across the world with twelve facilities spread across Belgium, Canada, Germany, India, Poland, Russia and the United States of America.</li> <li>Energy co-generation facilities located in India and the United States of America.</li> </ul>
<b>Chemicals</b>	<ul style="list-style-type: none"> <li>Chemicals comprise the downstream processing of primary coal tar distillates such as naphthalene, benzene, carbolic oil, etc.</li> <li>Chemical products comprise resins and modifiers, aromatic chemicals, super plasticizers and other specialty products.</li> <li>Activities across the world with four facilities operating in Europe and North America.</li> </ul>
<b>Cement</b>	<ul style="list-style-type: none"> <li>Production and sale of cement, marketed under the brand name <b>“Priya Cement”</b>.</li> <li>Two integrated cement plants, one each in Andhra Pradesh and Telangana, along with a packaging plant in Karnataka.</li> <li>Energy co-generation facility located at the cement plant in Kurnool, Andhra Pradesh.</li> <li>Activities in the southern states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and expanding to new market regions such as the states of Goa, Kerala, Maharashtra, Odisha and Pondicherry.</li> </ul>

### **Financial Highlights for CY 2017**

- Revenue from Operations is ₹ 114.5 billion and Adjusted EBITDA is ₹ 22.7 billion.
- Adjusted Net Profit After Tax is ₹ 8.0 billion and Adjusted Earnings Per Share is ₹ 23.7.
- Strong Cash of ₹ 9.4 billion to fund Capex projects and meet debt obligations in the near-term.
- 100% dividend of ₹ 2.00 per share (including proposed final dividend of ₹ 1.00 per share).

## RAIN Group's Operating Facilities

Business Vertical	Facility	Description
<b>Carbon Products Business</b>	<b>Visakhapatnam – Andhra Pradesh, India<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>Two rotary kilns to produce CPC</li> <li>CPC blending facility</li> <li>Located in Visakhapatnam port area</li> <li>Proximity to new aluminum smelter plants</li> <li>Waste-heat recovery power plant</li> </ul>
	<b>Lake Charles – Louisiana, USA</b>	<ul style="list-style-type: none"> <li>Two rotary kilns to produce CPC</li> <li>Integrated and dedicated deep-water terminal</li> <li>Waste-heat recovery power plant</li> </ul>
	<b>Robinson – Illinois, USA</b>	<ul style="list-style-type: none"> <li>Two rotary kilns to produce CPC</li> <li>Located adjacent to Marathon oil refinery</li> </ul>
	<b>Chalmette – Louisiana, USA</b>	<ul style="list-style-type: none"> <li>One rotary kiln to produce CPC</li> <li>Integrated and dedicated deep-water terminal</li> <li>Waste-heat recovery power plant</li> </ul>
	<b>Gramercy – Louisiana, USA</b>	<ul style="list-style-type: none"> <li>One rotary kiln to produce CPC</li> <li>Integrated and dedicated deep-water terminal</li> </ul>
	<b>Norco – Louisiana, USA</b>	<ul style="list-style-type: none"> <li>One rotary kiln to produce CPC</li> <li>Located adjacent to Motiva oil refinery</li> <li>Waste-heat recovery steam plant</li> </ul>
	<b>Purvis – Mississippi, USA</b>	<ul style="list-style-type: none"> <li>One rotary kiln to produce fluid CPC</li> <li>Focused on specialty applications</li> <li>Direct rail / truck shipments to customers</li> </ul>
	<b>Castrop-Rauxel, Germany<sup>(2)</sup></b>	<ul style="list-style-type: none"> <li>Coal tar and petro tar distillation (largest single-line distillation plant globally) with integrated downstream production operations</li> <li>Downstream products includes phenols and carboindene.</li> <li>Integrated and dedicated river port and access via sea, rail and road</li> </ul>
	<b>Zelzate, Belgium<sup>(2)</sup></b>	<ul style="list-style-type: none"> <li>Coal tar and petro tar distillation with integrated downstream production of phthalic anhydride and Crude Benzene</li> <li>Integrated and dedicated deep-water terminal</li> </ul>
	<b>Hamilton, Canada</b>	<ul style="list-style-type: none"> <li>Serves as hub for North America, and is the only coal tar distillation facility in Canada</li> <li>Transport access via sea, rail and road</li> </ul>
	<b>Kedzierzyn – Kozle, Poland</b>	<ul style="list-style-type: none"> <li>Granulation and soft-pitch up-grading</li> <li>Serves as hub for Eastern Europe</li> </ul>
	<b>Cherepovets, Russia</b>	<ul style="list-style-type: none"> <li>Coal tar distillation joint venture with PAO Severstal in Russia</li> <li>Strategically located to supply pitch to the North Atlantic region; Russia and the Middle East</li> <li>Transport access via sea, rail and road</li> </ul>

## RAIN Group Operating Facilities (Contd.)

Business Vertical	Facility	Description
<b>Chemicals Business<sup>(3)</sup></b>	<b>Duisburg, Germany</b>	<ul style="list-style-type: none"> <li>Downstream production of resins and modifiers using derivatives from coal and petro tar distillation</li> <li>Integrated and dedicated river port</li> </ul>
	<b>Castrop-Rauxel, Germany</b>	<ul style="list-style-type: none"> <li>Downstream production of aromatic chemical using derivatives from coal and petro tar distillation</li> </ul>
	<b>Uithoorn, The Netherlands</b>	<ul style="list-style-type: none"> <li>Downstream production of resins and modifiers using derivatives from coal and petro tar distillation</li> <li>New heat polymerization technology for tailor-made products</li> </ul>
	<b>Candiac, Canada</b>	<ul style="list-style-type: none"> <li>Downstream superplasticizer production using derivatives from coal and petro tar distillation</li> </ul>
<b>Cement Business (Markets the product under the brand "Priya Cement")</b>	<b>Nalgonda – Telangana State, India<sup>(4)</sup></b>	<ul style="list-style-type: none"> <li>One rotary kiln</li> <li>Pit-head limestone mines</li> </ul>
	<b>Kurnool – Andhra Pradesh, India</b>	<ul style="list-style-type: none"> <li>Two rotary kilns</li> <li>Pit-head limestone mines</li> <li>Waste-heat recovery power plant</li> </ul>
	<b>Bellary – Karnataka, India</b>	<ul style="list-style-type: none"> <li>Fly ash handling and cement packaging facility</li> <li>Strategically located at the Karnataka Power Corporation Limited's ("KPCL") power plant</li> </ul>

Most of Rain Group's facilities are strategically located and have direct or indirect access to overseas distribution channels and to major logistic networks. RAIN Group utilizes fully leased specialty transportation assets including:

- One ice-class, multi-product ocean tanker with 8,000 DWT of capacity and secure, year-round strategic access to RAIN Group's Canadian and Baltic distribution hubs
- Two barges with 2,000 MT capacity each and one with 600 MT capacity for low-cost, multi-product inland transportation in Europe
- Hundreds of owned, leased and dedicated specialty railcars and trucks servicing RAIN Group's own terminals and 3rd party sites with regional sourcing pools

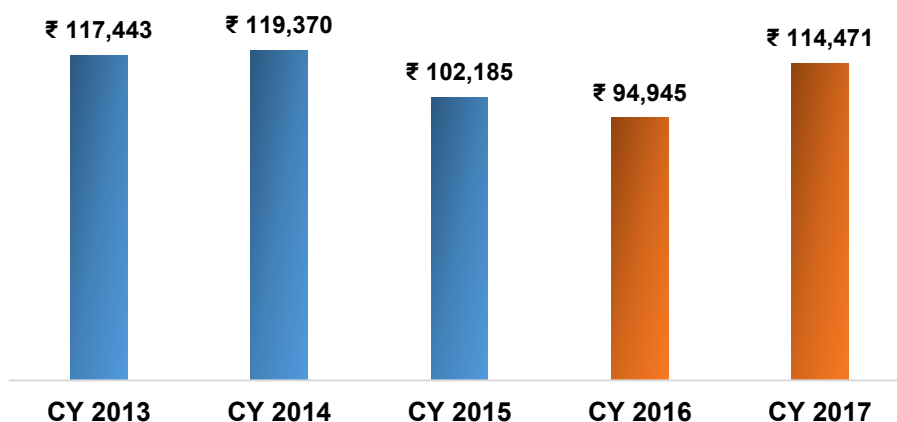
### NOTES:

- (1) The Board of Directors of the Company approved the expansion of CPC capacity by setting-up a vertical shaft kiln CPC plant of 370,000 tons per annum in Vishakhapatnam, Andhra Pradesh, India. The project includes a 15MW waste-heat recover power plant. The plant is estimated to commence operations during CY19.
- (2) The Company has commenced debottlenecking work at its petro-feedstock distillation facilities in Germany and Belgium. This should increase the existing available distillation capacity by 200,000 tons per annum. The commercial operations from these facilities should commence during the last quarter of CY19.
- (3) In view of the increasing demand for a wide range of hydrogenated resins from various industries, the Company is planning to set-up a hydrogenated hydrocarbon resins (HHCR) plant in Europe. Detailed engineering for this project is in progress.
- (4) The Company commenced commissioning of a 4.1MW waste-heat recovery power plant at its existing cement plant in Nalgonda, India. This power plant is estimated to commence operations in CY19.

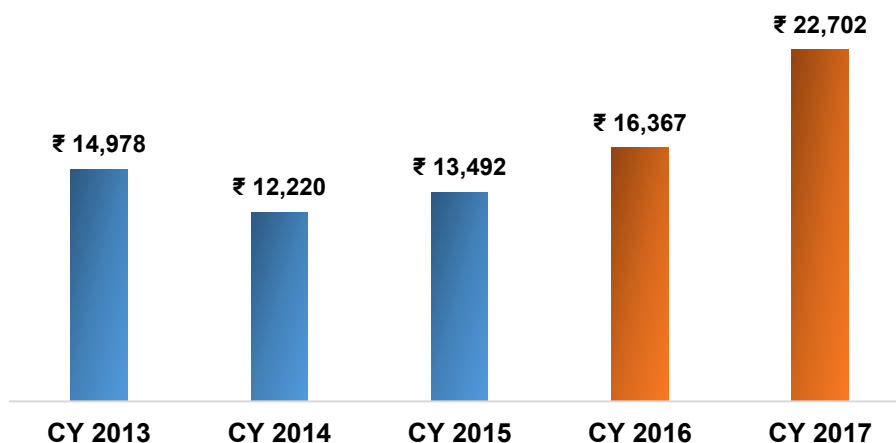


## Key Financial Indicators on a Consolidated Basis<sup>1</sup>

### A. Revenue (₹ Millions)



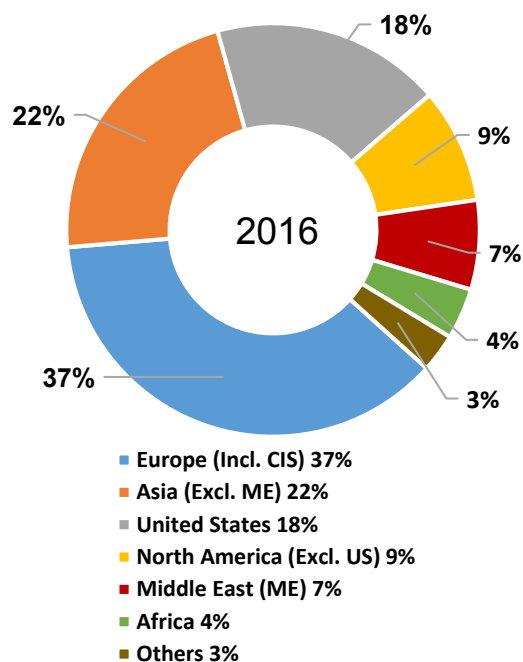
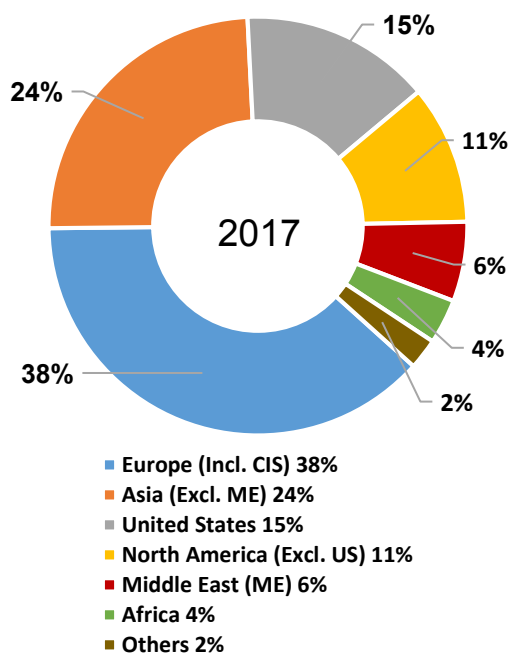
### B. Adjusted Operating Profit (₹ Millions)<sup>2</sup>



<sup>1</sup>The financial data for CY 2016 and CY 2017 are as per Indian Accounting Standards (Ind AS) implemented from January 1, 2016 and the same are not comparable with the financial data reported for previous years as per Indian GAAP.

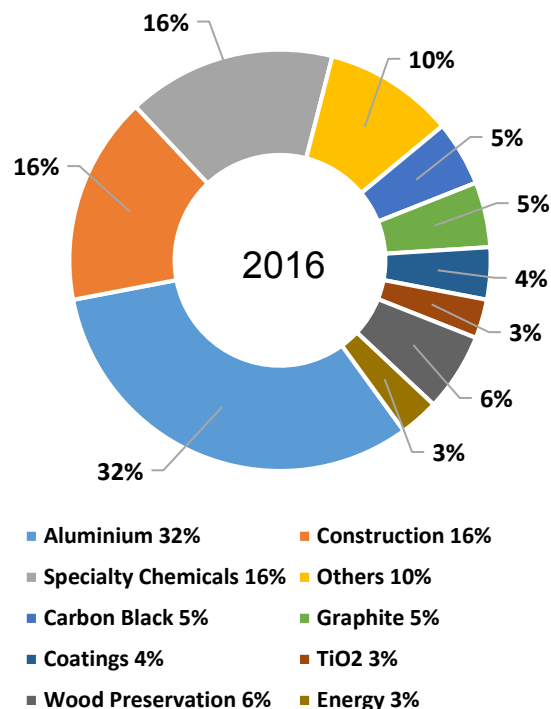
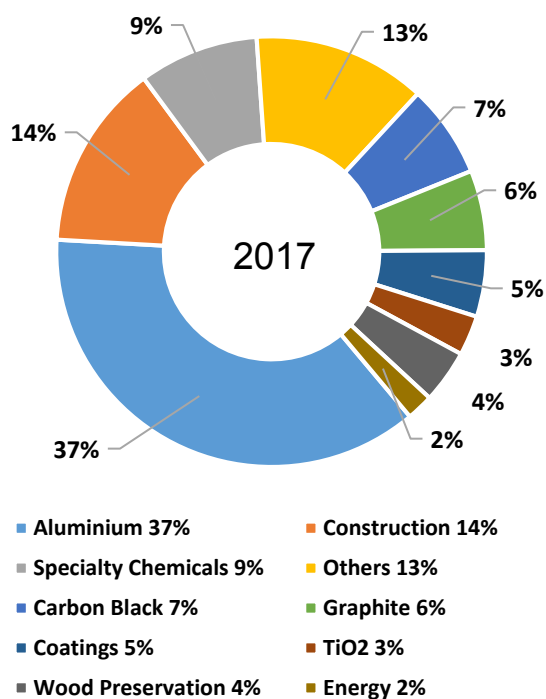
<sup>2</sup>Adjusted Operating Profit is the Profit before adjustment of Other Income; Foreign exchange (gain) / loss; Depreciation & amortisation; Impairment loss; Interest and Taxation and Exceptional items.

### C. Revenue by Geography



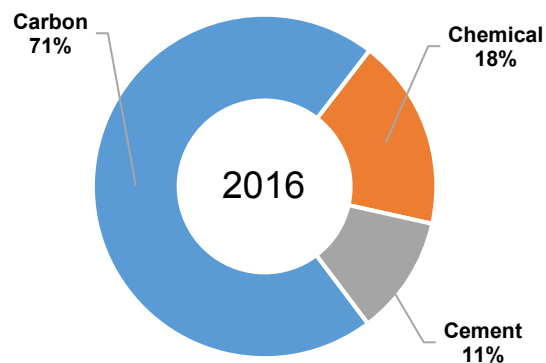
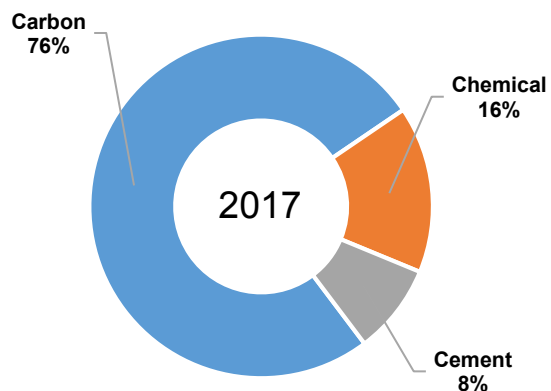
NOTE: Others include South America, Australia and Rest of the World

### D. Revenue by End-industry

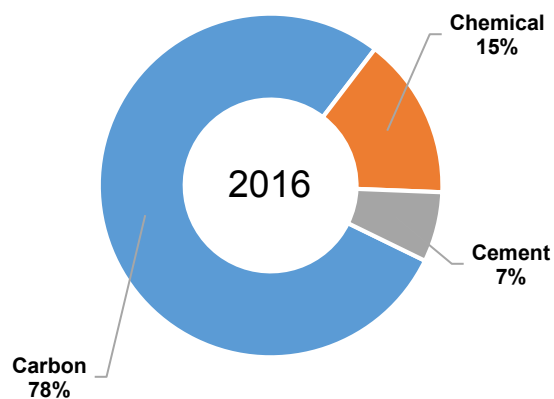
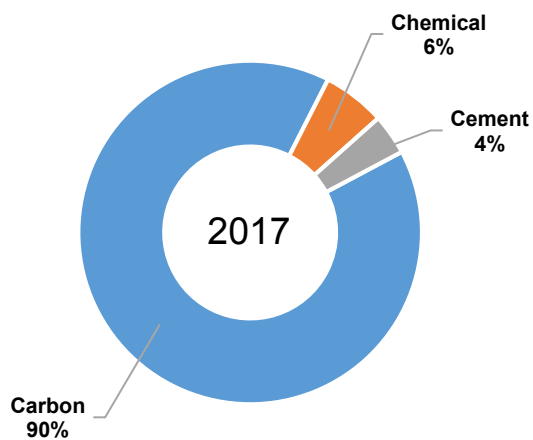


NOTE: Others includes end customers from Petroleum and Refractories

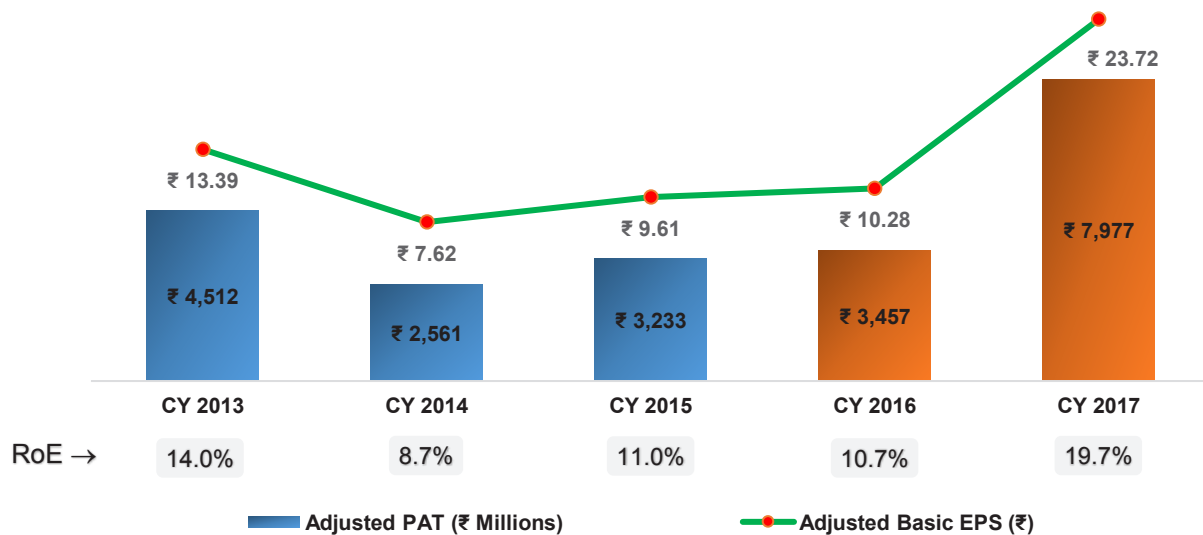
### E. Revenue by Business Segments



### F. Segment-wise Adjusted Operating Profit Mix<sup>2</sup>



## G. Shareholder Value Creation



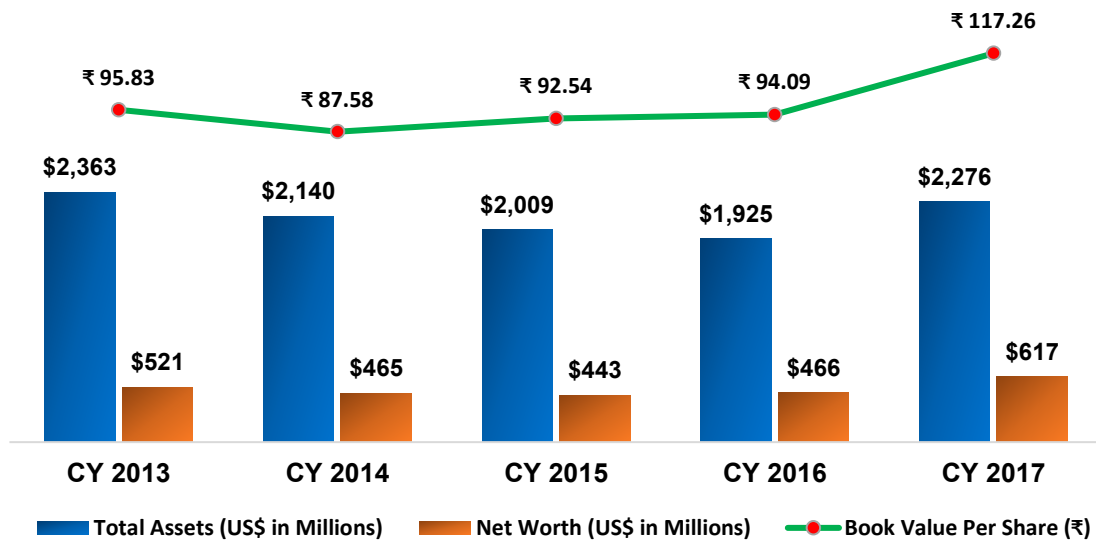
PAT-Profit After Tax; EPS-Earnings Per Share; RoE – Return on Equity

### NOTE:

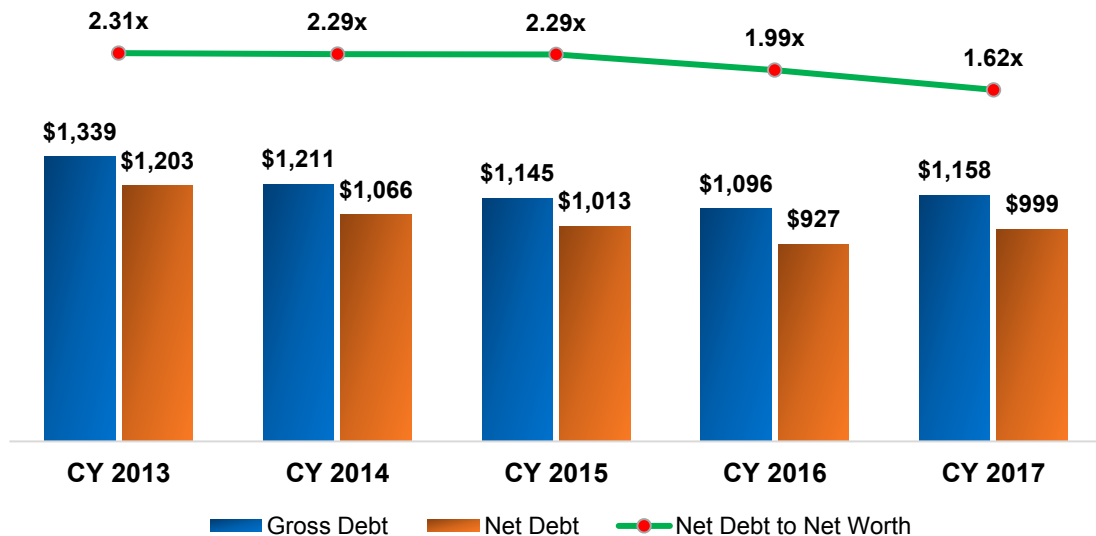
#### Reconciliation of reported PAT and adjusted PAT:

₹ in Millions	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
<b>Reported profit after tax</b>	<b>3,845</b>	<b>885</b>	<b>3,233</b>	<b>2,909</b>	<b>7,636</b>
<i>Add/(Less) Exceptional items</i>					
- Acquisition cost	142	-	-	-	-
- Impairment loss	1,304	95	-	-	-
- Insurance claim	(375)	-	-	-	-
- Increase / (Decrease) in Pension liability	-	1,820	(697)	-	-
- Provision for Inventories	-	237	-	547	-
- Currency devaluation	-	338	127	-	-
- Liquidated damages	-	-	429	-	-
- Provision for bad debts	-	-	134	-	-
- Provision for plant closure	-	-	-	262	-
- Incremental Major maintenance	-	-	-	439	-
- Severance payments	-	-	-	74	-
- Gain on buy back of bonds	-	-	-	(470)	-
- Bond redemption premium & amortization of deferred finance cost	-	-	-	-	1,803
- Tax impact on the above	(404)	(814)	7	(304)	(631)
- Gain from tax reforms	-	-	-	-	(831)
<b>Adjusted profit after tax</b>	<b>4,512</b>	<b>2,561</b>	<b>3,233</b>	<b>3,457</b>	<b>7,977</b>

## H. Total Assets, Net Worth and Book Value per Share



## I. Debt (US\$ Millions)<sup>3</sup>



<sup>3</sup>As majority debt is borrowed in US Dollar, 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.



## NOTICE

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of the Members of Rain Industries Limited (the Company) will be held on Friday, the May 11, 2018 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 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the Financial Year ended December 31, 2017 and reports of Board and Auditors thereon.
2. To receive, consider and adopt the Consolidated Audited Financial Statements of the Company for the Financial Year ended December 31, 2017 and Report of Auditors thereon.
3. To declare final dividend @ 50% on the paid-up Equity Share Capital i.e., Rs.1 per equity share for the financial year ended December 31, 2017.
4. To approve and ratify interim dividend.
5. 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.
6. 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.
7. To re-appoint the 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 consent of the members of the Company be and is hereby accorded for re-appointment of B S R & Associates LLP, Chartered Accountants (Firm Registration No.116231W/W-100024) as the Statutory Auditors of the Company to hold the office from the conclusion of this 43<sup>rd</sup> Annual General Meeting till the conclusion of the 48<sup>th</sup> Annual General Meeting of the Company to be held in the year 2023, subject to ratification of shareholders at every Annual General Meeting 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:

8. To appoint Mr. Jagan Mohan Reddy Nellore as Chief Executive Officer (CEO) of Rain Carbon Inc.

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded for the appointment of Mr. Jagan Mohan Reddy Nellore (Managing Director of the Company) as Chief Executive Officer (CEO) of Rain Carbon Inc., a step down wholly owned subsidiary Company for a period of 5 years, w.e.f. May 11, 2018 to May 10, 2023 on such terms and conditions as may be decided by the Board of Directors of Rain Carbon Inc.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary, in the best interest of the Company, for giving effect to the aforesaid resolution, including but not limited to signing and execution of necessary forms, papers, writings, agreements and documents including giving customary representations and warranties together with such indemnities as may be deemed necessary and expedient in its discretion.”

9. To re-appoint Ms. Radhika Vijay Haribhakti as an Independent Director.

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 Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and



Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the members of the Company be and is hereby accorded to re-appoint Ms. Radhika Vijay Haribhakti (DIN: 02409519), as an Independent Director of the Company for a period of 5 years i.e., from June 11, 2018 to June 10, 2023 and she shall not be liable to retire by rotation, who has submitted a declaration that she meets the criteria of independence as provided in Section 149 of the Act.”

10. To appoint Mr. Varun Batra as an Independent Director.

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the

members of the Company be and is hereby accorded to appoint Mr. Varun Batra (DIN: 00020526), who was appointed as an Additional Director of the Company by the Board of Directors, in terms of Section 161 of the Companies Act, 2013 and who has submitted a declaration that he meets the criteria of independence under Section 149 of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, for a period of 5 years i.e., from February 28, 2018 to February 27, 2023 and he shall not be liable to retire by rotation.”

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

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

Place: Hyderabad  
Date : February 28, 2018

## 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 May 5, 2018 to May 11, 2018 (both days inclusive).
4. Profile of Mr. N. Radhakrishna Reddy, Mr. N. Sujith Kumar Reddy, Ms. Radhika Vijay Haribhakti and Mr. Varun Batra being appointed as Directors is given in the Explanatory Statement and Report on Corporate Governance.
5. Profile of Mr. Jagan Mohan Reddy Nellore being appointed as Chief Executive Officer (CEO) of Rain Carbon Inc., a step down wholly owned subsidiary Company is given in the explanatory statement and Report on Corporate Governance.
6. 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.3.05 Million of the Company for the financial year ended December 31, 2009 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, 2010 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.
7. 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 unclaimed Dividend amounts lying with the Company as on May 5, 2017 (date of last Annual General Meeting) on the website of the Company ([www.rain-industries.com](http://www.rain-industries.com)) and also on the website of Ministry of Corporate Affairs.
8. 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, 2010	46%	May 12, 2011	June 11, 2018
2	December 31, 2011	55%	April 25, 2012	May 25, 2019
3	December 31, 2012	55%	April 27, 2013	May 26, 2020
4	December 31, 2013 (Interim dividend)	50%	November 14, 2013	December 13, 2020
5	December 31, 2014 (Interim dividend)	50%	November 6, 2014	December 7, 2021
6	December 31, 2015 (Interim dividend)	50%	August 14, 2015	September 15, 2022
7	December 31, 2016 (Interim dividend)	50%	August 13, 2016	September 14, 2023
8	December 31, 2017 (Interim dividend)	50%	August 11, 2017	October 10, 2024

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, email: [secretarial@rain-industries.com](mailto:secretarial@rain-industries.com).

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. Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Authority:**

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 claimed for seven consecutive years or more shall be transferred to IEPF Authority.

11. The Company has sent letters dated July 1, 2014, April 15, 2015, April 18, 2016 and April 10, 2017 to all the shareholders who have not claimed their dividend and also published notices in all editions of Business Standard and Andhra Prabha on July 11, 2014, April 21, 2015, November 28, 2016 and April 20, 2017 reminding the shareholders to claim their unclaimed dividend amounts. In compliance with the MCA notifications dated September 5, 2016 and October 13, 2017, the Company has transferred the shares to Investor Education and Protection fund Authority (IEPF) of those shareholders who have not claimed their dividends for a continuous period of 7 years.

**12. Claiming of Shares and Dividends which were transferred to Investor Education and Protection fund Authority (IEPF):**

The Shareholders are requested visit the website of the Company i.e., [www.rain-industries.com](http://www.rain-industries.com) to know the procedure for claiming Shares and Dividends transferred to Investor Education and Protection fund Authority.

13. 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 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.

14. 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 2017 -18.

15. 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, Karvy Computershare Private Limited.

16. Route Map showing directions to reach to the venue of the 43<sup>rd</sup> AGM is attached to this Annual Report as per the requirement of the Secretarial Standard-2 on "General Meetings" issued by the Institute of Company Secretaries of India.

17. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Registrar and Share Transfer Agent at **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.**

18. Register of Directors and their shareholding Under Section 170 of the Companies Act, 2013 and the rules made thereunder and Register of Contracts maintained under Section 189 of the Companies Act, 2013 and the rules made thereunder are available for inspection at the registered office of the Company.

19. Corporate members intending to send their authorised representatives to attend the Annual General Meeting pursuant to the provisions of Section 113 of Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution to the Company.

20. Please note that as per Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), it is mandatory for the Company to print the bank account details of the investors in dividend payment instrument. Hence, you are requested to register/ update your correct bank account details with the Company/RTA/ Depository Participant, as the case may be.

21. As required under Listing Regulations and Secretarial Standard-2 on General Meetings details in respect of directors seeking re-appointment at the AGM, is separately annexed hereto. Directors seeking re-appointment have furnished requisite declarations under section 164(2) and other applicable provisions of the Companies Act, 2013 including rules framed thereunder.

## 22. Voting through electronic means and poll

In terms of the provisions of Section 108 and 109 of the Companies Act, 2013 (the Act) read with Rule 20 and 21 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 and poll to members holding shares as on May 4, 2018 (End of Day) being the Cut-off date fixed for determining voting rights of members, entitled to participate in the e-voting process and poll.

## 23. 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 and 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 separate sheet / 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 May 7, 2018 to 5.00 P.M. (IST) on May 10, 2018.
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. 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 May 7, 2018 and ends on 5.00 p.m. (IST) on May 10, 2018. 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 May 4, 2018 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)/ Ms. Ansu Thomas, Practising Company Secretary (Membership No. 8994, CP No. 16696), having address at 6/3/154-159, Flat No. 303, 3<sup>rd</sup> Floor, Royal Majestic, Prem Nagar Colony, Near Banjara Hills Care Hospital, Khairatabad, Hyderabad - 500 004, Telangana, India as the Scrutiniser to the voting process (e-voting 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 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 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 43<sup>rd</sup> Annual General Meeting of the Company scheduled to be held on May 11, 2018, the results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.rain-industries.com](http://www.rain-industries.com) and on the website of Karvy, [www.evoting.karvy.com](http://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](mailto: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, Telangana, India.

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

### Item No. 8

Rain Carbon Inc., is a step down wholly owned subsidiary Company of Rain Industries Limited.

Mr. Jagan Mohan Reddy Nellore is presently Managing Director of Rain Industries Limited. It is proposed to appoint Mr. Jagan Mohan Reddy Nellore as Chief Executive Officer ("CEO") of Rain Carbon Inc. to oversee the operations outside India and also to provide strategy and guidance to the Senior Management of Subsidiary Companies situated outside India.

The appointment of Mr. Jagan Mohan Reddy Nellore, Managing Director of the Company as CEO of Rain Carbon Inc., shall be approved by members of the Company by way of Ordinary Resolution in pursuance of the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder.

### Profile of Mr. Jagan Mohan Reddy Nellore

Mr. Jagan Mohan Reddy Nellore (51 years) brings with him 25 years of experience to the Company in finance, commercial and operations areas. Mr. Nellore is presently the Managing Director of Rain Industries Limited.

Mr. Nellore is 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 Electricity 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 business strategies in 2007 and subsequently in 2013 through the acquisition of RÜTGERS N.V., a Coal Tar Pitch ("CTP") and Chemicals producer. Mr. Nellore has successfully integrated the acquired entities to create the world's leading industrial carbon producer. Mr. Nellore holds a Bachelor of Science degree in Industrial Engineering from Purdue University, USA.

Mr. Nellore is a Member on 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 Carbon Inc., Handy Chemicals (U.S.A.) Ltd and CII Carbon Corp. Mr. Nellore is the member of Audit Committee and Nomination and Remuneration Committee of Rain

Cements Limited and Rain CII Carbon (Vizag) Limited. He holds 100 equity Shares in the Company.

Mr. Nellore 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.

Except Mr. N. Radhakrishna Reddy, Chairman, Mr. Jagan Mohan Reddy Nellore, Managing Director, Mr. N. Sujith Kumar Reddy, Director, their relatives, no other Director on the Board or Manager or the key managerial personnel of the Company or their relatives are in anyway concerned or interested financially or otherwise in the above Resolution.

Your Directors recommend the resolution for your approval.

### Item No. 9

The shareholders of the Company at the 40<sup>th</sup> Annual General Meeting have appointed Ms. Radhika Vijay Haribhakti (DIN: 02409519) as an Independent Director of the Company for a period of 3 years and the term of Ms. Radhika Vijay Haribhakti will expire on June 10, 2018.

A notice under Section 160 of the Companies Act, 2013 has been received from a member of the Company proposing candidature of Ms. Radhika Vijay Haribhakti. The Company has received i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Ms. Radhika Vijay Haribhakti to the effect that she is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that she meets the criteria of independence as provided under Section 149 of the Companies Act, 2013.

The Nomination and Remuneration Committee at their meeting held on February 27, 2018 and Board of Directors at their meeting held on February 28, 2018 on the basis of the report of performance evaluation of Independent Directors have recommended the re-appointment of Ms. Radhika Vijay Haribhakti as an Independent Director for a further period of 5 years i.e., from June 11, 2018 to June 10, 2023.

In the opinion of the Board, Ms. Radhika Vijay Haribhakti fulfils the conditions specified in the Companies Act, 2013 and the Rules framed thereunder and Chapter IV

of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for re-appointment as an Independent Director and she is independent of the management.

As per the provisions of Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a Special Resolution by the Company. The Resolution set out at Item No.9 of the notice is put forth for consideration of the members as a special resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for re-appointment of Ms. Radhika Vijay Haribhakti as an Independent Director.

The terms and conditions of re-appointment of Ms. Radhika Vijay Haribhakti shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

- **Profile of Ms. Radhika Vijay Haribhakti**

Ms. Radhika Haribhakti (60 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, Vistaar Financial Services Pvt Ltd and Mahanagar Gas Limited.

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 and Member of Audit Committee, Performance Review Board and Chairperson of Corporate Social Responsibility Committee of Mahanagar Gas 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 is not holding any equity shares of the Company and she is not related to other Directors of the Company.

Except Ms. Radhika Vijay Haribhakti, no other Director on the Board or Manager or the key managerial personnel of the Company or their relatives are in anyway concerned or interested financially or otherwise in the above Resolution set out at Item No. 9 of the Notice.

Your Directors recommend the resolution for your approval.

#### **Item No. 10**

Mr. Varun Batra was appointed as an Additional Director of the Company w.e.f. February 28, 2018 by the Board of Directors at their meeting held on February 28, 2018 under Section 161 of the Companies Act, 2013. The appointment is subject to the approval of the shareholders at the General Meeting to be held immediately after the said appointment.

A notice under Section 160 of the Companies Act, 2013 has been received from a member of the Company proposing candidature of Mr. Varun Batra. The Company has received: i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Mr. Varun Batra to the effect that he is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that he meets the criteria of independence as provided under Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Varun Batra fulfills the conditions specified in the Companies Act, 2013 and the Rules framed thereunder and Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 for appointment as an Independent Director and he is independent of the

management.

The Resolution set out at Item No.10 of the notice is put forth for consideration of the members as an ordinary resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for appointment of Mr. Varun Batra as an Independent Director.

The terms and conditions of appointment of Mr. Varun Batra shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

#### **Brief Profile of Mr. Varun Batra**

Mr. Varun Batra (51 years) is a Senior finance professional with more than 25 years of experience in the fields of Private Equity, Special Situations, Corporate Finance & Capital Markets, Credit & Relationship management across various Corporate & Financial Institutional customers. He has relevant experience in Relationship, Risk & Product Management and Debt & Equity investing across the Capital Structure.

Mr. Varun has built and led teams in both large and small organizations with direct Frontline and Profit Centre responsibility. He is currently a Senior Partner and heads the Mumbai office of Baring Private Equity Partners India Pvt. Ltd.

He was a Managing Director at Citibank N.A where he worked during the period 1997 – 2010. During his tenure at Citibank, he built and led Citigroup's Special Situations proprietary investments in India. Prior to that he headed the Corporate Finance & Capital Markets business and was earlier responsible for relationships with non-bank

Financial Institution customers.

He worked in ANZ Grindlays Bank, Mumbai during the period from 1991 to 1996.

He is a Director in RMZ Infotech Private Limited, RMZ Ecoworld Infrastructure Private Limited, RMZ Infratech Private Limited, Starkarma Realty Holdings India Private Limited and RMZ Consultancy Services Private Limited.

He is a Graduate in Mathematics from St. Xavier's College, Mumbai and Post Graduate in Management from the Indian Institute of Management (IIM), Ahmedabad.

He is not holding any equity shares of the Company and he is not related to any Director of the Company.

Except Mr. Varun Batra no other Director on the Board or Manager or the key managerial personnel of the Company or their relatives are in anyway concerned or interested financially or otherwise in the above Resolution set out at Item No. 10 of the Notice.

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 28, 2018

## Annexure to the Notice dated February 28, 2018

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting on May 11, 2018

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India]

S. No.	Particulars	Name of the Director			
		Mr. N. Radhakrishna Reddy	Mr. N. Sujith Kumar Reddy	Ms. Radhika Vijay Haribhakti	Mr. Varun Batra
1	DIN	00021052	00022383	02409519	00020526
2	Date of birth and Age	July 1, 1942 75 Years	July 26, 1971 46 Years	December 20, 1957 60 years	November 17, 1966 51 years
3	Qualification	Under Graduate	Graduate in Commerce	Graduate in Commerce from Gujarat University and Post Graduate in Management from the Indian Institute of Management (IIM), Ahmedabad	Graduate in Mathematics from St. Xavier's College, Mumbai and Post Graduate in Management from the Indian Institute of Management (IIM), Ahmedabad.
4	Experience and expertise in specific functional areas	More than 50 years of experience in Construction and Cement Industry	More than 24 years of experience in manufacturing and Construction Industry	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.	A Senior finance professional with more than 25 years of experience in the fields of Private Equity, Special Situations, Corporate Finance & Capital Markets, Credit & Relationship management across various Corporate & Financial Institutional customers. He has relevant experience in Relationship, Risk & Product Management and Debt & Equity investing across the Capital Structure.
5	Brief resume	Resume is given in the Corporate Governance forming part of Annual Report.	Resume is given in the Corporate Governance forming part of Annual Report.	Resume is given in the Explanatory Statement and Corporate Governance forming part of Annual Report.	Resume is given in the Explanatory Statement and Corporate Governance forming part of Annual Report.



S. No.	Particulars	Name of the Director			
		Mr. N. Radhakrishna Reddy	Mr. N. Sujith Kumar Reddy	Ms. Radhika Vijay Haribhakti	Mr. Varun Batra
6	Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Father of Mr. Jagan Mohan Reddy Nellore, Managing Director and Mr. N. Sujith Kumar Reddy, Director.	Son of Mr. N. Radhakrishna Reddy, Chairman and brother of Mr. Jagan Mohan Reddy Nellore, Managing Director.	Not related to Directors, Manager and other Key Managerial Personnel of the company	Not related to Directors, Manager and other Key Managerial Personnel of the company
7	Nature of appointment (appointment / re-appointment)	Retires by rotation and offers himself for re-appointment.	Retires by rotation and offers himself for re-appointment.	Re-Appointment	Appointment
8	Terms and Conditions of appointment / re-appointment	Appointment as a Non- Executive Director subject to retirement by rotation	Appointment as a Non- Executive Director subject to retirement by rotation	Terms and conditions of appointment are as per the resolution at Item No. 9 of the Notice convening Annual General Meeting on May 11, 2018 read with explanatory statement thereto	Terms and conditions of appointment are as per the resolution at Item No. 10 of the Notice convening Annual General Meeting on May 11, 2018 read with explanatory statement thereto
9	Remuneration last drawn by such person, if applicable and remuneration sought to be paid	Sitting fees paid to Mr. N. Radhakrishna Reddy is given in Corporate Governance Report.	Nil	Sitting fees and Commission paid to Ms. Radhika Vijay Haribhakti is given in Corporate Governance Report. As a Non-Executive Independent Director, she is entitled to sitting fees for attending meetings of the Board/Committee and Commission as may be approved by the Board of Directors from time to time.	As a Non-Executive Independent Director, he is entitled to sitting fees for attending meetings of the Board/Committee and Commission as may be approved by the Board of Directors from time to time.
10	Date of first appointment on the Board	January 2, 1984	March 22, 1992	November 6, 2014	February 28, 2018

S. No.	Particulars	Name of the Director			
		Mr. N. Radhakrishna Reddy	Mr. N. Sujith Kumar Reddy	Ms. Radhika Vijay Haribhakti	Mr. Varun Batra
11	Shareholding in the company	Holds 10,383,730 equity shares	Holds 10,028,770 equity shares	Nil	Nil
12	The number of Meetings of the Board attended during the year	4 out of 4	4 out of 4	4 out of 4	Not applicable
13	Directorship Details of the Board*	1.Rain Cements Limited 2.Renuka Cement Limited 3.PCL Financial Services Pvt. Limited 4.PR Cement Holdings Limited 5.Arunachala Holdings Private Limited 6.Apeetha Enterprises Private Limited 7.Lakshmi Sea Foods Limited 8.Rain Entertainment Private Limited 9.Pragnya Priya Foundation	1.Rain Cements Limited 2.Renuka Cement Limited 3.PCL Financial Services Private Limited 4.Arunachala Holdings Private Limited 5.Apeetha Enterprises Private Limited 6.Nivee Holdings Private Limited 7.Nivee Property Developers Private Limited 8.Rain Entertainment Private Limited 9.Pragnya Priya Foundation	1.Navin Fluorine International Limited 2.EIH Associated Hotels Limited 3.Vistaar Financial Services Private Limited 4.ICRA Ltd 5.Adani Ports and Special Economic Zone Limited 6.Mahanagar Gas Limited	1.RMZ Infotech Private Limited 2.RMZ Ecoworld Infrastructure Private Limited 3.RMZ Infratech Private Limited 4.STARKARMA Realty Holdings India Private Limited 5.RMZ Consultancy Services Private Limited

S. No.	Particulars	Name of the Director		
		Mr. N. Radhakrishna Reddy	Mr. N. Sujith Kumar Reddy	Ms. Radhika Vijay Haribhakti
14	Member-ship/ Chairmanship of Committees of other Boards	<b>Member of:</b> Corporate Social responsibility Committee of Rain Cements Limited	<b>Member of:</b> Corporate Social responsibility Committee of Rain Cements Limited	<b>I) Member:</b> <b>A) Audit Committee of</b> 1. ICRA Ltd 2. Adani Ports and Special Economic Zone Limited 3. EIH Associated Hotels Limited 4. Mahanagar Gas Ltd 5. Vistaar Financial Services Private Limited <b>B) Shareholders' Grievance Committee of</b> 1. Navin Fluorine International Limited 2. Adani Ports and Special Economic Zone Limited <b>C) Nomination and Remuneration Committee of</b> 1. Adani Ports and Special Economic Zone Limited <b>D) Performance review Board Committee of</b> 1. Mahanagar Gas Ltd <b>II) Chairperson of</b> 1. ICRA Ltd - Nomination and Remuneration Committee 2. Mahanagar Gas Ltd - Corporate Social Responsibility Committee
				Mr. Varun Batra
				Nil

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

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

Place : Hyderabad  
Date : February 28, 2018

## BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 43<sup>rd</sup> Annual Report and the Audited Financial Statements for the Financial Year ended December 31, 2017.

### FINANCIAL RESULTS

#### A) STANDALONE:

The Standalone performance for the Financial Year ended December 31, 2017 is as under:

#### The financial summary

(In Rs. Million)

S. No.	Particulars	December 31, 2017	December 31, 2016
1	Revenue from operations	596.21	448.46
2	Profit before finance cost, depreciation and tax expense	568.20	651.60
3	Finance Cost	176.90	285.85
4	Profit before depreciation and tax expense	391.30	365.75
5	Depreciation	6.00	15.29
6	Profit before Tax Expense	385.30	350.46
7	Tax Expense	64.24	21.14
8	Profit After Tax Expense	321.06	329.32
9	Add: Surplus at the beginning of the year	793.05	831.42
10	Total Available for appropriation	1,114.11	1,160.74
	<b>Appropriations:</b>		
11	Dividend including taxes	336.35	336.35
12	Transfer to general reserve	32.11	31.34
13	Surplus carried to Balance Sheet	745.65	793.05

**B) CONSOLIDATED:**

The Consolidated performance for the Financial Year ended December 31, 2017 are as under:

**The financial summary**

(In Rs. Million)

S. No.	Particulars	December 31, 2017	December 31, 2016
1	Revenue from operations	<b>114,471.36</b>	94,944.69
2	Profit before finance cost, depreciation and tax expense	<b>23,836.75</b>	16,518.57
3	Finance cost	<b>5,946.71</b>	6,308.45
4	Profit before depreciation and tax expense	<b>17,890.04</b>	10,210.12
5	Depreciation	<b>5,256.27</b>	5,189.70
6	Profit before share of profit of associates, exceptional items and tax	<b>12,633.77</b>	5,020.42
7	Share of profit of associates	<b>8.84</b>	41.53
8	Profit before exceptional items and tax	<b>12,642.61</b>	5,061.95
9	Exceptional items	<b>1,803.30</b>	261.56
10	Profit before tax expense	<b>10,839.31</b>	4,800.39
11	Tax expense	<b>2,918.09</b>	1,792.07
12	Profit after tax expense	<b>7,921.22</b>	3,008.32
13	Non-controlling interests	<b>285.35</b>	98.90
14	Profit after tax expense after non-controlling interests	<b>7,635.87</b>	2,909.42
15	Add: Surplus at the beginning of the year	<b>30,755.62</b>	29,044.85
16	Total available for appropriation	<b>38,391.49</b>	31,954.27
	<b>Appropriations:</b>		
17	Dividend including taxes	<b>338.84</b>	499.27
18	Transfer to general reserve	<b>32.11</b>	77.01
19	Purchase of non-controlling interests adjusted to retained earnings	-	613.42
20	Depreciation as per Transitional provisions	-	15.84
21	Others	-	(6.89)
22	Surplus carried to the Balance Sheet	<b>38,020.54</b>	30,755.62

**State of the Company's Affairs**

During the year, the Company has achieved revenue of Rs.596.21 million and net profit of Rs. 321.06 million on a standalone basis. During the same period, the consolidated revenue was Rs. 114,471.36 million and net profit after non-controlling interests was Rs. 7,635.87 million.



## BUSINESS OUTLOOK

### Cautionary Statement

RAIN Industries Limited along with its subsidiary companies in India and abroad are together referred to as “RAIN Group”. 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 impact RAIN Group’s operations include economic conditions affecting demand and supply for the products manufactured by RAIN Group; price conditions in the domestic and overseas markets in which RAIN Group operates; changes in Government regulations, tax laws and 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 and the producer of Priya Cement, a market leader in south India.

Our Carbon business segment converts the by-products of oil refining (i.e., green petroleum coke or “GPC”) and steel production (i.e., coal tar) into high-value carbon-based products [i.e., calcined petroleum coke (or “CPC”), coal tar pitch (or “CTP”) and other carbon products (or “OCP”) that are critical raw materials for the aluminium, 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 ordinary portland cement (or “OPC”) and portland pozzolana cement (or “PPC”) consumed largely by the civil construction and infrastructure industry.

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

Our production facility locations are spread worldwide, 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).

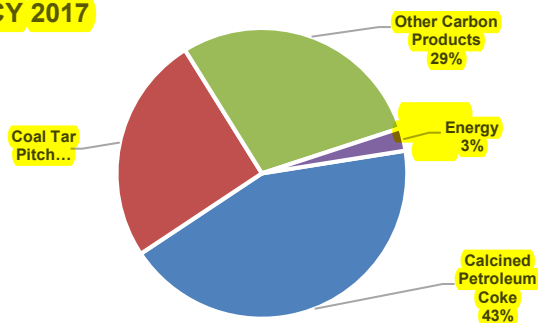
## BUSINESS SEGMENT OUTLOOK

### 1. Carbon

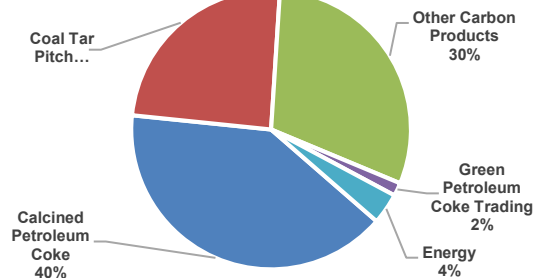
Carbon products include CPC, CTP, GPC, and other derivatives of coal tar distillation including creosote oil, naphthalene, phthalic anhydride, CARBORES® and others. Energy produced through waste-heat recovery during the manufacturing of CPC is included within Carbon business segment. This segment contributed approximately 75.8% of the consolidated revenue of RAIN Group for CY 2017.

## Carbon Segment – Revenue Mix by Products

**CY 2017**



**CY 2016**



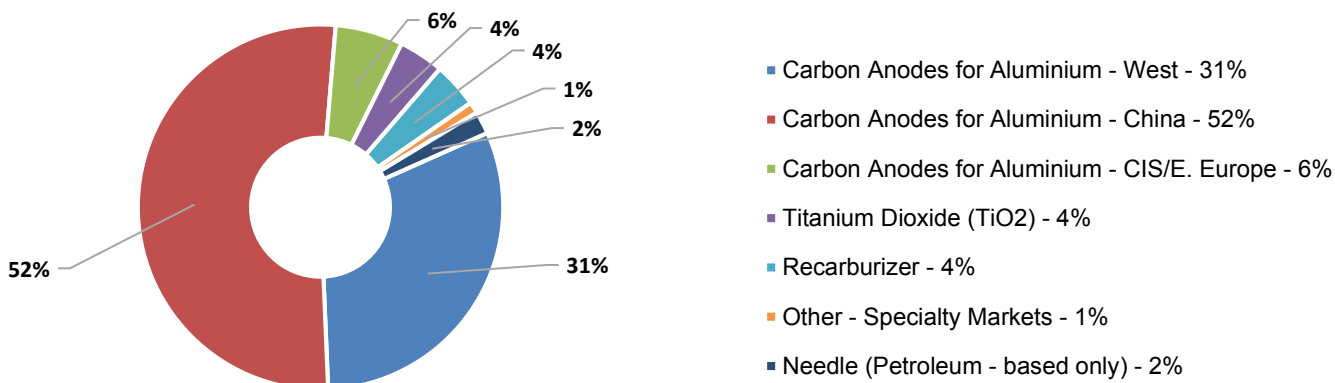
Source: Company Data

### 1.1. Calcined Petroleum Coke (“CPC”)

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 the USA and one CPC plant in India with an aggregate production capacity of approximately 2.1 million metric tons per annum along with a CPC blending facility of 1.0 million metric tons per annum in India. RAIN Group is setting-up a greenfield CPC plant with a capacity of 0.37 million metric tons per annum, using vertical-shaft technology in Vizag, India. We expect the vertical-shaft CPC plant to commence operations during CY 2019.

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 aluminium smelting process), and (ii) industrial-grade CPC (for use in the manufacturing of titanium dioxide and other industrial applications). Anode-grade CPC represents approximately 89% of global CPC production, and industrial-grade CPC represents the remaining 11%. For every metric ton of primary aluminium produced, approximately 0.4 metric tons of CPC is consumed.

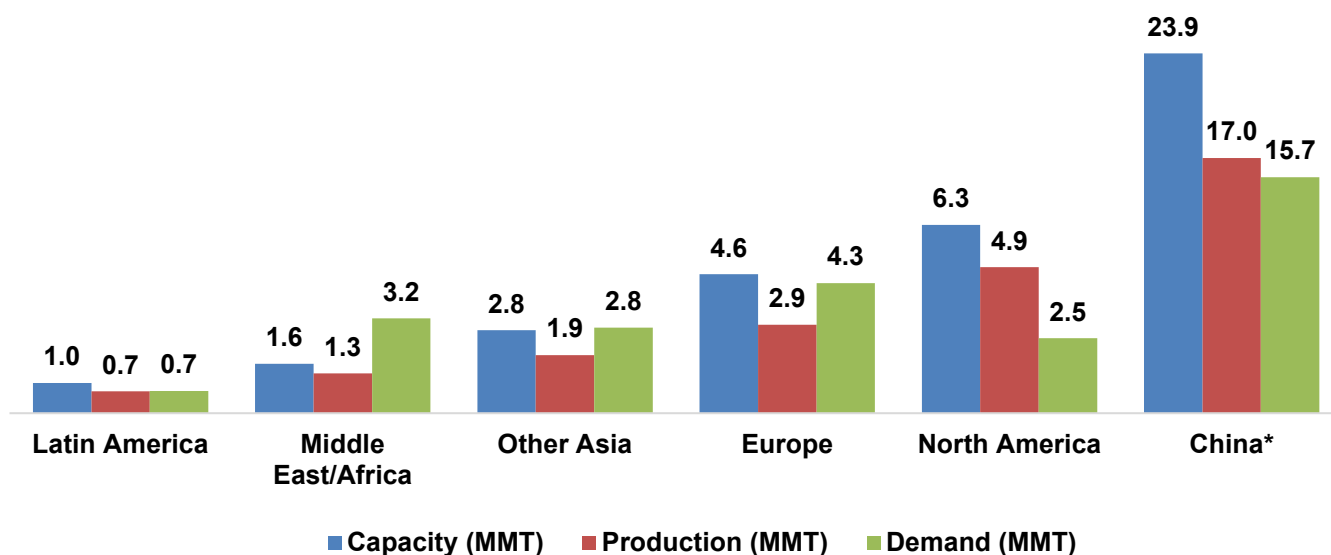
### World CPC – End-Use Demand Mix



Source: Management Estimate and Industry

Worldwide CPC production for CY 2017 was about 28.7 million metric tons, 76% of which was produced in China and North America, comprising 62% of global demand. 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. China and North America will maintain the positive surplus. Due to a large gap between production and demand, Asia and Middle East will become promising markets for Asian calciners.

## World CPC – Geographical Capacity, Production and Demand Mix CY 2017

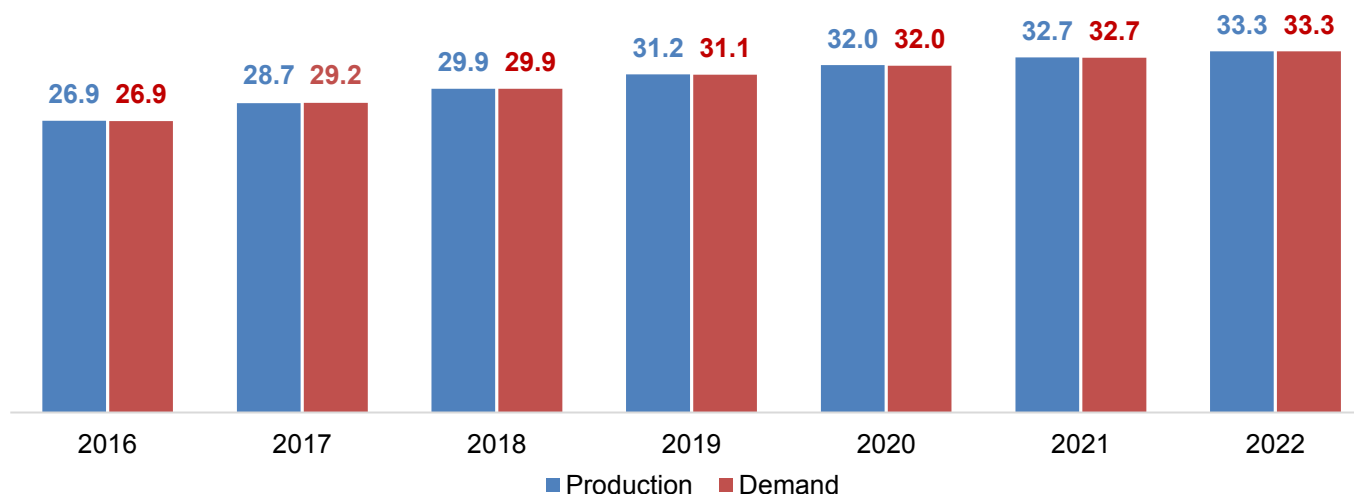


\* Not to Scale with comparatives

Source: Management Estimate and Industry

As per recent industry estimates, worldwide demand for CPC aggregated to approximately 29.2 million metric tons in CY 2017. The demand is expected to grow to approximately 33.3 million metric tons by CY 2022, representing a CAGR of +2.64%. Worldwide production of CPC aggregated to approximately 28.7 million metric tons in CY 2017, and is expected to grow to approximately 33.3 million metric tons by CY 2022, representing a CAGR of +3.01%.

## World CPC – Production Vs. Demand (in Million Metric Tons)

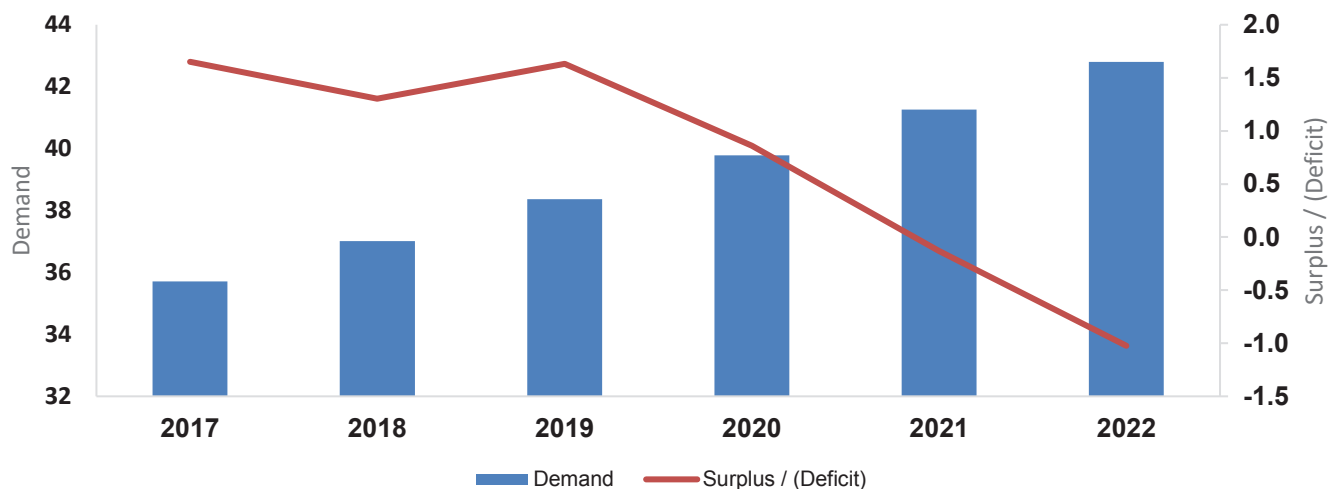


Source: Management Estimate and Industry

RAIN Group estimates that over 280 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 quality of GPC is largely a function of the crude quality used at a refinery. Manufacturers of CPC blend various grades of GPC (and CPC) to meet the stringent quality specifications of aluminium smelters.

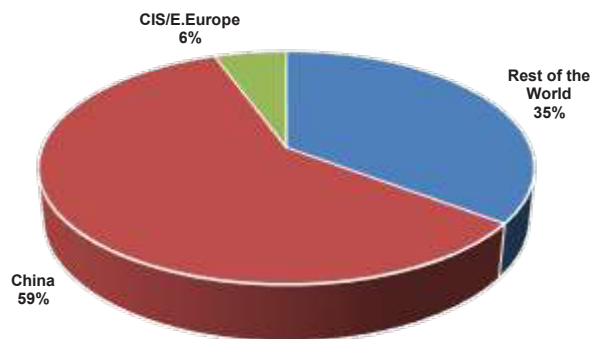
The price of GPC varies depending on the quality and the market in which it is utilized. The price of GPC is largely driven by prevailing demand and supply conditions. A refinery typically realizes higher prices for GPC that is used in production of anode-grade CPC and industrial-grade CPC as compared to GPC used as a fuel.

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



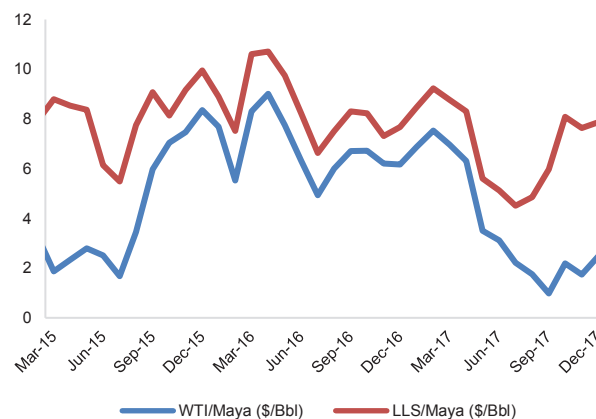
Source: Management Estimate and Industry

#### 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

In general, it is advantageous for oil refineries to process more sour crude, as compared to sweet crude, to improve their profitability. The spread between sweet crude and sour crude has increased. This economic incentive for refineries to process sour crudes has the effect of reducing the production of anode-grade GPC. In fact, a significant volume of existing anode-grade GPC quality has deteriorated due to increased use of sour crude by refineries. It should be noted that many coking units will continue to produce anode-grade GPC because these refineries are unable to process sour crudes due to limitation of their refinery configuration. In addition, some refineries process sweet crudes logistically advantaged to those locations.

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. In the interim, the difference, if any, may have to be absorbed by the CPC producers.

The global calcinable-grade GPC supply is expected to grow only at a CAGR of +2.1% during 2017 to 2021. The availability of low-sulphur GPC is expected to be negatively affected due to regulations specified by the International Convention for the Prevention of Pollution from Ships ("MARPOL"), which would be effective from 2020 and is expected to cause oil refining companies to shift to heavier or high-sulfur crudes.

### **Threats & Challenges - CPC**

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 CPC or aluminium producers. Changes in the economics of processing sour crudes over the past 15 - 20 years have resulted in a trend towards refining more of these crudes. 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 the production of lower-quality (fuel-grade) GPC. Thus, global CPC producers have experienced, and may continue to experience, decline in the availability of high-quality anode-grade GPC.

CPC quality directly influences anode quality in the performance of aluminium smelters. To meet the demand for consistent quality of anode-grade CPC, from the aluminium industry, RAIN Group works closely with smelters to expand existing quality specifications allowing use of more non-traditional anode coke ("NTAC") in blends for the production of anode-grade CPC without compromising on quality. RAIN Group's patented Isotropic Coke Experiment ("ICE") technology is one method of utilizing grades of GPC previously not considered acceptable to produce anode-grade CPC.

Additionally, RAIN Group's infrastructure and locational advantages enable it to quickly respond to meet the increased demand for CPC in the Middle East, Russia and India. To meet the increase in demand for CPC in India and markets around India, RAIN Group has set up a new CPC blending facility with a capacity of 1,000,000 metric tons during CY 2016 at its Vizag facility in India. Strategic investments in flue gas desulphurization at the Chalmette and Lake Charles plants in Louisiana, USA have allowed RAIN Group to unlock an unmatched advantage of utilizing high-sulfur GPC more efficiently to serve the growing demand from aluminium smelters without compromising on quality.

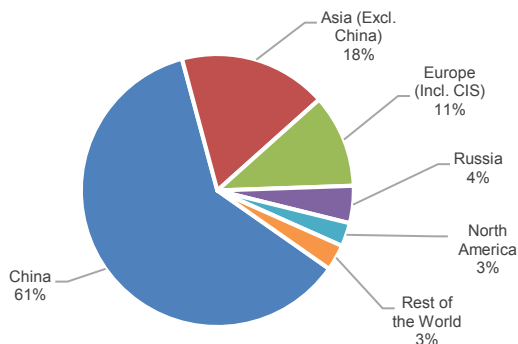
In the near future, it is expected that India will lead CPC demand growth in the world (ex-China) on the back of significant capacity expansions by aluminium majors in India. Indian aluminium production is set to grow by approximately 25% by CY 2020. Due to the logistical synergies and recent implementation of stringent environmental regulations 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. Further, a debottlenecking project in Europe is underway that will enable RAIN Group to distill up to 0.2 million metric tons of petro tar. This will further enable RAIN Group to leverage its raw material mix.

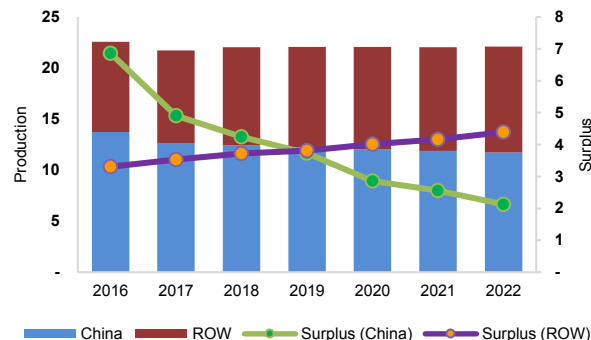
Coal tar is a liquid by-product derived from the conversion process of coal into metallurgical coke. During this conversion process, approximately 80% of the coal volume is processed into metallurgical coke. Metallurgical coke is used as an important reducing agent and energy source in blast furnaces 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 79% of total global pig iron production and Europe (including Russia) contributes about 15% of total global pig iron production.

#### World Pig Iron Production in CY 2017



Source: Management Estimate and Industry

#### World Coal Tar Production (in Million Metric Tons)



Source: Management Estimate and Industry

Due to the strict implementation of environment protection regulations in China, it is expected that there will be a significant fall in volumes of metallurgical coke in the coming years. Consequently, coal tar availability in China will be affected. Accordingly, the coal tar production in China is estimated to grow at a CAGR of -1.5% as against +2.7% in the Rest of the World from CY 2017 until CY 2022. During CY 2017, China's share of global coal tar production reduced to 58% as against 61% in CY 2016. The same is estimated to reduce to 53% by CY 2022. Unlike China, the share of Europe and Asia (excluding China) increased from 15% and 18% respectively in CY 2016 to 16% and 20% respectively in CY 2017. The contribution from North America marginally increased to 2% in CY 2017. On a positive note, it is estimated that the share of Europe, Asia (excluding China) and North America will increase to 17%, 23% and 3% respectively to the global coal tar production by CY 2022.

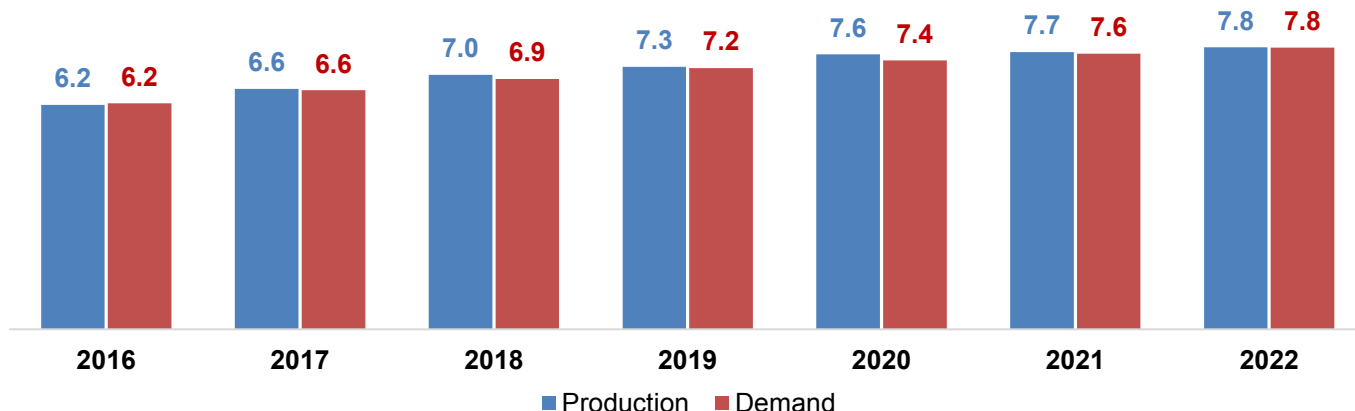
Every metric ton of metallurgical coke produced yields on average 0.04 metric tons of coal tar. Coal tar is the main raw material in the coal tar distillation process. The coal tar distillation process can be categorized into two stages: (i) primary coal tar distillation ("Primary Distillation") and (ii) downstream processing of selected products of Primary Distillation into co-generated refined products ("Downstream"). The Primary Distillation process produces 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 the coal tar distillation business and therefore crucial for its growth.

During 2017, the demand for CTP increased by 9.75% and 2.47% in China and rest of the world respectively. Asia (excluding China) had a 10.96% increase in demand for CTP. Increase in demand for CTP is mainly due to the increase in production of aluminium.



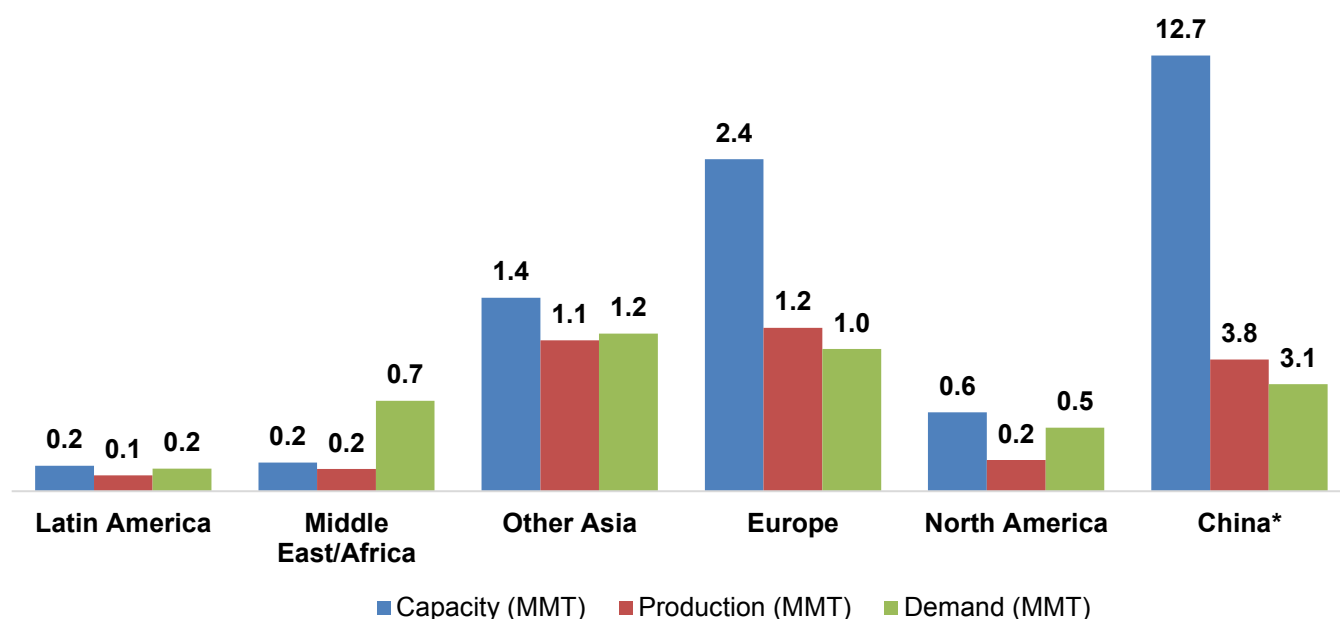
### World CTP – Production & Demand (in Million Metric Tons)



Source: Management Estimate and Industry

As per recent industry estimates, global demand for CTP aggregated to approximately 6.6 million metric tons in CY 2017. This is expected to grow to approximately 7.8 million metric tons by CY 2022, representing a CAGR of +3.35%. Global production of CTP aggregated approximately 6.7 million metric tons in CY 2017 and is expected to grow to approximately 7.8 million metric tons by CY 2022, representing a CAGR of +3.26%.

### World CTP – Geographical Capacity, Production and Demand Mix CY 2017

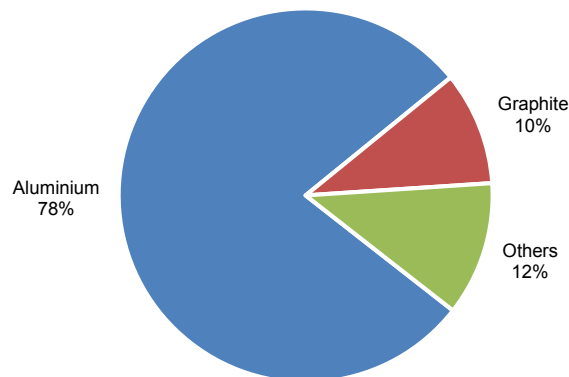


\* Not to Scale with comparatives

Source: Management Estimate and Industry

Geographically, CTP production is led by China, followed by Europe and Asia / Australia with these three markets together having an aggregate share of 92% in CY 2017. China and Europe are the regions with surplus production. Europe and China will maintain this positive surplus through CY 2022 with a CAGR of +5.1% and +9.2% respectively. The levels of surplus production over demand for CTP in other regions are expected to decline in future years.

## CTP End-Use Demand Mix CY 2017

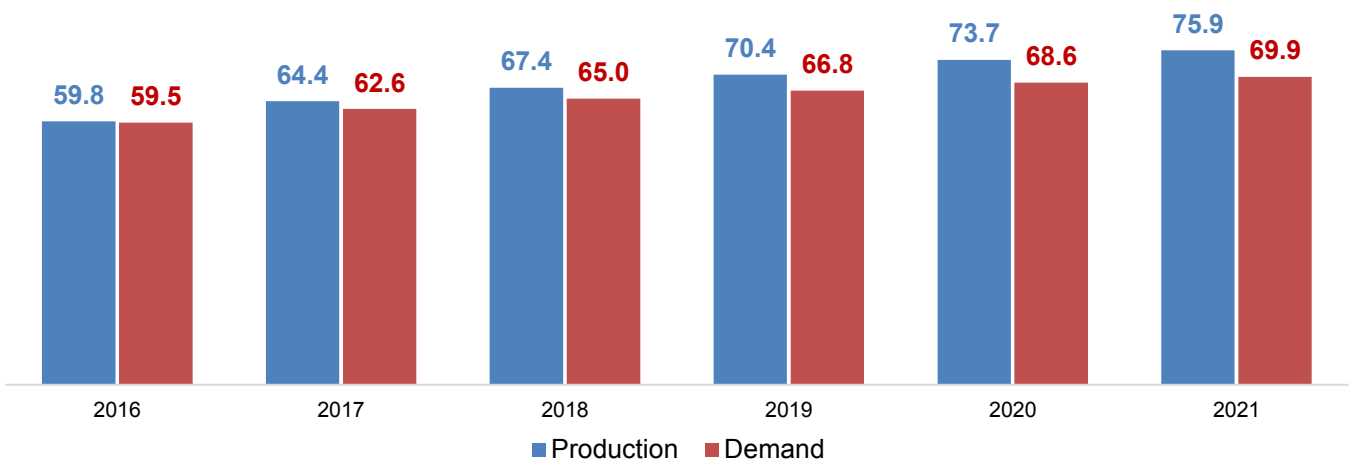


Source: Management Estimate and Industry

Seventy-eight percent of the world's CTP production is primarily used to produce carbon anodes for aluminium smelting. For every metric ton of primary aluminium, approximately 0.1 metric ton of CTP is consumed. Therefore, production of primary aluminium is one of the most important determinants of demand for CTP. The second-largest CTP end-users, consuming approximately 10% of global production, are graphite electrode producers. Graphite electrodes are used in the manufacturing of steel using electric arc furnaces.

The global aluminium industry consumed approximately 5.2 million metric tons of CTP in CY 2017. During CY 2017, approximately 57.2% of total global primary aluminium production was in China, 12.7% in Europe (including Russia) and 6.2% in North America. As per recent industry forecasts, the demand for CTP from the aluminium industry will increase from 5.2 million metric tons in CY 2017 to 6.1 million metric tons in CY 2022, representing a CAGR of +3.3%.

## World Aluminium – Production & Demand (in Million Metric Tons)



Source: Management Estimate and Industry

Further, global demand for primary aluminium aggregated to approximately 62.6 million metric tons in CY 2017 and is expected to grow to approximately 69.9 million metric tons by CY 2021, representing a CAGR of +2.81%. Of the total demand in CY 2016, 54.8% was from China, 13.4% from Europe (including Russia) and 10.1% from North America. As observed earlier, it is expected that China will increase its share in aluminium consumption to about 56.0% of total demand for primary aluminium by CY 2021. The expected demand will be driven by electrical conductors and significant growth in the packaging industry. Western Europe is expected to see an increase in aluminium consumption of about 0.6% CAGR, which mainly will be driven by the automobile and packaging industries.

Aluminium continues to chip away at the steel industry's previously unassailable position as construction material of choice for the automotive industry. Due to the pressure of improving fuel economy, automotive manufacturers increased the use lighter materials such as aluminium for the whole structural body shell plus closing panels like hood, trunk and doors. The aluminium producers will continue to innovate with alloys and production processes to meet the automotive industry's demand.

### **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 and the construction industry, and as superplasticizers to produce concrete and gypsum. Therefore, demand for naphthalene is correlated to the building materials industry.

Naphthalene also is 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 used by the carbon black industry to produce carbon black which 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, form indispensable constituents of many articles of daily life. For example, they are used as a key raw material in the leather, construction, car tyres and pharmaceutical industries.

### **Threats & Challenges - CTP**

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 global coal tar production coming from the EU's 27 countries, the region's supply of coal tar meets most of the coal tar requirements for RAIN Group's distillation operations, which are located predominantly in Europe. 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 aluminium industry has experienced production and consumption growth on a long-term basis, there may be cyclical periods of weak demand that could result in decreased primary aluminium production. RAIN Group's sales have historically declined during such cyclical periods of weak global demand for aluminium.

The curtailment of coal tar distillation by certain manufacturers in North America and Europe minimizes the demand for coal tar and has benefited RAIN Group with improved availability of raw material for its distillation plants.

Naphthalene and aromatic oils (other by-products in primary distillation) are subject to the demand and 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 is committed to environmental compliance at each of its facilities. As part of this commitment, RAIN Group has made significant investments in waste-heat recovery systems at its CPC plants. RAIN Group co-generates energy through waste heat recovered in the calcining process. Currently, RAIN Group has co-generation at four of its seven CPC plants with a combined energy generation capacity of approximately 125 MW.

The operation of these waste-heat recovery units reduces greenhouse gas emissions by offsetting the use of fossil fuels that would be otherwise required to produce an equivalent amount of energy. This significantly reduces RAIN Group's carbon footprint and results in carbon-neutral facilities.

As further evidence of RAIN Group's commitment to the environment, it has made substantial investments in flue gas desulfurization at its CPC plants in India and USA to substantially reduce the emission of sulfur dioxide to meet all requirements of regulatory air quality standards.

### **Threats & Challenges - Energy**

Energy production is proportional to the waste heat produced during calcination process. The output is subject to the volume and quality of raw material being processed in calcination. Any decrease in capacity utilizations in calcination or change in raw material quality will directly influence the generation of energy. A substantial part of energy produced is sold to external customers for industrial use. Availability of alternate economical sources of energy such as solar energy to these industries in future can cause reduction in sales of energy by RAIN Group.

A declining trend in tariff in India may affect revenues from the sale of energy. Part of the energy generated at our Vizag plant is captively used within the plant and partly by our Cement operations, mitigating the risk of declining energy tariffs. Energy revenues in US are subject to natural gas prices which are fluctuating from time to time causing uncertainty in growth of revenue from sale of energy in US. The Company occasionally enters into natural gas forward contracts to hedge any fall in the prices of natural gas.

## **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 uses petroleum derivatives, such as C9 and C10, as its raw material. The chemicals produced include resins and modifiers, aromatic chemicals and superplasticizers. These chemicals are used in a broad variety of end-markets including paints, coatings, construction, plastics, paper, tyres, rail ties, insulation and foam. About 15.7% of the consolidated revenue for CY 2017 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 hydrocarbon resins that are based on either coal tar distillates or petrochemical raw materials. Our coal tar distillate-based resins are produced from the downstream refining of the carboindene we produce internally. Our petrochemical-based resins are produced from C9 aromatic resin oil and several other petrochemical raw materials we procure from third-party suppliers. Similarly, we produce modifiers from the downstream refining of naphthalene and other inputs procured externally.

We sell our coal tar and petrochemical-based resins under the brand name NOVARES®, which are customized resins with softening points up to 170°C. We also sell petrochemical-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 tyres and other end-user rubber products, and our petrochemical-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 the only coal tar-based resins that are currently produced commercially in Europe for rubber tyre applications in electric cars. Our resins also include by-products of the resins production process that we sell under the brand names NOVABOOST® and NOVADEST®, for applications in petroleum products.

We sell modifiers under the brand names KMC® and RUETASOLV®. KMC® modifiers are used for carbonless 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 team that works closely with our customers to tailor the quality and grade of resins and modifiers to meet their specific application needs. The team has developed several innovative products such as: (a) coal tar-based resins used for rubber tyre applications in electric cars; (b) a family of colorless water-white resins used in color-sensitive adhesive applications, such as tape and book bindings; and (c) a 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**

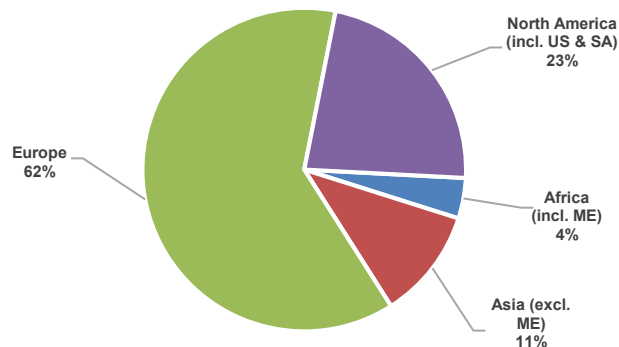
The aromatic chemicals we produce and sell comprise a wide range of phenolics, such as phenol, O-cresol, M/P-cresol and xylenol. We also produce and sell anthracene, carbazole, acetophenone and 3,5-xylenol. Phenolics are produced from the downstream refining of carbolic oil that we internally distill from coal tar, as well as carbolic oil and other raw materials that 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 petrochemical-based raw materials we purchase from third parties. We also produce carboindene from the downstream refining of carbolic 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. 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 aids 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.

## Chemicals Sales Mix in CY 2017



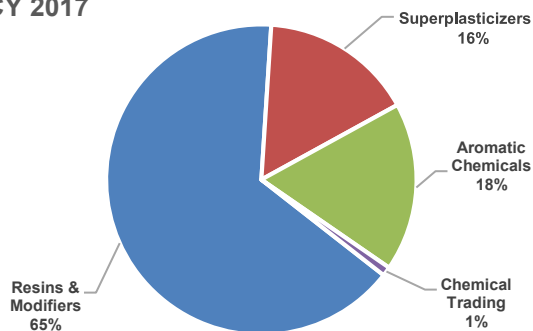
Source: Company Data

In 2017, the European chemical business witnessed a favorable growth of 3.8% and 5.1% in production and price respectively. Due to the increase in chemical consumption by 8.5% and exports by 7.1%, the total chemical sales by European chemical companies in 2017 were higher by 8.4%. With the increasing consumer demand and accelerated investments in production capacities together with overall economic growth, the European chemical industry is expected to grow at 2% in 2018.

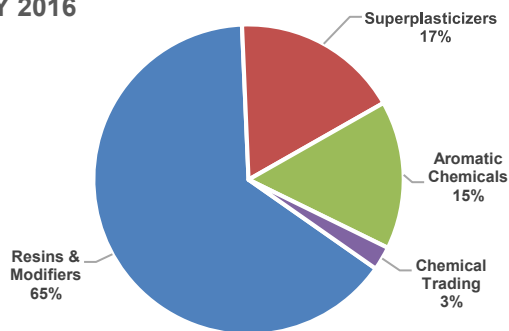
On a strong note, the US specialty chemical markets reported an average gain of 4.2% in 2017 compared to 2016. Oilfield, electronics, corrosion inhibitors, adhesives and sealants, and mining segments had an impressive growth in specialty chemicals consumption during 2017 compared to 2016. At the same time, negative consumption observed from segments such as rubber processing, pigments, textile, paper additives, lubricants and antioxidants.

## Chemical Segment – Revenue Mix by Products

**CY 2017**



**CY 2016**



Source: Company Data

## Threats & Challenges - Chemicals

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



RAIN Group is mitigating 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. 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 4 million metric tons per annum. RAIN Group also has a fly-ash handling and cement packaging unit in the State of Karnataka. About 8.5% of the consolidated revenue of RAIN Group for CY 2017 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 packaging unit that 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 about 25%.

RAIN Group constantly has been reducing the output cost by introducing efficient energy measures, such as waste-heat recovery power plants and the use of pet coke ("GPC") to heat its furnaces. Stringent BIS standards are applied in cement production to attain consistency in quality.

RAIN Group has built a vast dealer network in the southern states of India. It has made additional inroads into other neighboring States of Maharashtra, Goa, Odisha and Kerala. Sales in the new market regions account for 18% of total sales achieved during CY 2017.

The major costs in the production of cement are (a) freight and transportation and (b) power and fuel, constituting 30% each to the total cost of manufacturing. We have entered into long-term contracts with transport agencies for transportation of cement to all dealers spread across various states. RAIN Group constantly works to improve efficiencies in logistics. The downside risk is that any increase in fuel prices could adversely affect freight costs.

RAIN Group has long-term arrangements with The Singareni Collieries Company Limited for supply of coal, which meets about 59% of its total requirement. In addition, about 23% of high-quality coal is imported and blended with pet coke of about 18%.

The Cement business segment consumes power of up to 29MW. RAIN Group supplements its requirements for power in the Cement business segment from power generated in its CPC plant in Vizag and its new 6.4MW waste-heat recovery power plant in the Kurnool cement plant. Additionally, a 4.1MW waste-heat recovery power plant is under development at the Nalgonda cement plant. With these measures, RAIN Group expects significant savings in its energy costs in the coming years.

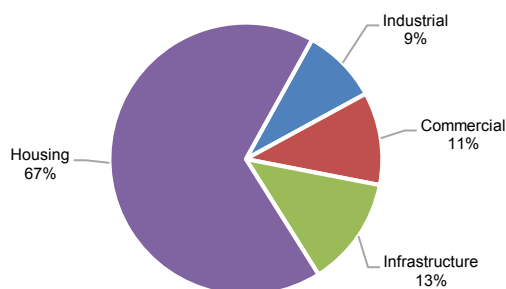
#### **Cement Industry Growth in India**

The Indian cement industry is estimated to have a total production capacity of 420 million metric tons during CY 2017, 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 led some Indian cement producers to defer expansion plans.

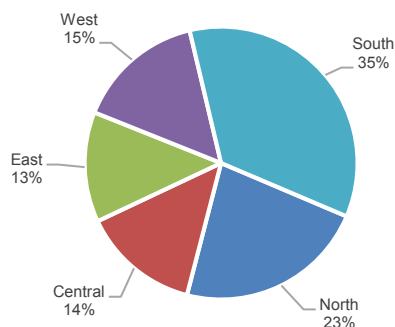
With improved demand resulting from infrastructure and housing sectors coupled with limited capacity additions, the cement capacity utilization on a pan-India basis is expected to steadily improve over next few years. Demand is expected to be boosted by infrastructure development in Tier 2 and Tier 3 cities, growth in real estate sector and initiatives to build 100 Smart Cities by the Government of India.

### Cement Consumption by Sector in 2017



Source: Management Estimate and Industry

### Cement Capacity in India (By Region)



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 Central. The Southern region of India has the highest installed capacity, accounting for about 35% of the Country's total installed capacity.

### Current Position

During CY 2017, demand in India's cement industry remained flat when compared to CY 2016. This slowest growth pace in a decade was mainly attributable to a slowdown in construction activities due to demonetization. Though there is hope of demand pick-up due to the Indian Government's thrust on infrastructure, this is contingent on the success of demonetization scheme and execution. The growth in Southern region was driven by initiation of development activities in the newly formed capital city of Andhra Pradesh and low-cost housing project in Telangana.

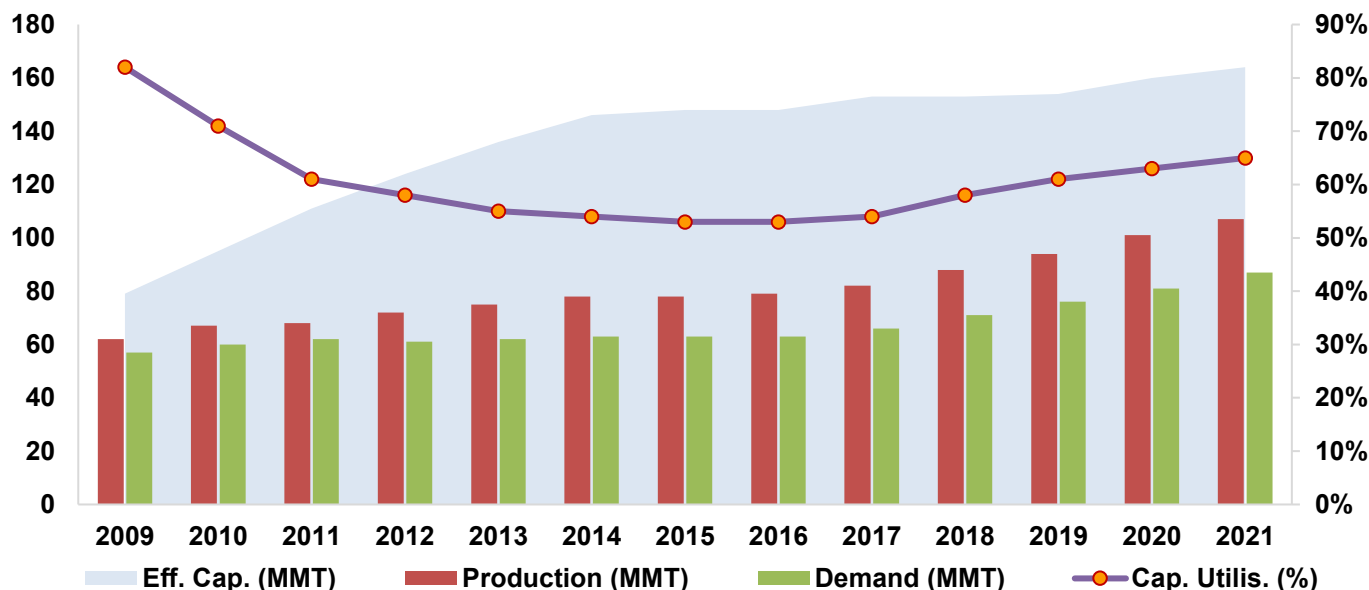
### Near Future

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.

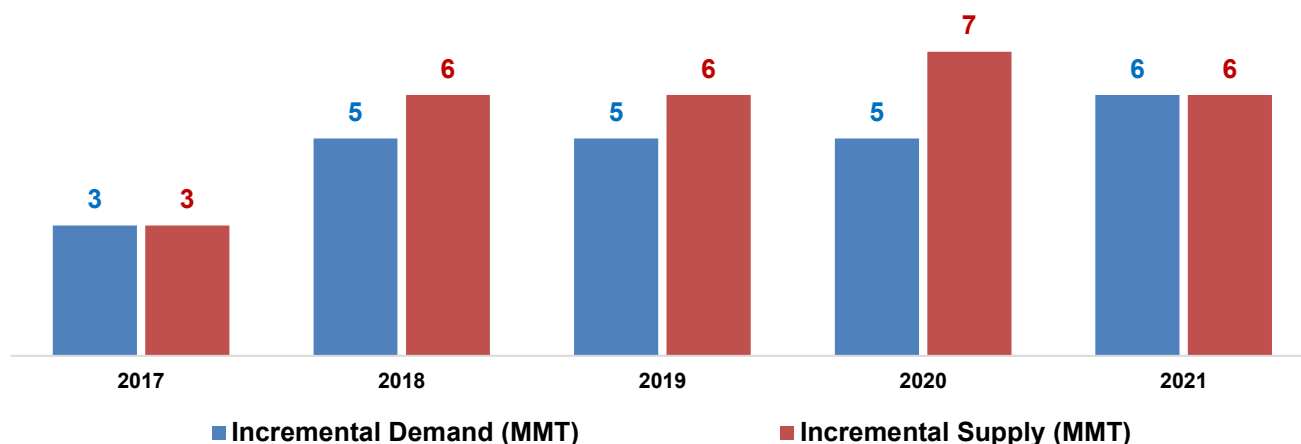
Historically, positive incremental demand over supply, as well as high levels of capacity utilization, have led to increases in cement prices. Rebound in demand growth from CY 2018 is expected to support prices in the Southern region. Cement demand in Southern region is expected to increase at a CAGR of 5% to 6%.

Due to the limited capacity additions and demand revival, the cement 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 - Cement

The Indian cement industry has witnessed a massive capacity addition of over approximately 234 million metric tons during last nine years. This capacity addition is disproportionately high and concentrated in South India. During the same period, cement capacity in South India alone has increased by approximately 87 million metric tons. This has resulted in significant pressure on capacity utilization and price realization.

The Indian cement industry's average utilization has come down drastically to approximately 70% in CY 2017, led by weak demand and an oversupply in the industry. The same is expected to reach 80% by CY 2022. While it is so on all India basis, the utilization levels in Southern region remained at 58% in CY 2017 which is expected to reach

70% by CY 2022. 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 30% of which is sold in Andhra Pradesh and Telangana. Hence, the above developments planned for these two states are expected to contribute to the growth in the Cement business of RAIN Group.

We have made inroads into neighboring state such as Maharashtra since there is a lack of adequate cement production capacity 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 three years, increasing capacity utilization of the Southern region's cement facilities should lead to an increase in performance. Volume growth should benefit most Southern-based companies due to their high operating / financial leverage. RAIN Group already has expanded into new markets such as Maharashtra, Odisha, Kerala, Goa and Pondicherry. These new geographical markets contributed 18% of cement sales during CY 2017.

## Listing of Equity Shares

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

- (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, 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 2017-18.

## 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 Board's Report (**Annexure- 1**).

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

As per Rule 8 of Company's (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, 2017 is annexed to this Board's report (**Annexure – 2**).

## Consolidated Financial Statements

The consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013.

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](http://www.rain-industries.com) and a copy of separate audited financial statements of its subsidiaries will be provided to shareholders upon their request.

## Share Capital

The Paid-up Share Capital of the Company as on December 31, 2017 is Rs.672,691,358 divided into 336,345,679 Equity Shares of Rs.2/- each fully paid up.

## Number of Meetings of the Board of Directors

During the year, 4 Board meetings were held.

The dates on which the Board meetings were held are: February 23, 2017, May 5, 2017, August 11, 2017 and November 8, 2017.

Details of the attendance of the Directors at the Board meetings held during the year ended December 31, 2017 are as follows:

Name of the Director	Number of Board Meetings	
	Held	Attended
Mr. N. Radhakrishna Reddy	4	4
Mr. Jagan Mohan Reddy Nellore	4	4
Mr. N. Sujith Kumar Reddy	4	4
Mr. S. L. Rao	4	4
Mr. Dipankar Basu <sup>1</sup>	4	2
Mr. H. L. Zutshi	4	4
Ms. Radhika Vijay Haribhakti	4	4

Name of the Director	Number of Board Meetings	
	Held	Attended
Ms. Nirmala Reddy	4	4
Mr. Krishnan Narayanan <sup>2</sup>	4	4

<sup>1</sup> Mr. Dipankar Basu resigned from the Directorship of the Company w.e.f. November 11, 2017.

<sup>2</sup> IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company with effect from November 30, 2017.

### 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, 2017 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, 2017 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:

Ms. Radhika Vijay Haribhakti, Chairperson, Mr. S. L. Rao, Mr. H. L. Zutshi, Ms. Nirmala Reddy and Mr. Varun Batra.

Mr. Varun Batra was appointed as member of Nomination and Remuneration Committee on February 28, 2018.

#### ❖ Brief description of the 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;
- Formulation of criteria for evaluation of Independent Directors and the Board;



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

#### ❖ **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**

During the period from January 1, 2017 to December 31, 2017, Nomination and Remuneration Committee Meetings were held on August 10, 2017 and November 7, 2017.

#### **Attendance at the Nomination and Remuneration Committee Meetings**

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Ms. Radhika Vijay Haribhakti	Chairperson	2	2
Mr. H. L. Zutshi	Member	2	2
Mr. S. L. Rao	Member	2	1
Ms. Nirmala Reddy	Member	2	2
Mr. Krishnan Narayanan <sup>1</sup>	Member	2	2

<sup>1</sup> IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company with effect from November 30, 2017.

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

The Company has not given any Loans, Guarantees, Investments and Security as per the provisions of Section 186 of the Companies Act, 2013 during the Financial Year ended December 31, 2017.

#### **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, 2017 in prescribed Form AOC-2 is annexed to this Board's Report (**Annexure – 3**).

#### **Transfer of amount to Reserves**

The Company has transferred Rs. 32.11 million to the general reserve for the Financial Year ended December 31, 2017. An amount of Rs. 745.65 million is retained in the retained earnings.

## Dividend

The Board of Directors at their meeting held on August 11, 2017 declared an Interim Dividend @ 50% on the paid-up Equity Share Capital i.e., Rs. 1.00 per equity share for the financial year ended December 31, 2017 and same was paid to the shareholders.

Further, the Board at its meeting held on February 28, 2018 recommended Final Dividend @ 50% on the paid-up Equity Share Capital i.e., Rs. 1 per equity share for the financial year ended December 31, 2017.

The Final Dividend will be paid subject to the approval of shareholders at the ensuing Annual General meeting (AGM) to be held on May 11, 2018.

The Final Dividend, if declared by the Shareholders at the Annual General Meeting would be paid to those shareholders whose names appear in the Register of Members of the Company as on May 4, 2018. In respect of equity shares held in electronic form, the final dividend will be paid to the beneficial owners of shares whose names appear as at the end of business hours on May 4, 2018, as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

## 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 Report (**Annexure – 4**).

## 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 Board's Report (**Annexure – 5**).

## Risk Management Committee

The Risk Management Committee consists of the following Directors:

Mr. N. Radhakrishna Reddy, Chairman, Mr. Jagan Mohan Reddy Nellore, 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 7, 2017.

## 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. Jagan Mohan Reddy Nellore	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 stakeholders and society.

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

Mr. Jagan Mohan Reddy Nellore, 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 the Corporate Social Responsibility Committee.

During the last three years, the Company has spent Rs.6.30 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 Board's Report (**Annexure -6**).

During the Financial Year, Corporate Social Responsibility Committee Meeting was held on February 21, 2017

### Attendance at the Corporate Social Responsibility Committee Meeting:

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

### 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.

In line with Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004, dated January 5, 2017, the Company adopted the recommended criteria by Securities and Exchange Board of India.

The Directors were given six Forms for evaluation of the following:

- (i) Evaluation of Board;
- (ii) Evaluation of Committees of the Board;
- (iii) Evaluation of Independent Directors;
- (iv) Evaluation of Chairperson;
- (v) Evaluation of Non-Executive and Non-Independent Directors; and
- (vi) Evaluation of Managing Director.

The Directors were requested to give following ratings for each criteria:

1. Could do more to meet expectations;
2. Meets expectations; and
3. Exceeds expectations.

The Board of Directors have appointed Mr. DVM Gopal, Practicing Company Secretary as scrutinizer for Board evaluation process.

The Directors have sent the duly filled forms to Mr. DVM Gopal after evaluation.

Mr. DVM Gopal based on the evaluation done by the Directors, has prepared a report and submitted the Evaluation Report.

The Chairperson based on the report of the scrutinizer has informed the rankings to each Director and also informed that based on the evaluation done by the Directors and also report issued by Mr. DVM Gopal, the performance of Directors is satisfactory and they are recommended for continuation as Directors of the Company.

### **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.

The term of appointment of Ms. Radhika Vijay Haribhakti as an Independent Director of the Company will expire on June 10, 2018.

A notice under Section 160 of the Companies Act, 2013 is received from a member of the Company proposing candidature of Ms. Radhika Vijay Haribhakti. The Company has received: i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Ms. Radhika Vijay Haribhakti to the effect that she is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that she meets the criteria of independence as provided under Section 149 of the Companies Act, 2013.

The Nomination and Remuneration Committee at their meeting held on February 27, 2018 and Board of Directors at their meeting held on February 28, 2018 have recommended the re-appointment of Ms. Radhika Vijay Haribhakti as an Independent Director for a further period of 5 years i.e., from June 11, 2018 to June 10, 2023.

To broad base the Board, Mr. Varun Batra was appointed as an Independent Director of the Company w.e.f. February 28, 2018 by the Board of Directors at their meeting held on February 28, 2018 under section 161 of the Companies Act, 2013. The appointment is subject to the approval of the shareholders at the General Meeting.

A notice under Section 160 of the Companies Act, 2013 is received from a member of the Company proposing candidature of Mr. Varun Batra. The Company has received: i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Mr. Varun Batra to the effect that he is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that he meets the criteria of independence as provided under Section 149 of the Companies Act, 2013.

Mr. Dipankar Basu resigned from the Directorship of the Company w.e.f. November 11, 2017 due to advancing age and falling health.

IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company with effect from November 30, 2017.

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 Statutory Auditors, B S R 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.

Pursuant to Section 139 of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on February 28, 2018 have considered the re-appointment of B S R and Associates LLP, Chartered Accountants (ICAI Regn. No.116231W/W-100024) for a further period of 5 years i.e., from the conclusion of this 43<sup>rd</sup> Annual General meeting till the conclusion of 48<sup>th</sup> Annual General meeting of the Company to be held in the year 2023 subject to ratification of shareholders of the Company at every Annual General Meeting.

B S R and Associates LLP, Chartered Accountants have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Statutory Auditors of the Company.

Accordingly, a resolution seeking Members' approval for re-appointment of B S R & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company for a further period of 5 years i.e., from the conclusion this 43<sup>rd</sup> Annual General meeting till the conclusion of 48<sup>th</sup> Annual General meeting of the Company to be held in the year 2023 subject to ratification of shareholders of the Company at every Annual General Meeting.

#### **Auditors Report**

There are no qualifications, reservations or adverse remarks made by 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, 2017.

#### **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 DVM Gopal & Associates, Practising Company Secretaries as Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial year ended December 31, 2017.

The Secretarial Auditors Report issued by DVM Gopal & Associates, Practising Company Secretaries in Form MR-3 is annexed to this Board's Report (**Annexure – 7**).

The Secretarial Auditors 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 Ernst & Young LLP as Internal Auditors to conduct Internal Audit of the Company for the Financial Year ended December 31, 2017.

#### **Audit Committee**

The Audit Committee consists of the following Directors:

Mr. H.L. Zutshi, Chairman, Mr. S. L. Rao, Ms. Radhika Vijay Haribhakti, Ms. Nirmala Reddy and Mr. Varun Batra.

Mr. Varun Batra was appointed as member of Audit Committee on February 28, 2018.

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, 2017. 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 22, 2017, May 4, 2017, August 10, 2017 and November 7, 2017.

### Attendance at the Audit Committee Meetings

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. H. L. Zutshi	Chairman	4	4
Mr. S. L. Rao	Member	4	3
Ms. Radhika Vijay Haribhakti	Member	4	4
Ms. Nirmala Reddy	Member	4	4
Mr. Dipankar Basu <sup>1</sup>	Member	4	Nil
Mr. Krishnan Narayanan <sup>2</sup>	Member	4	4

<sup>1</sup> Mr. Dipankar Basu has resigned from the membership of the Audit Committee of the Board of Directors of the Company w.e.f. May 25, 2017.

<sup>2</sup> IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company with effect from November 30, 2017.

### 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 a formal vigil mechanism for 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 the 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 Board's Report (**Annexure – 8**).

### 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 of 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, i) RÜTGERS Aromatic Chemicals GmbH, RÜTGERS ChemTrade GmbH, RÜTGERS Basic Aromatics GmbH, RÜTGERS InfraTec GmbH and RÜTGERS Novares GmbH merged with RÜTGERS Germany GmbH. ii) Tarlog GmbH merged with RÜTGERS Germany GmbH. RÜTGERS BVBA, RÜTGERS Holding Belgium BVBA; and iii) VFT Trading BVBA merged with Rain Carbon BVBA. 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 have been 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, 2017 to which the financial statements relates and the date of signing of this report.

**Financial Year of the Company**

The Company has wholly owned subsidiary Companies situated in India and outside India. The Companies situated outside India follow the financial year from 1st January to 31st December and they contribute significant revenue to the consolidated revenue of the company and their statutory financials, tax filings are also made on this basis in the respective jurisdictions where they are registered. A common financial year of Company and its subsidiary Companies has synergies in closing of accounts, compilation and disclosure of data, internal control assessment and audit thereof and preparation of consolidated financial statements, hence, the Company is following the financial year from 1st January to 31st December.

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.

**Meeting of Independent Directors**

A separate meeting of the Independent Directors was held under the Chairmanship of Mr. H.L. Zutshi, Independent Director on November 7, 2017, 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 Board's Report (**Annexure -9**).

**Human Resources**

The Company believes that the quality of its 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.

The following is a summary of sexual harassment complaints received and disposed off during the year:

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 90 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 has adopted Indian Accounting Standards (Ind AS) with effect from January 1, 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 with 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>

### **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.

### **Acknowledgements**

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 28, 2018

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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



# FORM NO. AOC -1

## Annexure - 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

S. No	Name of the Subsidiary	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	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income	Total Comprehensive Income	Proposed Dividend	% of shareholding
1	Rain Cements Limited	19.11.2003	31.12.2017	INR	298.05	3,562.44	7,762.94	7,762.94	93.79	9,707.17	508.41	133.52	374.89	6.24	381.13	14.71	100
2	Rain Commodities (USA) Inc.	13.01.2006	31.12.2017	US\$	7,159.02	8,020.72	19,011.02	19,011.02	-	585.50	588.79	104.61	484.18	(555.44)	(71.26)	385.74	100
3	Rain Coke Limited	19.03.2012	31.12.2017	INR	132.60	(15.65)	1,644.07	1,644.07	-	19.08	(0.27)	14.37	(14.64)	-	(14.64)	-	51
4	Renuka Cement Limited	14.01.2011	31.12.2017	INR	12.02	(0.72)	11.49	11.49	-	-	(0.55)	-	(0.55)	-	(0.55)	-	100
5	Rain Carbon Inc.	15.09.2010	31.12.2017	US\$	14,828.27	3,614.75	18,483.21	18,483.21	-	-	49.07	-	49.07	(1,167.59)	(1,118.52)	173.58	100
6	Rain RÜTGERS CTP LLC (RRCTP)	23.09.2015	31.12.2017	US\$	-	-	-	-	-	-	-	-	-	-	-	-	100
7	Rain Carbon Holdings, LLC	12.04.2010	31.12.2017	US\$	14,828.28	3,651.94	18,481.55	18,481.55	-	-	189.66	-	189.66	(1,162.97)	(973.31)	205.73	100
8	Rain Global Services LLC	27.03.2008	31.12.2017	US\$	0.25	(211.07)	188.26	188.26	-	-	(80.09)	-	(80.09)	8.94	(71.15)	-	100
9	RGS Egypt Limited Company LLC (7)	27.03.2008	31.12.2017	US\$	-	-	-	-	-	-	-	-	-	-	-	-	51
10	Rain CII Carbon (Vizag) Limited	23.04.2008	31.12.2017	INR	81.80	10,236.07	15,665.86	15,665.86	-	23,039.19	5,408.67	1,896.81	3,511.86	1.36	3,513.22	-	100
11	Rain CII Carbon LLC	19.07.2007	31.12.2017	US\$	13,639.83	12,541.66	97,730.97	97,730.97	-	23,237.69	760.71	(453.06)	1,213.77	(1,671.69)	(457.92)	205.73	100
12	CII Carbon Corp.	18.08.2009	31.12.2017	US\$	-	-	-	-	-	-	-	-	-	-	-	-	100
13	RÜTGERS BVBA (5)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	-
14	RÜTGERS Polymers Ltd.	04.01.2013	31.12.2017	CAD	638.40	1,369.63	2,285.72	2,285.72	-	2,509.60	526.78	138.32	388.46	135.67	524.13	-	100
15	RÜTGERS Canada Inc.	04.01.2013	31.12.2017	CAD	2,027.94	963.90	7,985.69	7,985.69	-	11,557.15	1,188.96	304.81	884.15	53.87	938.02	-	100

S. No	Name of the Subsidiary	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-substitutes (Refer Note 1 below)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Taxation	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income	Total Comprehensive Income	Proposed Dividend	% of shareholding
16	Handy Chemicals (U.S.A.) Ltd.	04.01.2013	31.12.2017	US\$	0.01	51.07	254.41	254.41	-	1,899.83	37.50	13.49	24.01	0.06	24.07	-	100
17	RÜTGERS Holding Belgium BVBA (5)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
18	Rain Carbon BVBA (formerly known as RÜTGERS Belgium BVBA)	04.01.2013	31.12.2017	EURO	724.80	16,717.72	20,775.82	20,775.82	-	22,856.72	3,302.17	1,028.79	2,273.38	4,345.67	6,619.05	-	100
19	VFT France S.A	04.01.2013	31.12.2017	EURO	797.28	234.48	1,040.69	1,040.69	-	189.72	21.09	-	21.09	12.13	33.22	-	100
20	VFT Trading BVBA (5)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
21	Rumba Invest BVBA & Co. KG	04.01.2013	31.12.2017	EURO	-	(1.79)	1,349.57	1,349.57	-	-	79.69	-	79.69	(0.85)	78.84	-	94.9
22	RÜTGERS Holding Germany GmbH (9)	04.01.2013	31.12.2017	EURO	2.17	13,275.45	22,273.20	22,273.20	-	401.31	1,349.92	(845.56)	2,195.48	1,516.28	3,711.76	-	100
23	RÜTGERS German many GmbH (9)	04.01.2013	31.12.2017	EURO	2,226.59	3,191.31	25,486.52	25,486.52	97.40	37,156.33	1,840.24	785.89	1,054.35	1,145.28	2,199.63	-	99.7
24	RÜTGERS Aromatic Chemicals GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
25	RÜTGERS InfraTec GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
26	RÜTGERS ChemTrade GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
27	RÜTGERS Basic Aromatics GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
28	RÜTGERS Novares GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
29	RÜTGERS Resins BV	04.01.2013	31.12.2017	EURO	74.20	(378.30)	1,651.01	1,651.01	-	2,960.59	40.48	-	40.48	(206.60)	(166.12)	-	100



Part- A- Subsidiaries													Rs. in Millions				
S. No	Name of the Subsidiary	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	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income	Total Comprehensive Income	Proposed Dividend	% of shareholding
30	Severtar Holding Ltd.	04.01.2013	31.12.2017	EURO	10.31	2,620.31	2,632.26	2,632.26	-	-	7.12	0.48	6.64	161.47	168.11	-	65.3
31	OOO RÜTGERS Severtar	04.01.2013	31.12.2017	RUB	296.44	1,488.84	3,861.44	3,861.44	-	4,412.02	1,093.31	242.39	850.92	(200.53)	650.39	-	65.3
32	Rain RÜTGERS LLC (8)	26.05.2017	31.12.2017	RUB	0.01	11.52	44.33	44.33	-	-	(2.40)	(0.48)	(1.92)	-	(1.92)	-	100
33	RÜTGERS Poland Sp. z o.o	04.01.2013	31.12.2017	PLN	195.70	119.24	472.74	472.74	-	1,449.81	78.77	15.15	63.62	18.40	82.02	4.19	100
34	RÜTGERS (Shanghai) Trading Co. Ltd.	06.01.2014	31.12.2017	CNY	31.12	36.28	172.04	172.04	-	374.89	22.47	5.82	16.65	(0.55)	16.10	-	100
35	RÜTGERS Wohnimmobilien GmbH & Co	20.08.2015	31.12.2017	EURO	0.14	209.18	252.41	252.41	-	2.77	24.62	(2.43)	27.05	30.16	57.21	-	100
36	RÜTGERS Gewerbeimmobilien GmbH & Co	21.08.2015	31.12.2017	EURO	0.14	406.19	506.74	506.74	-	0.01	15.43	1.09	14.34	32.81	47.15	-	100
37	Rain Carbon GmbH (formerly known as Rain Holding Germany GmbH) (9)	27.11.2015	31.12.2017	EURO	3.62	11,692.53	50,093.47	50,093.47	-	51.91	(1,083.34)	(40.51)	(1,042.83)	1,117.21	74.38	-	100

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, 2017. Exchange rates as on the last date of the financial year are INR/USD - 63.93; INR/EURO - 76.39; INR/RUB - 1.10; INR/CNY - 9.79; INR/PLN - 18.29; INR/CAD - 50.79.
- 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.

4. Investments except in case of investments in subsidiaries.
5. Merged with Rain Carbon BVBA retrospectively with effect from January 1 2017.
6. Merged with RÜTGERS Germany GmbH retrospectively with effect from January 1 2017.
7. Sold during the year.
8. New entity floated during the year.
9. Controlled companies in German fiscal unity, income according to local GAAP transferred to Rain Carbon 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	RGS Egypt Limited Company LLC	71 Mossadak Street, Dokki, 12311 Giza, Cairo, Egypt

#### Part B- Associates and Joint Ventures

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	Latest audited Balance Sheet Date	No.	Shares of Associate /joint Ventures held by the company on the year end	Extend of Holding %	Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. in Millions	
										i. Considered in Consolidation	ii. Not Considered in Consolidation
1	InfraTec Duisburg GmbH (IDGmbH)	04.01.2013	31.12.2016	7,500	71.38	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	71.38	8.86	20.67
2	Tarlog GmbH (Tarlog) (1)	-	-	-	-	-			-	-	-

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 -

Notes:

1 Acquired balance 50% share in Q3 2017 and then got merged with RÜTGERS Germany GmbH as at July 1, 2017.

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

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

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

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

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

Place: Hyderabad  
Date : February 28, 2018



## 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. in Millions		
S. No	Name of the Subsidiary	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	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income	Total Comprehensive Income	Proposed Dividend	% of shareholding
1	Rain Cements Limited	19.11.2003	31.12.2017	INR	298.05	3,562.44	7,762.94	7,762.94	93.79	9,707.17	508.41	133.52	374.89	6.24	381.13	14.71	100
2	Rain Commodities (USA) Inc.	13.01.2006	31.12.2017	US\$	7,159.02	8,020.72	19,011.02	19,011.02	-	585.50	588.79	104.61	484.18	(555.44)	(71.26)	385.74	100
3	Rain Coke Limited	19.03.2012	31.12.2017	INR	132.60	(15.65)	1,644.07	1,644.07	-	19.08	(0.27)	14.37	(14.64)	-	(14.64)	-	51
4	Renuka Cement Limited	14.01.2011	31.12.2017	INR	12.02	(0.72)	11.49	11.49	-	-	(0.55)	-	(0.55)	-	(0.55)	-	100
5	Rain Carbon Inc.	15.09.2010	31.12.2017	US\$	14,828.27	3,614.75	18,483.21	18,483.21	-	-	49.07	-	49.07	(1,167.59)	(1,118.52)	173.58	100
6	Rain RÜTGERS CTP LLC (RRCTP)	23.09.2015	31.12.2017	US\$	-	-	-	-	-	-	-	-	-	-	-	-	100
7	Rain Carbon Holdings, LLC	12.04.2010	31.12.2017	US\$	14,828.28	3,651.94	18,481.55	18,481.55	-	-	189.66	-	189.66	(1,162.97)	(973.31)	205.73	100
8	Rain Global Services LLC	27.03.2008	31.12.2017	US\$	0.25	(211.07)	188.26	188.26	-	-	(80.09)	-	(80.09)	8.94	(71.15)	-	100
9	RCS Egypt Limited Company LLC (7)	27.03.2008	31.12.2017	US\$	-	-	-	-	-	-	-	-	-	-	-	-	51
10	Rain CII Carbon (Vizag) Limited	23.04.2008	31.12.2017	INR	81.80	10,236.07	15,665.86	15,665.86	-	23,039.19	5,408.67	1,896.81	3,511.86	1.36	3,513.22	-	100
11	Rain CII Carbon LLC	19.07.2007	31.12.2017	US\$	13,639.83	12,541.66	97,730.97	97,730.97	-	23,237.69	760.71	(453.06)	1,213.77	(1,671.69)	(457.92)	205.73	100
12	CII Carbon Corp.	18.08.2009	31.12.2017	US\$	-	-	-	-	-	-	-	-	-	-	-	-	100
13	RÜTGERS BVBA (5)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	-
14	RÜTGERS Polymers Ltd.	04.01.2013	31.12.2017	CAD	638.40	1,369.63	2,285.72	2,285.72	-	2,509.60	526.78	138.32	388.46	135.67	524.13	-	100
15	RÜTGERS Canada Inc.	04.01.2013	31.12.2017	CAD	2,027.94	963.90	7,985.69	7,985.69	-	11,557.15	1,188.96	304.81	884.15	53.87	938.02	-	100



Part- A- Subsidiaries													Rs. in Millions				
S. No	Name of the Subsidiary	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	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income	Total Comprehensive Income	Proposed Dividend	% of shareholding
16	Handy Chemicals (U.S.A.) Ltd.	04.01.2013	31.12.2017	US\$	0.01	51.07	254.41	254.41	-	1,899.83	37.50	13.49	24.01	0.06	24.07	-	100
17	RÜTGERS Holding Belgium BVBA (5)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
18	Rain Carbon BVBA (formerly known as RÜTGERS Belgium BVBA)	04.01.2013	31.12.2017	EURO	724.80	16,717.72	20,775.82	20,775.82	-	22,856.72	3,302.17	1,028.79	2,273.38	4,345.67	6,619.05	-	100
19	VFT France S.A	04.01.2013	31.12.2017	EURO	797.28	234.48	1,040.69	1,040.69	-	189.72	21.09	-	21.09	12.13	33.22	-	100
20	VFT Trading BVBA (5)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
21	Rumba Invest BVBA & Co. KG	04.01.2013	31.12.2017	EURO	-	(1.79)	1,349.57	1,349.57	-	-	79.69	-	79.69	(0.85)	78.84	-	94.9
22	RÜTGERS Holding Germany GmbH (9)	04.01.2013	31.12.2017	EURO	2.17	13,275.45	22,273.20	22,273.20	-	401.31	1,349.92	(845.56)	2,195.48	1,516.28	3,711.76	-	100
23	RÜTGERS Germany GmbH (9)	04.01.2013	31.12.2017	EURO	2,226.59	3,191.31	25,486.52	25,486.52	97.40	37,156.33	1,840.24	785.89	1,054.35	1,145.28	2,199.63	-	99.7
24	RÜTGERS Aromatic Chemicals GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
25	RÜTGERS InfraTec GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
26	RÜTGERS ChemTrade GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
27	RÜTGERS Basic Aromatics GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
28	RÜTGERS Novares GmbH (6)	04.01.2013	31.12.2017	EURO	-	-	-	-	-	-	-	-	-	-	-	-	100
29	RÜTGERS Resins BV	04.01.2013	31.12.2017	EURO	74.20	(378.30)	1,651.01	1,651.01	-	2,960.59	40.48	-	40.48	(206.60)	(166.12)	-	100

Part- A- Subsidiaries														Rs. in Millions			
S. No	Name of the Subsidiary	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	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income	Total Comprehensive Income	Proposed Dividend	% of shareholding
30	Severtar Holding Ltd.	04.01.2013	31.12.2017	EURO	10.31	2,620.31	2,632.26	2,632.26	-	-	7.12	0.48	6.64	161.47	168.11	-	65.3
31	OOO RÜTGERS Severtar	04.01.2013	31.12.2017	RUB	296.44	1,488.84	3,861.44	3,861.44	-	4,412.02	1,093.31	242.39	850.92	(200.53)	650.39	-	65.3
32	Rain RÜTGERS LLC (8)	26.05.2017	31.12.2017	RUB	0.01	11.52	44.33	44.33	-	-	(2.40)	(0.48)	(1.92)	-	(1.92)	-	100
33	RÜTGERS Poland Sp. z o.o	04.01.2013	31.12.2017	PLN	195.70	119.24	472.74	472.74	-	1,449.81	78.77	15.15	63.62	18.40	82.02	4.19	100
34	RÜTGERS (Shanghai) Trading Co. Ltd.	06.01.2014	31.12.2017	CNY	31.12	36.28	172.04	172.04	-	374.89	22.47	5.82	16.65	(0.55)	16.10	-	100
35	RÜTGERS Wohnimmobilien GmbH & Co	20.08.2015	31.12.2017	EURO	0.14	209.18	252.41	252.41	-	2.77	24.62	(2.43)	27.05	30.16	57.21	-	100
36	RÜTGERS Gewerbeimmobilien GmbH & Co	21.08.2015	31.12.2017	EURO	0.14	406.19	506.74	506.74	-	0.01	15.43	1.09	14.34	32.81	47.15	-	100
37	Rain Carbon GmbH (formerly known as Rain Holding Germany GmbH) (9)	27.11.2015	31.12.2017	EURO	3.62	11,692.53	50,093.47	50,093.47	-	51.91	(1,083.34)	(40.51)	(1,042.83)	1,117.21	74.38	-	100

**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, 2017. Exchange rates as on the last date of the financial year are INR/USD - 63.93; INR/EURO - 76.39; INR/RUB - 1.10; INR/CNY - 9.79; INR/PLN - 18.29; INR/CAD - 50.79.
- 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.

4. Investments except in case of investments in subsidiaries.
5. Merged with Rain Carbon BVBA retrospectively with effect from January 1 2017.
6. Merged with RÜTGERS Germany GmbH retrospectively with effect from January 1 2017.
7. Sold during the year.
8. New entity floated during the year.
9. Controlled companies in German fiscal unity, income according to local GAAP transferred to Rain Carbon 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	RGS Egypt Limited Company LLC	71 Mossadak Street, Dokki, 12311 Giza, Cairo, Egypt

### Part B- Associates and Joint Ventures

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	Latest audited Balance Sheet Date	No.	Shares of Associate /joint Ventures held by the company on the year end	Extend of Holding %	Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
										i. Considered in Consolidation	ii. Not Considered in Consolidation
1	InfraTec Duisburg GmbH (IDGmbH)	04.01.2013	31.12.2016	7,500	71.38	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	71.38	8.86	20.67
2	Tarlog GmbH (Tarlog) (1)	-	-	-	-	-			-	-	-

Rs. in Millions

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 -

Notes:

1 Acquired balance 50% share in Q3 2017 and then got merged with RÜTGERS Germany GmbH as at July 1, 2017.

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

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

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

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

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

Place: Hyderabad  
Date : February 28, 2018

### Annexure - 3 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 are as follows:

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 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	January 1, 2017 to December 31, 2017	Rs. 65.04 Million	February 19, 2016 and February 23, 2017	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.
		To provide premises on lease	From April 1, 2017 to December 31, 2017	Rs. 3.69 Million	February 23, 2017	NIL	Rain Industries Limited (the Company) has own building at which its Registered Office is situated. For operational convenience and better co-ordination, Rain Cements Limited (Wholly owned Subsidiary) registered Office is also located in the same building at which the Company's registered Office is situated. Hence, the Company has entered into a lease agreement with Rain Cements Limited. The rent received by Rain Industries Limited is similar to the Rent prevailing in surrounding buildings.
2	Rain CII Carbon (Vizag) Limited (step down wholly owned Subsidiary)	To provide Shared Services	January 1, 2017 to December 31, 2017	Rs. 211.25 Million	February 19, 2016, February 23, 2017 and November 8, 2017	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 to Rain CII Carbon (Vizag) Limited	January 1, 2017 to December 31, 2017	Rs. 4.61 Million	February 19, 2016, February 23, 2017 and November 8, 2017	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.

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 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
		Sale of Green Petroleum Coke	January 1, 2017 to December 31, 2017	Rs. 205.24 Million	February 19, 2016 and February 23, 2017	NIL	Rain Industries Limited (the Company) inter-alia is engaged in the business of trading in Green Petroleum Coke (GPC). 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. As the transactions entered are on Arms' length basis at prevailing market prices / values, it is thought appropriate to sell Green Petroleum Coke to Rain CII Carbon (Vizag) Limited, a step down wholly owned Subsidiary Company.
		Provide premises on lease	From April 1, 2017 to December 31, 2017.	Rs. 3.68 Million	February 23, 2017	NIL	Rain Industries Limited (the Company) has own building at which its Registered Office is situated. For operational convenience and better coordination, Rain CII Carbon (Vizag) Limited, a step down wholly owned subsidiary Company) registered Office is also located in the same building at which the Company's registered Office is situated. Hence, the Company has entered into a lease agreement with Rain CII Carbon (Vizag) Limited. The rent received by Rain Industries Limited is similar to the Rent prevailing in surrounding buildings.
		Sale of Hydrated Lime	November 9, 2017 to December 31, 2017	Rs. 6.73 Million	November 8, 2017	NIL	Rain CII Carbon (Vizag) Limited is engaged in the business of manufacture and sale of Calcined Petroleum Coke and generation and sale of electricity. Hydrated lime is used in the Calcination process. The purchase price received from Rain CII Carbon (Vizag) Limited is at the same price at which Rain CII Carbon (Vizag) Limited purchases hydrated lime from other parties. All transactions entered are on Arms' length basis at prevailing market prices / values.
		Reimbursement of expenses by Rain CII Carbon (Vizag) Limited	November 9, 2017 to December 31, 2017	Rs. 0.18 Million	November 8, 2017	NIL	Rain Industries Limited is the ultimate Holding Company of Rain CII Carbon (Vizag) Limited. Rain Industries Limited has incurred certain expenditure on behalf of Rain CII Carbon (Vizag) Limited which was reimbursed by Rain CII Carbon (Vizag) Limited.





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 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
3	Rain CII Carbon LLC, USA (step down wholly owned Subsidiary)	Revenue from Shared Services	January 1, 2017 to December 31, 2017	Rs. 54.19 Million	February 19, 2016 and February 23, 2017	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 to Rain CII Carbon LLC, USA	January 1, 2017 to December 31, 2017	Rs. 28.72 Million	February 19, 2016 and February 23, 2017	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). It has expertise in chartering of Ships. Therefore, services from RCC were availed for chartering of ships for movement of material.
4	Reutgers Holding Germany GmbH (step down wholly owned Subsidiary)	To provide Shared Services	January 1, 2017 to December 31, 2017	Rs. 53.76 Million	February 19, 2016 and February 23, 2017	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.

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

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

**N.Sujith KumarReddy**  
Director  
DIN: 00022383

Place : Hyderabad  
Date : February 28, 2018

## Annexure - 4

### Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on December 31, 2017

[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,<br>Hyderabad - 500073, Telangana State, India.<br>Ph.No.040-40401234, Fax:040-40401214;<br>email: secretarial@rain-industries.com;<br>website: www.rain-industries.com                                                                                      |
| vi) Whether listed Company                                                     | YES<br><br>Listed at<br>i) BSE Limited<br>ii) National Stock Exchange of India Limited                                                                                                                                                                                                        |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Computershare Private Limited,<br>Karvy Selenium Tower B, Plot 31-32,<br>Gachibowli, Financial District,<br>Nanakramguda, Hyderabad - 500 032, Telangana State, India.<br>Phone: +91 040 67161566; Fax: +91 040 23420814<br>Email: einward.ris@karvy.com;<br>CIN: U72400TG2003PTC041636 |

#### 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	76
2	Chemicals	20119	16
3	Cement	23941	8

\* As per NIC Code 2008

#### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S 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)



S No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
2	Rain Coke Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U74900TG-2012PLC079823	Subsidiary Company	51.00	Section 2 (87)
3	Rain CII Carbon (Vizag) Ltd, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U11100TG2008PLC058785	Subsidiary Company	100.00	Section 2 (87)
4	Renuka Cement Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U26942TG1996PLC025831	Subsidiary Company	100.00	Section 2 (87)
5	Rain Commodities (USA) Inc. Corporate Office: 10 Signal Road, Stamford, CT 06902, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
6	Rain Global Services LLC , 10 Signal Road, Stamford, CT 06902, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
7	Rain Carbon Inc., 10 Signal Road, Stamford, CT 06902, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
8	Rain Carbon Holdings, LLC, 10 Signal Road, Stamford, CT 06902, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
9	Rain CII Carbon LLC, 1330 Greengate Drive, Suite 300, Covington LA 70433, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
10	CII Carbon Corp, 10 Signal Road, Stamford, CT 06902, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
11	RÜTGERS Canada Inc., 725 Strathearne Ave. North, Hamilton, Ontario L8H 5L3, Canada	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
12	RÜTGERS Polymers Limited, 120 de L'Industrie Blvd., Candiac, Qc J5R 1J2, Canada	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
13	Handy Chemicals (USA) Ltd., Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
14	Rain Carbon BVBA (formerly known as RÜTGERS Belgium BVBA), Vredekaai 18, B-9060 Zelzate, Belgium	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
15	VFT France SA, Avenue du Bord des Eaux, 62251 Henin Beaumont Cedex	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
16	RÜTGERS Holding Germany GmbH, Varziner Str. 49, 47138 Duisburg, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
17	RÜTGERS Germany GmbH, Kekuléstr. 30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	99.70	Section 2 (87)
18	RÜTGERS Poland Sp. z o.o., ul. Szkolna 15, PL-47-225 Kedzierzyn-Kozle, Poland	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
19	RÜTGERS Resins BV, Molenlaan 30, 1422 ZA Uithoorn, The Netherlands	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
20	OOO RÜTGERS Severtar, Mira Street 30, 162608 Cherepovets, Vologda Region, Russia	Not Applicable	Subsidiary Company	65.30	Section 2 (87)

S No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
21	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)
22	Rumba Invest BVBA & Co. KG, Varziner Str. 49, 47138 Duisburg, Germany	Not Applicable	Subsidiary Company	94.90	Section 2 (87)
23	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)
24	Rain RÜTGERS CTP LLC Corporate Trust Center, 1209, Orange Street, Wilmington, Delaware, USA	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
25	Rain Carbon GmbH (formerly known as Rain Holding Germany GmbH) Kekulestr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
26	RÜTGERS Wohnimmobilien GmbH & Co. KG Kekulestr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
27	RÜTGERS Gewerbeimmobilien GmbH & Co. KG Kekulestr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
28	Rain RÜTGERS LLC Bakhrushina Street 32 block 1 Moscow, Russia	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
29	InfraTec Duisburg GmbH Varziner Str.49, 47138, Duisburg, Germany	Not Applicable	Associate Company	30.00	Section 2(6)

#### IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Shareholding										
S 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	% to Total Shares	Demat	Physical	Total	% to Total Shares	
<b>A.</b>	<b>Promoters</b>									
(1)	Indian									
(a)	Individuals / HUF	56,961,651	-	56,961,651	16.94	56,961,651	-	56,961,651	16.94	-
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	81,268,885	-	81,268,885	24.16	81,268,885	-	81,268,885	24.16	-
(e)	Banks/FI	-	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub - Total (A) (1):-</b>	<b>138,230,536</b>	<b>-</b>	<b>138,230,536</b>	<b>41.10</b>	<b>138,230,536</b>	<b>-</b>	<b>138,230,536</b>	<b>41.10</b>	<b>-</b>
(2)	Foreign									

i)	Category-wise Shareholding									
S 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	% to Total Shares	Demat	Physical	Total	% to Total Shares	
(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	41.10	138,230,536	-	138,230,536	41.10	-
B	Public Shareholding									
1	Institutions									
(a)	Mutual Funds	34,690,142	2,425	34,692,567	10.31	1,974,035	-	1,974,035	0.59	-9.73
(b)	Banks/FI	172,757	37,000	209,757	0.06	2,013,152	37,000	2,050,152	0.61	0.55
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIIs/FPI	61,111,321	1,500	61,112,821	18.17	62,032,217	1,500	62,033,717	18.44	0.27
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Others (Specify)	-	-	-	-	-	-	-	-	-
	Sub - Total (B) (1):-	95,974,220	40,925	96,015,145	28.55	66,019,404	38,500	66,057,904	19.64	-8.91
2	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	26,463,564	178,100	26,641,664	7.92	30,461,503	162,140	30,623,643	9.10	1.18
ii)	Overseas	-	66,425	66,425	0.02	-	-	-	-	-0.02
b)	Individuals									-
i)	Individual Shareholders holding nominal share capital up to Rs.2 lakh.	30,462,925	5,290,755	35,753,680	10.63	47,754,534	4,268,865	52,023,399	15.47	4.84

S No	Category of Shareholders	Category-wise Shareholding								
		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	% to Total Shares	Demat	Physical	Total	% to Total Shares	
ii)	Individual Shareholders holding nominal share capital in excess of Rs.2 lakh.	23,910,743	238,560	24,149,303	7.18	31,515,681	-	31,515,681	9.37	2.19
c)	<b>Others (Specify)</b>									-
i.	Non Resident Individuals	8,522,213	3,779,335	12,301,548	3.66	9,024,697	3,440,205	12,464,902	3.71	0.05
ii.	Trusts	1,750	-	1,750	0.00	5,000	-	5,000	0.00	0.00
iii.	Clearing Members	208,627	-	208,627	0.06	897,158	-	897,158	0.27	0.20
iv.	NBFC	38,586	-	38,586	0.01	852,654	-	852,654	0.25	0.24
v	Rain Industries Limited Un-claimed Suspense Account	2,938,415	-	2,938,415	0.87	995,710	-	995,710	0.30	-0.58
vi	Investor Education And Protection Fund Authority (IEPF)	-	-	-	-	2,679,092	-	2,679,092	0.80	0.80
	<b>Sub - Total (B) (2):-</b>	<b>92,546,823</b>	<b>9,553,175</b>	<b>102,099,998</b>	<b>30.36</b>	<b>124,186,029</b>	<b>7,871,210</b>	<b>132,057,239</b>	<b>39.26</b>	<b>8.91</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>188,521,043</b>	<b>9,594,100</b>	<b>198,115,143</b>	<b>58.90</b>	<b>190,205,433</b>	<b>7,909,710</b>	<b>198,115,143</b>	<b>58.90</b>	<b>-</b>
C	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-		-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>326,751,579</b>	<b>9,594,100</b>	<b>336,345,679</b>	<b>100.00</b>	<b>328,435,969</b>	<b>7,909,710</b>	<b>336,345,679</b>	<b>100.00</b>	<b>-</b>

**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. Jagan Mohan Reddy Nellore	100	0.00	-	100	0.00	-	-
4	Ms. N. Indira Reddy	7,513,100	2.23	-	7,513,100	2.23	-	-
5	Ms. N. Anupama Reddy	27,152,351	8.07	-	27,152,351	8.07	-	-
6	Ms. N. Akhila Reddy	1,869,315	0.56	-	1,869,315	0.56	-	-
7	Ms. K. V. Arundhati 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	Nil (The pledge is released on March 1, 2017)	-
	<b>Total</b>	<b>138,230,536</b>	<b>41.10</b>	<b>-</b>	<b>138,230,536</b>	<b>41.10</b>	<b>7.53</b>	<b>-</b>

**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
1	<b>At the beginning of the Year</b>	<b>138,230,536</b>	<b>41.10</b>	<b>-</b>	<b>-</b>
	<b>Date wise increase / decrease in Promoters Share holding during the year</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>At the end of the Year</b>			<b>138,230,536</b>	<b>41.10</b>

Note : There is no change in Promoters' Shareholding



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

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
1	At the beginning of the Year	17,403,110	5.17	-	-
	Date wise increase / decrease in Share holding during the year				
	11.08.2017	(1,000)	(0.00)	17,402,110	5.17
	At the end of the Year			17,402,110	5.17

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
2	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	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
3	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
4	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
5	At the beginning of the Year	2,660,342	0.79	-	-
	Date wise increase / decrease in Share holding during the year				
	10.03.2017	(300,000)	(0.09)	2,360,342	0.70
	08.12.2017	(460,342)	(0.14)	1,900,000	0.56



At the end of the Year				1,900,000	0.56
Top Ten shareholders (contd...)					
Sl. No	BNP Paribas Arbitrage	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	-	-	-	-
	Date wise increase / decrease in Share holding during the year				
	08.09.2017	1,271,000	0.38	1,271,000	0.38
	15.09.2017	212,000	0.06	1,483,000	0.44
	22.09.2017	(178,000)	(0.05)	1,305,000	0.39
	06.10.2017	(879,090)	(0.26)	425,910	0.13
	13.10.2017	(425,910)	(0.13)	-	-
	20.10.2017	1,020,764	0.30	1,020,764	0.30
	27.10.2017	673,874	0.20	1,694,638	0.50
	03.11.2017	812,526	0.24	2,507,164	0.75
	10.11.2017	152,212	0.05	2,659,376	0.79
	17.11.2017	(586,753)	(0.17)	2,072,623	0.62
	At the end of the Year			2,072,623	0.62

Sl. No	Vanaja Sunder Iyer	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	-	-	-	-
	Date wise increase / decrease in Share holding during the year				
	30.03.2017	500,000	0.15	500,000	0.15
	21.04.2017	500,000	0.15	1,000,000	0.30
	27.04.2017	40,841	0.01	1,040,841	0.31
	28.04.2017	134,513	0.04	1,175,354	0.35
	05.05.2017	740,393	0.22	1,915,747	0.57
	26.05.2017	84,253	0.03	2,000,000	0.59
	07.07.2017	250,000	0.07	2,250,000	0.67
	18.08.2017	300,000	0.09	2,550,000	0.76
	08.09.2017	250,000	0.07	2,800,000	0.83
	29.09.2017	250,000	0.07	3,050,000	0.91
	At the end of the Year			3,050,000	0.91

Sl. No	Morgan Stanley (France) S A S	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	-	-	-	-
	Date wise increase / decrease in Share holding during the year				
	07.04.2017	8,717	0.00	8,717	0.00
	14.04.2017	99,345	0.03	108,062	0.03
	27.04.2017	121,621	0.04	229,683	0.07
	05.05.2017	(20,719)	(0.01)	208,964	0.06

Sl. No	Morgan Stanley (France) S A S	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
	12.05.2017	(2,261)	(0.00)	206,703	0.06
	19.05.2017	(105,723)	(0.03)	100,980	0.03
	26.05.2017	(64,163)	(0.02)	36,817	0.01
	02.06.2017	30,545	0.01	67,362	0.02
	09.06.2017	(56,529)	(0.02)	10,833	0.00
	16.06.2017	(10,833)	(0.00)	-	-
	04.08.2017	9,943	0.00	9,943	0.00
	11.08.2017	(9,943)	(0.00)	-	-
	18.08.2017	47,950	0.01	47,950	0.01
	25.08.2017	143,552	0.04	191,502	0.06
	01.09.2017	(180,757)	(0.05)	10,745	0.00
	08.09.2017	89,731	0.03	100,476	0.03
	15.09.2017	85,674	0.03	186,150	0.06
	22.09.2017	(186,150)	(0.06)	-	-
	06.10.2017	80,457	0.02	80,457	0.02
	20.10.2017	178,852	0.05	259,309	0.08
	27.10.2017	(94,785)	(0.03)	164,524	0.05
	31.10.2017	(49,065)	(0.01)	115,459	0.03
	03.11.2017	(73,486)	(0.02)	41,973	0.01
	10.11.2017	(21,128)	(0.01)	20,845	0.01
	17.11.2017	(20,845)	(0.01)	-	-
	24.11.2017	624,850	0.19	624,850	0.19
	01.12.2017	797,699	0.24	1,422,549	0.42
	08.12.2017	699,159	0.21	2,121,708	0.63
	15.12.2017	20,276	0.01	2,141,984	0.64
	22.12.2017	237,213	0.07	2,379,197	0.71
	29.12.2017	46,477	0.01	2,425,674	0.72
	<b>At the end of the Year</b>			<b>2,425,674</b>	<b>0.72</b>

Sl. No	Stiching Depository Apg Emerging Markets Equity Pool	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
<b>9</b>	<b>At the beginning of the Year</b>	64,798	0.02	-	-
	<b>Date wise increase / decrease in Share holding during the year</b>				
	10.03.2017	101,680	0.03	166,478	0.05
	24.03.2017	72,741	0.02	239,219	0.07
	07.04.2017	64,185	0.02	303,404	0.09
	27.04.2017	154,068	0.05	457,472	0.14
	25.08.2017	141,008	0.04	598,480	0.18
	22.09.2017	144,735	0.04	743,215	0.22
	13.10.2017	129,053	0.04	872,268	0.26
	01.12.2017	568,732	0.17	1,441,000	0.43
	08.12.2017	382,754	0.11	1,823,754	0.54
	22.12.2017	145,629	0.04	1,969,383	0.59
	29.12.2017	39,334	0.01	2,008,717	0.60
	<b>At the end of the Year</b>			<b>2,008,717</b>	<b>0.60</b>



Sl. No	Dolly Khanna	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	107,322	0.03	-	-
	Date wise increase / decrease in Share holding during the year				
	03.02.2017	20,550	0.01	127,872	0.04
	10.02.2017	692,210	0.21	820,082	0.24
	17.02.2017	569,973	0.17	1,390,055	0.41
	24.02.2017	298,992	0.09	1,689,047	0.50
	03.03.2017	449,323	0.13	2,138,370	0.64
	10.03.2017	344,370	0.10	2,482,740	0.74
	17.03.2017	300,882	0.09	2,783,622	0.83
	24.03.2017	65,355	0.02	2,848,977	0.85
	31.03.2017	98,117	0.03	2,947,094	0.88
	07.04.2017	116,177	0.03	3,063,271	0.91
	14.04.2017	8,950	0.00	3,072,221	0.91
	21.04.2017	4,694	0.00	3,076,915	0.91
	27.04.2017	113,995	0.03	3,190,910	0.95
	28.04.2017	185,229	0.06	3,376,139	1.00
	05.05.2017	78,162	0.02	3,454,301	1.03
	12.05.2017	(12,650)	(0.00)	3,441,651	1.02
	19.05.2017	19,165	0.01	3,460,816	1.03
	23.06.2017	58,350	0.02	3,519,166	1.05
	30.06.2017	748,926	0.22	4,268,092	1.27
	07.07.2017	229,062	0.07	4,497,154	1.34
	14.07.2017	102,906	0.03	4,600,060	1.37
	21.07.2017	84,838	0.03	4,684,898	1.39
	28.07.2017	79,770	0.02	4,764,668	1.42
	04.08.2017	39,403	0.01	4,804,071	1.43
	11.08.2017	383,337	0.11	5,187,408	1.54
	18.08.2017	123,345	0.04	5,310,753	1.58
	25.08.2017	470,061	0.14	5,780,814	1.72
	01.09.2017	266,551	0.08	6,047,365	1.80
	08.09.2017	122,190	0.04	6,169,555	1.83
	15.09.2017	294,000	0.09	6,463,555	1.92
	22.09.2017	229,516	0.07	6,693,071	1.99
	29.09.2017	184,639	0.05	6,877,710	2.04
	06.10.2017	302,210	0.09	7,179,920	2.13
	13.10.2017	312,450	0.09	7,492,370	2.23
	20.10.2017	108,000	0.03	7,600,370	2.26
	27.10.2017	212,000	0.06	7,812,370	2.32
	31.10.2017	20,000	0.01	7,832,370	2.33
	03.11.2017	108,175	0.03	7,940,545	2.36
	10.11.2017	255,864	0.08	8,196,409	2.44
	17.11.2017	321,233	0.10	8,517,642	2.53
	24.11.2017	10,085	0.00	8,527,727	2.54
	01.12.2017	50,888	0.02	8,578,615	2.55

Sl. No	Dolly Khanna (Contd.)	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
	15.12.2017	31,500	0.01	8,629,115	2.57
	22.12.2017	1,000	0.00	8,630,115	2.57
	<b>At the end of the Year</b>			<b>8,630,115</b>	<b>2.57</b>

Sl. No	Investor Education and Protection fund Authority (IEPF)	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
11	At the beginning of the Year	-	-	-	-
	Date wise increase / decrease in Share holding during the year				
	01.12.2017	93,762	0.03	93,762	0.03
	11.12.2017	2,574,890	0.77	2,668,652	0.79
	12.12.2017	10,440	0.003	2,679,092	0.80
	<b>At the end of the Year</b>			<b>2,679,092</b>	<b>0.80</b>

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the shares to Investor Education and Protection fund Authority (IEPF) on December 1, 2017, December 11, 2017 and on December 12, 2017 of those shareholders who have not claimed the dividends for a continuous period of 7 years.

#### 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
	<b>Directors</b>				
<b>1</b>	<b>Mr. N. Radhakrishna Reddy</b>				
	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
<b>2</b>	<b>Mr. Jagan Mohan Reddy Nellore</b>				
	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
<b>3</b>	<b>Mr. N. Sujith Kumar Reddy</b>				
	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
<b>4</b>	<b>Mr. S.L. Rao</b>				
	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
<b>5</b>	<b>Mr. H.L. Zutshi</b>				
	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
<b>6</b>	<b>Ms. Nirmala Reddy</b>				
	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



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
7	<b>Ms. Radhika Vijaya Haribhakti</b>				
	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
<b>Key Managerial Personnel</b>					
1	<b>Mr. Jagan Mohan Reddy Nellore, Managing Director</b>				
	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
2	<b>Mr. T. Srinivasa Rao, Chief Financial Officer</b>				
	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	<b>Mr. S. Venkat Ramana Reddy, Company Secretary</b>				
	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
<b>Indebtedness at the Beginning of the Financial Year</b>					
i) Principal Amount		4,813.97	0.00	0.00	4,813.97
ii) Interest due but not paid		0.00	0.00	0.00	0.00
iii) Interest accrued but not due		5.88	0.00	0.00	5.88
<b>Total (i+ii+iii)</b>		<b>4,819.85</b>	<b>0.00</b>	<b>0.00</b>	<b>4,819.85</b>
<b>Change in Indebtedness during the financial year</b>					
Addition		172.53	0.00	0.00	172.53
Reduction		1,560.00	0.00	0.00	1,560.00
Interest		1.29	0.00	0.00	1.29
Net Change					(1,386.18)
<b>Indebtedness at the end of the Financial year</b>					
i) Principal Amount		3,426.50	0.00	0.00	3,426.50
ii) Interest due but not paid		0.00	0.00	0.00	0
iii) Interest accrued but not due		7.17	0.00	0.00	7.17
<b>Total (i+ii+iii)</b>		<b>3,433.67</b>	<b>0.00</b>	<b>0.00</b>	<b>3,433.67</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A Remuneration paid to Managing Director, Whole time Directors / Manager: (Rs. Million)**

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Jagan Mohan Reddy Nellore, Managing Director	
<b>1</b>	<b>Gross Salary</b>		
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	0.00	0.00
2	Stock option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission	0.00	0.00
	- as % of profit	0.00	0.00
	- others, specify...	0.00	0.00
5	Others, Please specify (Company's Contribution to Provident Fund)	1.44	1.44
	<b>Total (A)</b>	16.84	<b>16.84</b>
	Ceiling as per the Act	20.32	20.32

**B Remuneration to other Directors: (Rs. Million)**

Sl. No	Particulars of Remuneration	Name of Independent Director					Total Amount
		Mr. S.L. Rao	Mr. H.L. Zutshi	Ms. Radhika Vijay Haribhakti	Ms. Nirmala Reddy	Mr. Dipankar Basu*	
1	Independent Directors						
	Fee for attending board/com- mittee meetings	0.64	0.76	0.76	0.76	0.20	3.12
	Commission	0.75	0.75	0.75	0.75	0.00	3.00
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1.39</b>	<b>1.51</b>	<b>1.51</b>	<b>1.51</b>	<b>0.20</b>	<b>6.12</b>
2	Other Non-Executive Directors	Mr. N. Radhakrishna Reddy	Mr. N. Sujith Kumar Reddy	Mr. Krishnan Narayanan- Nominee Director IDBI Bank Limited#			
	Fee for attending board/com- mittee meetings	0.40	0.00			0.76	1.16
	Commission	0.00	0.00			0.00	0.00
	Others, please specify	0.00	0.00			0.00	0.00
	<b>Total (2)</b>	<b>0.40</b>	<b>0.00</b>			<b>0.76</b>	<b>1.16</b>
	<b>Total (B)=(1+2)</b>						<b>7.28</b>
	Total Managerial Remuneration to Non-Executive Directors (Commission)						3.00
	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)						4.06

\*Mr. Dipankar Basu resigned from the Directorship of the Company w.e.f. November 11, 2017.

#IDBI Bank Limited has withdrawn Mr. Krishnan Narayanan as its Nominee Director with effect from November 30, 2017.




**C Remuneration paid 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	
<b>1</b>	<b>Gross Salary</b>			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3.80	12.33	16.13
b)	Value of perquisites u/s 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			
	Company's contribution to provident fund	0.20	0.66	0.86
	National pension Scheme	0.00	0.55	0.55
	<b>Total</b>	<b>4.00</b>	<b>13.54</b>	<b>17.54</b>

**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**

Place: Hyderabad  
Date : February 28, 2018

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

## Annexure - 5

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)**

NIL

**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, 2017	December 31, 2016
Used	1,449.35	2,849.83
Earned	1,984.00	3,015.44

On behalf of the Board of Directors  
for Rain Industries Limited

Place : Hyderabad  
Date : February 28, 2018

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

## Annexure - 6

### 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; and
  - v. Rural development projects.

Web link: <http://www.rain-industries.com>

2. Composition of CSR Committee:

S. No.	Name	Designation
1	Mr. Jagan Mohan Reddy Nellore	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 December 31 (in Rs. Million)		
	2016	2015	2014
	(71,395)	(70,967)	26,234
Average Net Profit for the preceding three Financial Years	(38,709.17)		

4. Prescribed CSR expenditure (2% of the amount as in item 3 above) : Nil. However, the Company has spent Rs. 2.50 Million
5. Details of CSR spent for the financial year:
  - a. Total amount to be spent during the financial year: Nil
  - 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	Health and Education	Promotion of Health and Education	Operation of Schools and Hospitals in Suryapet District, Telangana State and Kurnool, District, Andhra Pradesh State.	The Company has donated Rs. 2.50 Million to Pragnya Priya Foundation, a Company established under Section 25 of Companies Act, 1956 (Section 8 as per Companies Act, 2013) by the Group	Rs. 2.50 Million	Rs. 2.50 Million	The amount was spent through Pragnya Priya Foundation a Section 25 Company under Companies Act, 1956 (Section 8 of Companies Act, 2013).
<b>Total</b>				<b>Rs. 2.50 Million</b>	<b>Rs. 2.50 Million</b>	<b>Rs. 2.50 Million</b>	<b>-</b>

6. Though the amount of profits of the Company as per CSR Rules is negative, the Company has spent Rs. 2.50 Million towards CSR expenditure.
7. We hereby confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

**For and on behalf of Corporate Social Responsibility Committee**

**Jagan Mohan Reddy Nellore**  
Chairman of the Committee and  
Managing Director  
DIN: 00017633

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

Place : Hyderabad  
Date : February 28, 2018

## Annexure - 7

### SECRETARIAL AUDIT REPORT For The Financial Year Ended 31<sup>st</sup> December, 2017

#### 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 **31<sup>st</sup> December 2017** 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 31<sup>st</sup> December, 2017 ("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. We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards.

3. 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.
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 a Woman Director. 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 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 (Issue and Listing of Debt Securities) Regulations, 2008.
    - ii. SEBI (Delisting of Equity Shares) Regulations, 2009.
    - iii. SEBI (Buyback of Securities) Regulations, 1998.
    - iv. SEBI (Share Based Employee Benefits) Regulations, 2014.
    - v. 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: 28.02.2018

**DVM Gopal**  
Proprietor  
M No: F 6280  
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: 28.02.2018

**DVM Gopal**  
Proprietor  
M No: F 6280  
CP No: 6798



## Annexure-8

### 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)	0.81:1
2	Mr. Jagan Mohan Reddy Nellore (Managing Director)	34.02:1
3	Mr. N. Sujith Kumar Reddy (Director)	Nil
4	Mr. Dipankar Basu (Independent Director) <sup>1</sup>	0.40:1
5	Mr. S.L. Rao (Independent Director)	2.81:1
6	Mr. H.L. Zutshi (Independent Director)	3.05:1
7	Ms. Radhika Vijay Haribhakti (Independent Director)	3.05:1
8	Ms. Nirmala Reddy (Independent Director)	3.05:1
9	Mr. Krishnan Narayanan (Nominee Director – IDBI Bank) <sup>2</sup>	1.54:1

<sup>1</sup> Mr. Dipankar Basu resigned from the Directorship of the Company w.e.f. November 11, 2017.

<sup>2</sup> IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company with effect from November 30, 2017.

\*Median remuneration of Employees: Rs.4,95,073/-.

**(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. Jagan Mohan Reddy Nellore (Managing Director)	Nil
3	Mr. N. Sujith Kumar Reddy (Director)	Nil
4	Mr. Dipankar Basu (Independent Director) <sup>1</sup>	Nil
5	Mr. S.L. Rao (Independent Director)	Nil
6	Mr. H.L. Zutshi (Independent Director)	Nil
7	Ms. Nirmala Reddy (Independent Director)	Nil
8	Ms. Radhika Vijay Haribhakti (Independent Director)	Nil
9	Mr. Krishnan Narayanan (Nominee Director – IDBI Bank) <sup>2</sup>	Nil
10	Mr. T. Srinivasa Rao (Chief Financial Officer)	12.17 %
11	Mr. S. Venkat Ramana Reddy (Company Secretary)	10.61 %

**Note:** <sup>1</sup> Mr. Dipankar Basu resigned from the Directorship of the Company w.e.f. November 11, 2017.

<sup>2</sup> IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company with effect from November 30, 2017.

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

12%

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

There are 100 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.

The 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 has been 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**

Place : Hyderabad  
Date : February 28, 2018

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

### Annexure-8 (Contd.)

#### Statement of Particulars of Employees Pursuant to Section 197 of the Companies Act, 2013 read with 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. Jagan Mohan Reddy Nellore (Managing Director)	Rs.16.84 Million	Regular	B.S.I.E. (U.S.A) 25 years	August 10, 1994	51 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.13.54 Million	Regular	B.Com, FCA 28 years	April 1, 2012	51 years	Vice President (Finance) of Rain CII Carbon (Vizag) Ltd	N.A.	N.A.

Note: 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) Rules, 2014

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

Place : Hyderabad  
Date : February 28 , 2018

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

## Annexure-8 (Contd.)

### Statement of Particulars of Employees Pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

List of Top 10 salaried employees for the Financial Year ended December, 31 2017

Sl. No.	Name and Designation	Remuneration received during the period from 1 <sup>st</sup> January, 2017 to 31 <sup>st</sup> December, 2017	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age (Years)	The last employment held before joining the company	Whether is a relative of any director or manager of the company	The percentage of equity shares held by the employee in the company with in the meaning of clause (iii) of sub-rule (2) of Rule 5
1	Mr. Jagan Mohan Reddy Nellore, Managing Director	Rs. 16.84 Million	Regular	B.S.I.E. (U.S.A)	10.08. 1994	51	Rain Calcining Limited	Son of Mr. N. Radhakrishna Reddy, Chairman Brother of Mr. N. Sujith Kumar Reddy, Director	N.A.
2	Mr. T.Srinivasa Rao, Chief Financial Officer	Rs. 13.40 Million	Regular	B.Com, FCA	01.04. 2012	51	Rain Calcining Limited	N.A.	N.A.
3	Mr. M.S. Krishnamohan Reddy, General Manager- HR	Rs. 5.88 Million	Regular	B.Com, B.L. and M.H.R.M.	12.06.1996	56	SOL Pharmaceuticals Limited	N.A.	N.A.
4	Mr. Balasubramanian Ramaswamy, Chief Internal Auditor	Rs. 4.28 Million	Regular	B.Com, ICWAI	21.04.2017	50	Metro Cash & Carry India	N.A.	N.A.
5	Mr. S.Venkata Ramana Reddy, Company Secretary	Rs. 4.08 Million	Regular	M.Com, LLB, ACS	01.02.2008	45	Suryalakshmi Spinning Mills Limited	N.A.	N.A.
6	Mr. K. Shankar Sathish, Dy. General Manager - IT	Rs. 4.03 Million	Regular	B.Com, ACA, ICWAI	26.09.2016	41	Archean Group	N.A.	N.A.
7	Mr. Suswaram Sridhar, Chief Information Officer	Rs. 3.00 Million	Regular	B.B.A & MBA	15.06.2016	49	FHPL (Apollo Group)	N.A.	N.A.
8	Mr. Manish Agarwal, Asst. General Manager - F&A	Rs. 2.63 Million	Regular	B.Com, CA, CS, ISA	16.01.2013	39	Xchanging PLC, Bangalore	N.A.	N.A.
9	Mr. Madhu Babu ,Gondti Sr. Manager - IT	Rs. 2.60 Million	Regular	B.Com, MFM	21.12.2015	45	Delta Technology & Management Services Pvt. Ltd.	N.A.	N.A.
10	Mr. V.P. Srikanth, . Dy. General Manager - Legal	Rs. 2.48 Million	Regular	B.Sc, BL	11.02.2008	53	Advanta India	N.A.	N.A.

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

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

Place : Hyderabad  
Date : February 28 , 2018

## Annexure – 9

***Rain Industries Limited- Business Responsibility Report- for the Financial year ended  
December 31, 2017***

***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](http://www.rain-industries.com)
5. **E-mail id:** [secretarial@rain-industries.com](mailto:secretarial@rain-industries.com)
6. **Financial Year reported:** January 1, 2017 to December 31, 2017.
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 Five):**

Rain Industries Limited undertakes business activities in Five 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) Canada

- iv) Middle East
- v) The United States

**b) Number of National Locations:**

**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 located in the state of Andhra Pradesh. The Cement Plant in Andhra Pradesh has a Waste Heat Recovery based power production mechanism to generate upto 7 MW of electricity.

**Calcined Petroleum Coke and Electricity:** The 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
√	√	√	√

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

- Paid up Capital (Rs.): Rs. 672,691,358
- Total Turnover (Rs.): Rs. 596.21 million (Standalone) and Rs. 114,471.36 million (Consolidated)
- Total profit after taxes (Rs.): Rs. 321.06 million (Standalone) and Rs. 7,635.87 million (Consolidated).
- Total spending on Corporate Social Responsibility (CSR) as percentage of profit:  
Though Rain Industries Limited (the Company) is not required to spend 2% of its net profits calculated in accordance with Section 198 of the Companies Act, 2013 towards CSR expenditure as per Section 135 of the Companies Act, 2013, however, the Company has spent Rs. 2.50 Million towards CSR activities.
- List of activities in which expenditure in 4 above (CSR) has been incurred:  
The Company through Pragnya Priya Foundation (Section 25 Company, under Companies Act, 1956/Section 8 Company, Companies Act, 2013) is operating Schools and Hospitals in Suryapet District, Telangana State and Kurnool District, Andhra Pradesh.

**SECTION C: OTHER DETAILS**

- Does the Company have any Subsidiary Company/ Companies?**  
Yes, Rain Industries Limited has 29 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. Jagan Mohan Reddy Nellore
3. Designation: Managing Director

#### b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00017633
2	Name	Mr. Jagan Mohan Reddy Nellore
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 EHS 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?	<a href="http://www.rain-industries.com">www.rain-industries.com</a>								
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 Business Review Meetings.

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

BR will be published annually along with the Annual Report.

Web link: [www.rain-industries.com](http://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 289 complaints from Shareholders during the Financial Year ended December 31, 2017 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 December 31, 2017.

### 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 efficiencies 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 and 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 generate electricity through waste heat recovery based power plants which converts the waste 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: 100
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis: Nil
3. Please indicate the Number of permanent women employees: 8
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.

Sl. 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 stakeholders.

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 livelihoods, 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 during the Financial Year ended December 31, 2017.

#### 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 mechanisms 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;
- 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; and
- 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, have 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>

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:**

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:

- Eradicating hunger, poverty and malnutrition, promoting sanitation and making available safe drinking water;
- Providing health care, maintaining hospitals, ambulances and conducting medical camps;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- 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; and
- 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 Rs. and the details of the projects undertaken.**

The Company along with its subsidiaries in India have spent an amount of Rs. 52.54 million on its CSR activities during Financial year ended December 31, 2017.

- 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.**

### Corporate Social Responsibility – An Overview

Corporate social responsibility (CSR) is the way Rain Industries Limited and its subsidiaries (RAIN) operates its businesses. Rain's CSR model is well-integrated with its business strategy and has helped to bring about positive change in communities. Rain established Pragnya Priya Foundation in 2012 to drive its CSR initiatives. RAIN's CSR efforts are directed at improving the lives of its employees and their families and the lives of marginalised sections of society living near its production facilities.

Rain's CSR initiatives focus on four key areas: Health, Education, Rural Development and Environment.

- Health**

RAIN has established the Priya Cement Free Primary Hospital near its cement facility in Ramapuram Village, Mellacheruvu Mandal, Suryapet District, Telangana State, India and Boincheruvupalli Village, Kurnool Dist., Andhra Pradesh, India. The hospital also provides fully equipped emergency ambulance facilities for patients. In addition to medical care, the hospitals conduct routine health-related initiatives for communities such as de-addiction counselling and creating awareness about health education in marginalised communities.

- Rural development**

Rain Constructed bio toilets and provided drinking water in rural areas in India, including government high schools in association with Social Awareness Newer Alternatives Trust (SANA Trust) in Visakhapatnam, Andhra Pradesh.

- Education**

Recognising the role education plays in social transformation, RAIN operates High Schools in English Medium

at Ramapuram Village, Mellacheruvu Mandal, Suryapet District, Telangana State, India and Boincheruvupalli Village, Kurnool Dist., Andhra Pradesh, India. After completion of school education, the students are encouraged to enrol for college.

Rain has provided scholarships to 935 students for pursuing intermediate education for academic years 2015-2017 and 2016-2018.

- **Rural developmental initiatives**

Rain undertakes development projects that contribute to the overall development of communities around its production facilities. In co-operation with local communities in India, Rain promotes and supports initiatives taken by Local Bodies and Government Agencies to identify, adopt and support for development and growth. Some of the developmental activities undertaken in India by the company around its Suryapet and Kurnool Cement facilities include:

- ❖ Providing assistance, both financial and material, towards building and maintaining community-based infrastructure in villages such as roads, bridges and community centres. Rain also supports the construction of culverts, drains and water infrastructure.
- ❖ Contributing to local police martyrs welfare activities.
- ❖ Donating building material for the construction of local government offices.
- ❖ Supporting the repair work of hostels.

- **Environment**

Rain undertakes Plantation of Trees at Visakhapatnam, Andhra Pradesh, India towards promotion of Plantation and Forestry.

## **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 28, 2018

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Overview

RAIN Industries Limited along with its subsidiary companies in India and abroad is together referred as “RAIN Group”. The RAIN Group is one of the world’s largest producer of calcined petroleum coke (“CPC”) and coal tar pitch (“CTP”). The RAIN Group operate 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 products and chemicals, essentials for staples in everyday life. Our products are essential for end users in the paper-pulp, textile, plastics, chemical, electric, automotive rubber and wood preservation industries.

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 and 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 long-standing 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 raw materials from a wide range of sources across various geographies adjusting the composition of our product-mix and producing products that meet stringent quality specifications of each individual customer.

Our network of production facility locations and integrated global logistics 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 the 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 Group for the year ended December 31, 2017. This should be read in conjunction with RAIN Group’s Stand-alone and Consolidated Financial Statements, the schedules and notes thereto and the other information included elsewhere in the Annual Report. RAIN Group’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”), in accordance with Indian Accounting Standards (Ind AS) and the other accounting principles generally accepted in India.

## 2. Discussion on Financial Performance

### Consolidated Financial Performance

₹ in Million

Particulars	CY 2017	CY 2016
Income From Operations	114,471	94,945
Adjusted Operating Profit	22,702	16,367
Profit Before Tax	10,839	4,800
Adjusted Net Profit After Tax	7,977	3,457

During the year CY 2017, our business generated revenue from operations of ₹ 114.5 billion and Adjusted Operating Profit of ₹ 22.7 billion. The revenue in CY 2017 was higher by 20.6% compared to CY 2016 mainly due to an increase in volumes and improved price realizations. The operating margins in CY 2017 were comparatively higher due to the full year contributions from new expansion projects (i.e., Russian tar distillation plant, Indian CPC blending facility, etc.) and various cost optimizing initiatives. As a result, the Adjusted Net Profit After Tax in CY 2017 was ₹ 8.0 billion i.e. ₹ 4.5 billion higher than the ₹ 3.5 billion generated in CY 2016. Consequently, the Adjusted Earnings Per Share is ₹ 23.7 in CY 2017 as against ₹ 10.3 in CY 2016.

With a commendable performance in CY 2017 coupled with a strong cash balance of ₹ 9.4 billion and undrawn working capital loans of ₹ 6.4 billion, RAIN Group is well placed to meet its debt servicing obligations in the future and to fund expansion projects initiated.

The Paid-up Share Capital of RAIN Group as on December 31, 2017 is ₹ 672,691,358 comprising of 336,345,679 Equity Shares of ₹ 2/- each fully paid-up.

## 3. FUNCTIONAL INTEGRATION OF CARBON AND CHEMICALS BUSINESS

The Carbon and Chemicals businesses of RAIN Group are spread over India, Europe and North America. In 2016, RAIN Group initiated an effort to transition from a system of regional management to a functionally integrated structure with global teams for (a) Operations; (b) Commercial; (c) Logistics (newly formed) and (d) Finance. The shift to a centralized, global structure was designed to achieve the benefits of (i) share best practices across all the plants; (ii) identify new sources of raw-materials; (iii) penetrate new markets; and (iv) cost optimization. The functional integration has contributed significantly to the improvement in financial performance over last two years. Key developments in each of the functions are as follows:

### 3.1 OPERATIONS:

#### 3.1.1 Calcination Business:

Calcined petroleum coke ("CPC") is manufactured from green petroleum coke ("GPC"), a by-product from refining crude oil. The conversion from green petroleum coke to calcined petroleum coke is a high temperature process that alters the coke in three ways (a) Drying (b) Release of residual hydrocarbons and (c) Desulfurization.

Every ton of aluminium needs approximately 0.4 tons of CPC. Hence, we are the critical carbon link between the petroleum refineries and the aluminium industry.

The majority of RAIN Group's CPC facilities, including plants in Lake Charles, Chalmette and Gramercy in USA and in Vizag, India; capitalize on waste-heat recovery and generate either power or steam. On a global basis, including

all Carbon and Chemicals plants, RAIN Group is a net producer of energy. Flue-gas desulfurization technologies implemented at CPC plants in the US and in India allow RAIN Group to produce at high utilization rates while maintaining full compliance with emission limits. Over the last few years, RAIN Group reduced its filterable Particulate Matter 10 emissions (“PM10”), by more than 40% per ton of CPC produced. At the same time, nitrogen oxide emissions (“NOx”) and sulphur oxide emissions (“SOx”) were also reduced by 40%. Proprietary technologies related to sulphur scrubbing were implemented at the Lake Charles plant, allowing RAIN Group to increase CPC output at the plant by 25%. RAIN Group’s process experts are currently piloting even more efficient and advanced technologies to convert SOx flue-gas that is a by-product of calcination into products useable for the fertilizer industry. These advanced scrubbing technologies have enabled the US calcination plants to operate at maximum capacities while meeting all applicable emissions requirements.

In its Vizag plant during 2016, RAIN Group established a CPC blending center, with a blending capacity of 1.00 million metric ton per year. The blending center allows us to mix CPC produced in US Plants by utilizing de-scrubbing technology (which facilitates the use of numerous grades of GPC) and CPC produced in Indian Plant to produce blended CPC that meet anode grade CPC needs of our customers. The combined strategies of SO<sub>2</sub> scrubbing in the US and CPC blending plant in India are facilitating higher CPC sales volumes for RAIN Group.

### **3.1.2 Distillation Business:**

Coal tar pitch (“CTP”) is a derivative of coal tar distillation as well as from specialty petroleum feed stocks. CTP is mainly used as a binder for the production of carbon anodes essential for aluminium smelting.

RAIN Group offers its customers a broad range of coal tar and petroleum pitches with different properties for the widest spectrum of applications.

RAIN Group’s distillation plants are located at Castrop-Rauxel, Germany; Zelzate, Belgium; Hamilton, Canada; Kedzierzyn-Kozle, Poland; and Cherepovets, Russia. Significant process improvements throughout all our distillation plants have been implemented over the last two years to reduce natural gas consumption by 15%, benzene emissions by more than 80% and CO<sub>2</sub> emissions by 20%. We are also capitalizing on capacity expansion investments in Hamilton, which helped us reduce phenol and PAH emissions by more than 90% over the last two years. With the latest tar distillation technology installed at our joint venture in Cherepovets, Russia; we reduced all relevant emissions by more than 60% over the last two years while, the plant operated at 100% reliability with best-in-class product quality. Further, the recent upgradation of technology allows us to run coal tar and petro oil raw-materials in the same distillation unit while meeting high quality standards. Capacity of the petro-distillation units in Germany and Belgium are being expanded to increase the output by an aggregate 0.2 million metric tons per annum to be effective during mid of CY 2018. While we operate our tar distillation plants at maximum throughput, with plant reliabilities well above 95%, we are considering options to further expand our distillation network.

CARBORES® is our latest generation pitch product and is uniquely suited for use by the refractory and graphite industries. CARBORES® is a specially modified CTP product family combining the advantages of CTP products and phenolic

resins. Processing of coal tar yields approximately 10% naphthalene and 35% to 40% industrial oils. These products come in a wide range of quality and processing levels that are essential for a wide variety of industrial applications.

Our CARBORES III plant started in 2016, is now operating at full capacity. We have also been successful in using this technology to produce specialty carbon materials for lithium-ion batteries used in electric vehicles. During 2017, RAIN Group produced such specialty carbon materials equivalent to the needs for 100,000 electric vehicles.

In modern cars, coal tar-based products are used for manufacturing 10 to 15 components for body parts, tyres and rims, as listed hereunder:

- |                                    |                                                                                     |
|------------------------------------|-------------------------------------------------------------------------------------|
| a) Electrode binders (pitch)       | .. For extraction of aluminium                                                      |
| b) Special pitch                   | .. For graphite electrodes in lithium-ion-batteries                                 |
| c) NOVARES® resins                 | .. To improve the grip of tyres in wet conditions and reduce the rolling resistance |
| d) Carbon black oil                | .. For the carbon black raw material: improve mechanical properties of the tires    |
| e) CARBORES®                       | .. For refractory bricks in metallurgy                                              |
| f) Carbon black oil                | .. For dye extraction for automotive coatings                                       |
| g) Cresol mixtures                 | .. For insulation of copper wires                                                   |
| h) Cresolic mixtures / naphthalene | .. For flat screens                                                                 |
| i) Acetophenone                    | .. For stabilization of plastics                                                    |
| j) Dye stuffs based on naphthalene | .. For colouring of plastic parts                                                   |
| k) NOVARES® resins                 | .. For hot-melt adhesives for interior fitting                                      |

### **3.1.3 Chemicals Business:**

The Chemicals business of RAIN Group is based on our operating assets in Duisburg, Germany; Uithoorn, Netherlands; Candiatic, Canada; and the aromatic chemicals assets at Castrop-Rauxel, Germany. Over the last few years, significant improvements in environmental performance and sustainability have been successfully implemented. Among them are, a 30% waste water volume reduction and a 70% NOx reduction in Duisburg. At the same time, specific energy consumption per ton was reduced by 30%.

At the beginning of 2017, in Castrop-Rauxel, Germany; we significantly enhanced our carbo-indene production by switching with little investment from batch-processing to continuous-processing, thereby more than doubling our capacity. We are the only high-quality producer of Carbo-indene world-wide and the chemical is exclusively utilized to make our special NOVARES® resins in Duisburg. Resins such as NOVARES® C10 are utilized as tacifiers and additives in car tyres where they reduce the tyre rolling resistance by up to 2%. One ton of these additives used in performance tyres saves more than 50 tons of fuel per year. In total, our low-rolling resistance NOVARES® additives help to save annually about 0.5 million tons of fuel per annum.

Our value-added polymer materials produced in Candiac, Canada include bio-synthetic dispersants, low VOC polynaphthalene sulfonates and special low CO<sub>2</sub> technology products. The Candiac plant is focused on continued improvements in quality, lower emissions, better sustainable products and a reduced environmental footprint.

#### **3.1.4 Energy from waste heat recovery:**

Most of the electricity recovered from our calciners through the waste heat recovery plants is sent to the regional power grids for transmission to local users. RAIN Group has entered into agreements with local utilities for the supply of power. RAIN Group co-generates energy at four of its seven plants with a combined generation capacity of 125 MW in the form of equivalent steam or electricity for export to electric power grids and industrial parties.

#### **3.1.5 Safety Performance:**

RAIN Group sets the highest standards for ensuring safety at all its facilities. RAIN Group has introduced several safety measures at all its facilities across the globe and trained its employees and contractors. Records are maintained of all incidents including near misses and frequent meetings are held for analyses and further improvements.

Compared to 2015, RAIN Group drastically reduced its Recordable Incident Rate ("RIR"), as per The Occupational Safety and Health Administration ("OSHA") by 60% during 2016 and continued at that level during 2017. Global best-practice sharing, professional focus on process hazards, knowledge improvement and re-training of all our operators, combined with a Safety Training Observation Program ("STOP") implemented by DuPont specialists, is expected to achieve further performance improvements during 2018. Our target is to be a world-class safety leader in the industry.

### **3.2 COMMERCIAL:**

#### **3.2.1 Sourcing of raw materials:**

RAIN Group converts refinery, coal and petrochemical by-products into premium carbon and chemical products. We are well placed with long-standing relationships with blue-chip partners and a portfolio of innovative technologies. We distinguish ourselves through the following:

- a) A portfolio of net-back formula pricing contracts with raw-material suppliers, provides attractive pricing and uninterrupted supply;
- b) Two-thirds of raw-material needs are covered through long-term contracts as well as internal supplies;
- c) CPC plants are strategically located within the world's largest GPC market;
- d) Superior logistics network integrates all global plants allowing them to efficiently distribute raw materials throughout the network; and
- e) Use of innovative new sources of raw-materials, to supplement existing sources of raw-materials.
- f) Extensive storage facilities at our sites to ensure uninterrupted operations.

### **3.2.2 Distillation Business:**

RAIN Group has entered in to long-term contracts with major steel producers in North America securing coal tar availability for the Canadian distillation plant and complements its supply agreements in Europe. Simultaneously, RAIN Group is exploring alternate raw materials (petro-tar feed-stock) to improve flexibility in raw-material sourcing and reduce dependency on single source of raw-material.

### **3.2.3 Calcination Business:**

RAIN Group has entered into long-term contracts with a major supplier in Latin America to meet requirement of anode-grade GPC for the US CPC plants. In 2017, RAIN Group initiated sourcing of materials directly from certain refineries based in Asia, avoiding procurement through intermediaries. Additionally, the global integration of the commercial function has enabled RAIN Group to secure approximately 20% of its anode-grade GPC requirements from new refineries in Europe, Russia and CIS.

### **3.2.4 Chemicals Business:**

RAIN Group has increased the utilization of petro feedstock in its distillation process to internally secure one-third of its need for C9 fraction required. C9 is a crucial raw material in the chemical business being historically sourced from external suppliers. Constant exploration of alternatives like this allows RAIN Group to optimize profits from its established assets.

### **3.2.5 Marketing of Finished-products:**

RAIN Group has initiated several steps to identify cross-selling opportunities through the functional integration of marketing teams around the world. This integration has been invaluable to market the products worldwide and has achieved numerous successes including:

- a) Functional marketing and sales organization with global reach;
- b) Industry-focused marketing that is single source of carbon supply to the aluminum industry, resulting in substantial increase in sales volume;
- c) New products Lithium-ion battery coatings, LP sealer base, petrochemical products and pure resins; and
- d) Marketing of incremental CTP volumes from the new joint venture with Severtar within Russia

### **3.2.6 Other Initiatives:**

RAIN Group is the leading producer of CPC, CTP, naphthalene and creosote. As an industry leader, we have an unrivaled global sales network covering all main regions across the world. The focus is on integrated customer service which includes RAIN Group's state-of-the art labs, research and consulting know-how. To better serve customers, we provide multiple product offerings specifically designed along with technical support. In addition provide customized solutions by providing environmentally friendly or high-performance variants. Our technical teams participate in

assisting our customers with analyzing their future requirements as well as accessing improved processing through joint technology agreements and joint research in new fields.

### **3.3 Logistics:**

#### **3.3.1 Geographical Spread of Calcination and Distillation Facilities:**

The resilience of RAIN Group's business model is due in large part to the strategic location of its operations around the world and their superior, low-cost and flexible logistical connectivity to key raw material and finished-goods markets. In some cases, such as in Norco, USA and Cherepovets, Russia, RAIN Group's plants are physically connected to, and integrated into, our key suppliers' raw material streams. In other instances, our plants have been centrally located to be within the most economic and efficient distances from multiple key raw material suppliers, multiple key customers, or, in many instances, both. Having each of our locations inter-connected with as many key modes of transport as possible (ocean ship, inland ship/barge, rail and truck), RAIN Group benefits from multiple receiving and delivery options for raw materials and finished goods. This enables RAIN Group to reliably protect its business model through constant and flexible optimization of our logistical modes and costs, and to quickly and seamlessly shift to using back-up transportation alternatives whenever market conditions or circumstances require.

#### **3.3.2 Captive River Terminals in USA, Europe and Canada:**

Many of RAIN Group's production plants also have been developed to double as key storage, blending and distribution hubs, further supporting our global business model. In addition, we have entered into long-term, exclusive-use contracts with third-party storage up-grading and distribution facilities to strategically deepen and widen our products' global market reach with minimal CAPEX needs. Many of RAIN Group's products require specialized receiving, handling, storage and load-out technologies. Our investments in such difficult-to-replicate in-house and third-party terminals help us to achieve and maintain a proven and strong supply chain market position. In the USA, our captive, deep-water river terminals offer us the ability to receive, blend and load-out large quantities of raw and semi-finished materials arriving and departing on low-cost, deep-water ships. In Europe, our captive terminal locations have been similarly placed and designed, with direct deep-sea access or one-step connectivity through our blending facilities to reach all world markets. This includes the ability to segregate and blend even the most specialized of materials arriving from other sites, including our own, to meet even the most challenging customer specifications. In Canada, RAIN Group has integrated our production capacity with investments in additional, in-house storage and blending terminal capabilities, as well as entering into exclusive-use agreements with unique distribution and up-grading facilities. This business model design allows our infrastructure to receive raw materials and finished or semi-finished materials in large, economical volumes from North America and around the world. Our flexible business model then grants RAIN Group the ability either to use these materials on-site or accumulate them into larger volumes for economical shipment elsewhere in North America or around the world, either to our other sites or to our customers. These key investments in business-model flexibility and multi-modality are the fundamental building blocks that help RAIN Group to serve customers globally.



### **3.3.3 Own Vessels for Transporting Pitch and Tar:**

An underlying strength in the economics behind RAIN Group's distillation activities, which is directly connected to our plant-terminal, hub-and-spoke business model, is found in our use of long-term usage agreements for specialized tanker ships to safely, quickly and economically move our materials. We utilize specially designed tanker barges and ships with the highest capacity possible to meet the requirements of many of our high-volume routes. This includes long-term leasing of optimally sized, ice-class, high-temperature, multi-product ocean tanker ships for our Northern Hemisphere business needs, as well as specialty heated ocean or river tanker ships capable of transporting segregated cargos of coal tar, crude benzene, soft pitch and oils. For several of our European plants, where the most economical form of transportation is by inland waterways, certain barge length, width, water draft and air draft constraints require specially designed barges. RAIN Group therefore maintains exclusive use of several specially designed and heated vessels that shuttle our raw materials and finished goods to and from our markets.

### **3.3.4 Numerous Modes of Transport (Barges, Rail-Cars, Ocean Going Ships, Trucks):**

The physical and chemical properties of many of RAIN Group's materials require transportation in highly specialized vehicles for safety, environmental and compliance reasons. To ensure RAIN Group's reliability as a raw material off-taker and as a key supplier of critical raw materials, and to under-pin reliable performance, RAIN Group is constantly re-evaluating and re-optimizing its access to and utilization of fleets of such specialty vehicles. To safely and effectively transport many of our unique, high-temperature specialty liquid products, such as coal tar and petroleum pitches, CARBORES® and LP Sealer Base, we ensure that we have continuous access to insulated vehicles with on-board product heating systems through a variety of contractual arrangements. RAIN Group maintains a wide and diverse portfolio of ownership, leasing contracts, exclusive-use transportation contracts and long-term relationships for specialty trucks, railcars, containers, barges and ocean ships that are active across Europe, Asia and North America. These vehicles also play a strategic role in increasing RAIN Group's ability to source certain key raw materials and deliver key finished products where suppliers, customers and competitors lack a similar ability to reliably pick up or deliver those goods.

## **3.4 FINANCE:**

### **3.4.1 Refinancing:**

During April 2017, RAIN Group successfully completed the first phase of refinancing its existing long-term debt in the form of high-yield bonds with a US Dollar denominated high yield bond. In the first phase of refinancing, RAIN Group replaced the debt bearing a fixed-interest rate of 8% with a new debt bearing a fixed-interest rate of 7.25%. During January 2018, RAIN Group successfully completed the second phase of refinancing the remaining debt bearing an average fixed-interest rate over 8.35% with a new Euro-denominated Term Loan B with an interest rate of EURIBOR (with a 0% Floor) + 300 bps. Upon the successful completion of the two-phase refinancing, the effective average rate of interest was reduced by 250 bps resulting a significant interest savings of US\$25 million per annum, and the first maturity date was extended from December 2018 to January 2025. The new debt structure provides RAIN Group ample time and flexibility to continue improving on its operational excellence and successfully implementing its capital expansions and debottlenecking projects.

As a result of the above, RAIN Group now has an optimal debt mix with improved balance in interest cost (i.e., fixed and floating) as well as currency exposure (i.e., Euro and US Dollar), in respective currencies. During the second phase of refinancing, RAIN Group also replaced the existing US\$ 60 million revolver facility, with a US\$ 150 million global revolver facility that provides an adequate line of credit to service the increasing working capital needs of the business.

### 3.4.2 Impact of refinancing:

Financial Indicators	Pro-forma Jan.' 18	Jan.' 17
Gross Debt Leverage Ratio	3.2x	4.5x
Net Debt Leverage Ratio	2.9x	3.8x
Interest Coverage Ratio	6.1x	3.0x
Avg. Interest Rate (Pre-tax)	5.26%	7.64%
Avg. Interest Rate (Post-tax)	3.52%	4.97%
% of Euro Term Debt	42.89%	19.54%
% of Debt with Floating Interest rate	49.38%	14.19%

### 3.4.3 Corporate reorganization:

RAIN Group has implemented internal reorganization during the past two years to achieve optimal allocation of debt from US to European operations and simplify the corporate structure in Belgium and Germany by merging companies (resulting in reduction of 9 legal entities). As a result, the interest costs are allocated fairly between North-American and European operations and completely addressed the new US tax regulation of restricting interest deduction being capped at 30% of operating profits. With the reduction of corporate tax rates in Belgium and USA, coupled with the internal reorganization implemented by RAIN Group over last two years in Belgium and Germany, the effective tax rate would reduce by 2% to 3%.

### 3.4.4 Shared-Service Center:

RAIN Group has expanded the workforce at its shared-service center in India to provide services to its operations in North America and Europe in the areas of information and technology, accounting, tax, legal and analytics. This has optimized administrative costs; standardized practices and accelerated data processing. RAIN Group is implementing various information technology / SAP projects during 2018 to bring uniform practices across all companies in Asia, Europe and North America. These projects will improve the utilization of SAP and accelerate periodical reporting. Further, RAIN Group is sourcing certain professional services such as taxation, insurance advisory and audit services globally to reduce the associated costs.

## 4. Performance of Carbon Business Segment

₹ in Million

Particulars	CY 2017	CY 2016
Sales Volumes ('000 Metric Tons)	3,061	2,936
Net Revenue	86,320	66,765
Adjusted Operating Profit	20,496	12,793
Adjusted Operating Profit (%)	23.7%	19.2%

The Carbon business segment includes the 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 distillation including creosote oil, naphthalene, phthalic anhydride, CAROBERES® and other basic aromatic oils. Energy produced through waste-heat recovery in the manufacturing of CPC is also included in the carbon business segment. About 75.8% of the RAIN Group's consolidated revenue for CY 2017 is generated from the Carbon business segment.

During CY 2017, the Carbon business segment generated ₹ 86.3 billion in net revenue, an increase of approximately 29.3% as compared to ₹ 66.8 billion generated during CY 2016. The increase in revenue is due to an increase in aggregate sales volumes by 4.3% and average realizations by approximately 24.0%. The Adjusted Operating Margin increased to 23.7% in CY 2017 as compared to 19.2% in CY 2016. Due to the increase in capacity utilization across all carbon facilities including the new CTP plant in Russia and the CPC blending facility in India, absorption of fixed costs was higher when compared to the previous year. Accordingly, we were able to significantly improve our margins through increase in manufactured carbon products volumes of about 8.5%.

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

#### 5. Performance of Chemicals Business Segment

₹ in Million

Particulars	CY 2017	CY 2016
Sales Volumes ('000 Metric Tons)	227	230
Net Revenue	17,920	17,014
Adjusted Operating Profit	1,340	2,495
Adjusted Operating Profit (%)	7.5%	14.7%

Our Chemicals business segment produces resins & modifiers, aromatic chemicals and superplasticizers, which are derived from our primary distillate-naphthalene and additional raw materials purchased from third parties. About 15.7% of the consolidated revenue for CY 2017 is from the Chemicals business segment.

During CY 2017, our Chemicals business segment generated ₹ 17.9 billion in net revenue, an increase of 5.3% as compared to ₹ 17.0 billion during CY 2016. The increase is primarily related to a 6.7% increase in blended price realizations during CY 2017. The increase in volumes from resins and modifiers and aromatic chemicals is offset by the decrease in sales volumes of the chemical trading business. Despite increase in revenue, the Adjusted Operating Margin decreased from 14.7% to 7.5% due to increases in operating expenses and raw material prices coupled with unplanned shutdowns.

#### 6. Performance of Cement Business Segment

₹ in Million

Particulars	CY 2017	CY 2016
Sales Volumes ('000 Metric Tons)	2,104	2,137
Net Revenue	9,679	10,599
Adjusted Operating Profit	866	1,079
Adjusted Operating Profit (%)	8.9%	10.2%

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 8.5% of the consolidated revenue of RAIN Group for CY 2017 is from this business segment. During CY2017, this segment generated ₹ 9.7 billion in

net revenue. There is a decrease in revenue by 8.7% compared to ₹ 10.6 billion during CY 2016 due to 1.5% decline in volumes and a 7.2% decline in price realizations. The Cement business segment operated at a similar average capacity utilization of 53% during both CY 2017 and CY 2016.

The De-monetisation implemented by the Government of India during fourth-quarter of CY 2016 has negatively impacted the demand for cement from housing sector. The increase in fuel prices has resulted in increasing the transportation and distribution costs. These factors have effected the adjusted operating margin of Cement business, resulting in a decrease from 10.2% in CY 2016 to 8.9% in CY 2017.

## **7. OVERALL BUSINESS AND GROWTH STRATEGIES**

RAIN Group's strategy is aimed at process improvement and the development of new, higher-margin products and technologies through research-and-development initiatives, emphasis is placed on performance, sustainability and utilization of alternative raw materials. RAIN Group intends to maximize efficiencies and minimize costs by combining the purchasing, trading, plant operations, logistics management, finance 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 efficient logistic networks of its plants allow RAIN Group to realize economies of scale. RAIN Group has integrated its coal tar and petro tar distillation operations with its downstream operations that efficiently use the products derived from its primary distillation process and allows generation of incremental margins greater than the margins that it generated through the sale of conventional primary distillation products.

The commissioning of the Russian coal tar pitch project in 2016 provided a long-term reliable source of coal tar supply. Consequently, RAIN Group enjoys flexibility to increase the volume of co-products and expand its production in downstream products from this facility. The strategic location provides easier market access to eastern Europe.

## **8. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The internal audits of RAIN Group Companies across India, Europe and North America is carried-out by Ernst & Young, India and the observations of the internal auditors and their recommendations are presented to the audit committee of the Company. Also, the implementation of recommendations of internal auditors are reviewed during monthly review meetings and reported to the audit committee on a quarterly basis. Further, the Company had set-up an in-house internal audit department in India to carry-out robust internal audit of various RAIN Group Companies in India, Europe and North America and increase the frequency of the internal audit visits from the year 2018 onwards.

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

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

RAIN Group has established a Global Shared Service Center in India to support SAP users across its global facilities. This enables effective utilization of SAP for implementing efficient internal controls and timely reporting of financial and operational information.

## **9. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS**

RAIN Group employs more than 2,500 employees directly and indirectly through its subsidiaries across the globe. 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.

## **10. 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 quality and environmental management standards. These certificates demonstrate RAIN Group's efforts in ensuring high product quality standards and ensuring compliance with environmental laws and regulations.

Our production facilities also have been awarded with ISO certifications for energy management systems. We 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 untoward 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 corrective actions and prevent incidents. We regularly conduct internal audits of these safety systems. Our management team has implemented a structured process for handling, monitoring, documenting and learning from near-miss accidents. We have taken stringent measures to reduce the number of recordable incidents company-wide, and most employees have incentive pay linked to fulfilling these safety targets.

## **11. 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 operating plants across all subsidiary companies within India and outside India. The Company Secretary ensures compliance with the SEBI regulations and provisions of the Listing Agreement. The Company Secretary, as the Compliance Officer, ensures compliance with the guidelines on insider trading for prevention of the same.

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

Place : Hyderabad  
Date : February 28, 2018

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

## 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 transactions with related parties are at arms' length and in compliance with transfer pricing regulations. Consideration is 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 and 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](http://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, 2017, the Board of Directors ("Board") comprised of seven Directors, of which six are Non-Executive Directors. The Company has a Non-Executive Chairman and Four Independent Directors. Independent Directors comprise more than half of the total strength of the Board.

The Board of Directors of the Company at their meeting held on February 28, 2018 appointed Mr. Varun Batra as an Independent Director.

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

S. No.	Name of the Director	Designation	Category
1	Mr. N. Radhakrishna Reddy	Chairman	Non - Executive Director (Promoter)
2	Mr. Jagan Mohan Reddy Nellore	Managing Director	Executive Director (Promoter)
3	Mr. N. Sujith Kumar Reddy	Director	Non - Executive Director (Promoter)
4	Mr. S.L. Rao	Director	Independent Director
5	Mr. H.L. Zutshi	Director	Independent Director
6	Ms. Radhika Vijay Haribhakti	Director	Independent Director
7	Ms. Nirmala Reddy	Director	Independent Director

**b. Attendance of Directors at the meetings**

The details of the attendance of the Directors at the Board meetings held during the financial year ended December 31, 2017 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 5, 2017
	Held	Attended	
Mr. N. Radhakrishna Reddy	4	4	Yes
Mr. Jagan Mohan Reddy Nellore	4	4	Yes
Mr. N. Sujith Kumar Reddy	4	4	Yes
Mr. S. L. Rao	4	4	Yes
Mr. Dipankar Basu <sup>1</sup>	4	2	No
Mr. H. L. Zutshi	4	4	Yes
Ms. Radhika Vijay Haribhakti	4	4	Yes
Ms. Nirmala Reddy	4	4	Yes
Mr. Krishnan Narayanan <sup>2</sup>	4	4	No

<sup>1</sup> Mr. Dipankar Basu resigned from the Directorship of the Company w.e.f. November 11, 2017.

<sup>2</sup> IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company with effect from November 30, 2017.

**c. Other Directorships**

The number of Directorships and memberships in the Committees of Other Companies held by the Directors as on December 31, 2017 are as under:

Name of the Director	No. of other Directorships*	In other public Companies**	
		Membership	Chairmanship
Mr. N. Radhakrishna Reddy	9	-	-
Mr. Jagan Mohan Reddy Nellore	7	4	-
Mr. N. Sujith Kumar Reddy	9	-	-
Mr. S.L. Rao	2	2	1
Mr. H.L. Zutshi	-	-	-
Ms. Radhika Vijay Haribhakti	6	9	1
Ms. Nirmala Reddy	4	4	2

\* 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 (Excluding Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013/Section 25 of the Companies act, 1956).

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



**d. Number of Board Meetings**

Four Board Meetings were held during the financial year ended December 31, 2017. The maximum time gap between any two consecutive meetings did not exceed One Hundred and Twenty days.

The dates on which the Board meetings were held are February 23, 2017, May 5, 2017, August 11, 2017 and November 8, 2017.

**e. Disclosure of relationship between Directors inter-se**

Mr. N. Radhakrishna Reddy, Chairman is the father of Mr. Jagan Mohan Reddy Nellore, Managing Director and Mr. N. Sujith Kumar Reddy, Director. Other than Mr. N. Radhakrishna Reddy, Chairman, Mr. Jagan Mohan Reddy Nellore, 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, 2017 are as follows:

<b>Name of the Director</b>	<b>No. of Equity Shares (face value Rs. 2 each) held in the Company</b>
Mr. N. Radhakrishna Reddy	10,383,730
Mr. N. Sujith Kumar Reddy	10,028,770
Mr. S. L. Rao	-NIL -
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, 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>

**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 (75 years) is the Chairman of Rain Industries Limited. He has more than 50 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. Jagan Mohan Reddy Nellore, Managing Director and Mr. N. Sujith Kumar Reddy, Director. Other than the said Directors, he is not related to any other Director.

- **Mr. Jagan Mohan Reddy Nellore**

Mr. Jagan Mohan Reddy Nellore (51 years) brings with him Twenty Five years of experience to the Company in the finance, commercial and operations areas. Mr. Nellore is presently the Managing Director of Rain Industries Limited.

Mr. Nellore is 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 Electricity 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 business strategies in 2007 and subsequently in 2013 through the acquisition of RÜTGERS N.V., a Coal Tar Pitch ("CTP") and Chemicals producer. Mr. Nellore has successfully integrated the acquired entities to create the world's leading industrial carbon producer. Mr. Nellore holds a Bachelor of Science degree in Industrial Engineering from Purdue University, USA.

Mr. Nellore 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 Carbon Inc., Handy Chemicals (U.S.A.) Ltd and CII Carbon Corp. Mr. Nellore is the member of Audit Committee and Nomination and Remuneration Committee of Rain Cements Limited and Rain CII Carbon (Vizag) Limited. He holds 100 equity Shares in the Company.

Mr. Nellore 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 (46 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. Jagan Mohan Reddy Nellore, Managing Director. Other than the said Directors, he is not related to any other Director.

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

Mr. S. L. Rao (82 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 was 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 Committee 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 (75 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. Nirmala Reddy**

Ms. Nirmala Reddy (70) worked as a Financial Sector Consultant with the World Bank Washington D.C. during 1995-2006. Her assignments were on credit intermediation, institutional sustainability, privatization, financial and performance appraisal of development banks and financial institutions. Projects 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 the then 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 operational 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. In 1989 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, Member of Audit Committee and Nomination and Remuneration Committee of Rain Cements Limited and President of Globe Enterprises LLC.

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

- **Ms. Radhika Vijay Haribhakti**

Ms. Radhika Haribhakti (60 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, Vistaar Financial Services Pvt Ltd and Mahanagar Gas Limited.

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 and Member of Audit Committee, Performance Review Board and Chairperson of Corporate Social Responsibility Committee of Mahanagar Gas Limited.

She 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.

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

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

- **Mr. Varun Batra**

Mr. Varun Batra was appointed as an Independent Director of the Company w.e.f. February 28, 2018 by the Board of Directors at their meeting held on February 28, 2018.

Mr. Varun Batra (51 years) is a Senior finance professional with more than 25 years of experience in the fields of Private Equity, Special Situations, Corporate Finance & Capital Markets, Credit & Relationship management

across various Corporate & Financial Institutional customers. He has relevant experience in Relationship, Risk & Product Management and Debt & Equity investing across the Capital Structure.

Mr. Varun has built and led teams in both large & small organizations with direct Frontline and Profit Centre responsibility. He is currently a Senior Partner and heads the Mumbai office for Baring Private Equity Partners India Pvt. Ltd.

He was a Managing Director at Citibank N.A where he worked during the period 1997 – 2010. During his tenure at Citibank, he built and led Citigroup's Special Situations proprietary investments in India. Prior to that he headed the Corporate Finance & Capital Markets business and was earlier responsible for relationships with Non-Bank Financial Institutions customers.

He worked in ANZ Grindlays Bank, Mumbai during the period from 1991 to 1996.

He is a Member of the Boards of RMZ Infotech Private Limited, RMZ Ecoworld Infrastructure Private Limited, RMZ Infratech Private Limited, Starkarma Realty Holdings India Private Limited and RMZ Consultancy Services Private Limited.

He is a Graduate in Mathematics from St. Xavier's College, Mumbai and Post Graduate in Management from the Indian Institute of Management (IIM), Ahmedabad.

He is not holding any equity shares of the Company and he is not related to any 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. modified opinion 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 of the Company comprises of 4 Independent Directors with Mr. H. L. Zutshi, Independent Director as its Chairman.

**Composition of Audit Committee:**

Name of the Director	Designation
Mr. H. L. Zutshi	Chairman
Mr. S. L. Rao	Member
Ms. Radhika Vijay Haribhakti	Member
Ms. Nirmala Reddy	Member

- 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, 2017**

- Four Audit Committee Meetings were held during the Financial year ended December 31, 2017. The maximum time gap between any two meetings was not more than one hundred and twenty days.
- The dates on which the Audit Committee Meetings were held are February 22, 2017, May 4, 2017, August 10, 2017 and November 7, 2017.

**Attendance at the Audit Committee Meetings:**

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. H. L. Zutshi	Chairman	4	4
Mr. S. L. Rao	Member	4	3
Ms. Radhika Vijay Haribhakti	Member	4	4
Ms. Nirmala Reddy	Member	4	4
Mr. Dipankar Basu <sup>1</sup>	Member	4	Nil
Mr. Krishnan Narayanan <sup>2</sup>	Member	4	4

<sup>1</sup> Mr. Dipankar Basu has resigned from the Membership of the Audit Committee of the Board of Directors of the Company w.e.f. May 25, 2017.

<sup>2</sup> IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company w.e.f. November 30, 2017.

#### 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 comprised of 4 Independent Directors with Ms. Radhika Vijay Haribhakti, Independent Director as its Chairperson.

##### Composition of the Nomination and Remuneration Committee:

Name of the Director	Designation
Ms. Radhika Vijay Haribhakti	Chairperson
Mr. S. L. Rao	Member
Mr. H. L. Zutshi	Member
Ms. Nirmala Reddy	Member

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

- Two Nomination and Remuneration Committee Meetings were held during the Financial year ended December 31, 2017.
- The Nomination and Remuneration Committee Meetings were held on August 10, 2017 and November 7, 2017.

##### Attendance at the Nomination and Remuneration Committee Meetings:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Ms. Radhika Vijay Haribhakti	Chairperson	2	2
Mr. H. L. Zutshi	Member	2	2
Mr. S. L. Rao	Member	2	1
Ms. Nirmala Reddy	Member	2	2
Mr. Krishnan Narayanan <sup>1</sup>	Member	2	2

<sup>1</sup> IDBI Bank Limited has withdrawn its Nominee Director Mr. Krishnan Narayanan from the Directorship of the Company with effect from November 30, 2017.



**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.

In line with Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004, dated January 5, 2017, the Company has adopted the recommended criteria by Securities and Exchange Board of India.

The Directors were given 6 Forms for evaluation of the following:

- (i) Evaluation of Board;
- (ii) Evaluation of Committees of the Board;
- (iii) Evaluation of Independent Directors;
- (iv) Evaluation of Chairperson;
- (v) Evaluation of Non-Executive and Non-Independent Directors; and
- (vi) Evaluation of Managing Director.

The Directors were requested to give following ratings for each criteria:

1. Could do more to meet expectations;
2. Meets expectations; and
3. Exceeds expectations.

The Board of Directors have appointed Mr. DVM Gopal, Practicing Company Secretary as scrutinizer for Board evaluation process.

The Directors have sent the duly filled forms to Mr. DVM Gopal after Evaluation.

Mr. DVM Gopal based on the Evaluation done by the Directors, has prepared a report and submitted the evaluation report.

The Chairperson based on the report of the scrutinizer has informed the rankings to each Director and also informed that based on the Evaluation done by the Directors and also report issued by Mr. DVM Gopal, the performance of Directors is satisfactory and they are recommended for continuation as Directors of the Company.



## 5. Meeting of Independent Directors

A separate meeting of the Independent Directors was held on November 7, 2017, 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 Director of the Company.
- Non-Executive Directors are paid Sitting Fees and Commission:

**Following are the details of sitting fees and Commission paid to the Non-Executive Directors during the year ended December 31, 2017:**

(In Rs. Million)

Name of the Director	Sitting Fees	Commission	Total Amount
Mr. N. Radhakrishna Reddy	0.40	Nil	0.40
Mr. S. L. Rao	0.64	0.75	1.39
Mr. Dipankar Basu	0.20	Nil	0.20
Mr. H. L. Zutshi	0.76	0.75	1.51
Ms. Radhika Vijay Haribhakti	0.76	0.75	1.51
Ms. Nirmala Reddy	0.76	0.75	1.51
Mr. Krishnan Narayanan <sup>1</sup>	0.76	Nil	0.76

<sup>1</sup> Paid to IDBI Bank Limited

## 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	Bene-fits	Bonuses	Pension	Com-mission	Service contracts	Notice period	Total
Mr. Jagan Mohan Reddy Nellore, 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. Jagan Mohan Reddy Nellore 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. Jagan Mohan Reddy Nellore	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, 2017, the Company has received and resolved 289 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 recommends measures for overall improvement in the quality of investor services.

**Email-id for Investor Grievances:** [secretarial@rain-industries.com](mailto: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
2016	May 5, 2017	3.00 P.M.	KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI), Red Hills, Hyderabad-500004, Telangana State, India.
2015	May 6, 2016	11.00 AM	
2014	June 11, 2015	11.00 AM	

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

- i) 42<sup>nd</sup> Annual General Meeting – May 5, 2017

Alteration of existing Main Object Clause i.e., Clause III(A) of the Memorandum of Association of the Company

- ii) 41<sup>st</sup> Annual General Meeting – May 6, 2016 - No special resolutions were passed.

- iii) 40<sup>th</sup> Annual General Meeting – June 11, 2015 - 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:

- Alteration of existing Main Object Clause i.e., Clause III(A) of the Memorandum of Association of the Company by inserting the Clause 9.

**Voting results:**

Resolution	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
To amend the Main Object Clause of Memo-randum of Association	Promoter and Promoter Group	138230536	138230536	100.0000	138230536	0	100.0000	0.0000
	Public- Institutions	85561188	36542544	42.7093	36542544	0	100.0000	0.0000
	Public- Non Institutions	112553955	19182970	17.0434	19174817	8153	99.9575	0.0425
	<b>Total</b>	<b>336345679</b>	<b>193956050</b>	<b>57.6657</b>	<b>193947897</b>	<b>8153</b>	<b>99.9958</b>	<b>0.00425</b>

**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:**

No Special resolution is proposed to be conducted through postal ballot.

**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 all editions) and Andhra Prabha (Telugu daily all editions).

**c) Any website, where displayed**

The Financial results of the Company are displayed on the Company's website:

**[www.rain-industries.com](http://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](http://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](http://www.rain-industries.com)**

**10. General Shareholder information**
**a) Annual General Meeting:** 43<sup>rd</sup> Annual General Meeting

**Date** : Friday, May 11, 2018

**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, 2018 to December 31, 2018.

Tentative Schedule for considering Financial Results:

For the Quarter ending March 31, 2018 : April / May, 2018

For the Quarter ending June 30, 2018 : July / August, 2018

For the Quarter ending September 30, 2018 : October / November, 2018

For the Quarter/Year ending December 31, 2018 : January / February, 2019

**c) Dividend Payment Date:** Will be paid to Shareholders on May 31, 2018

**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 2017-18 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

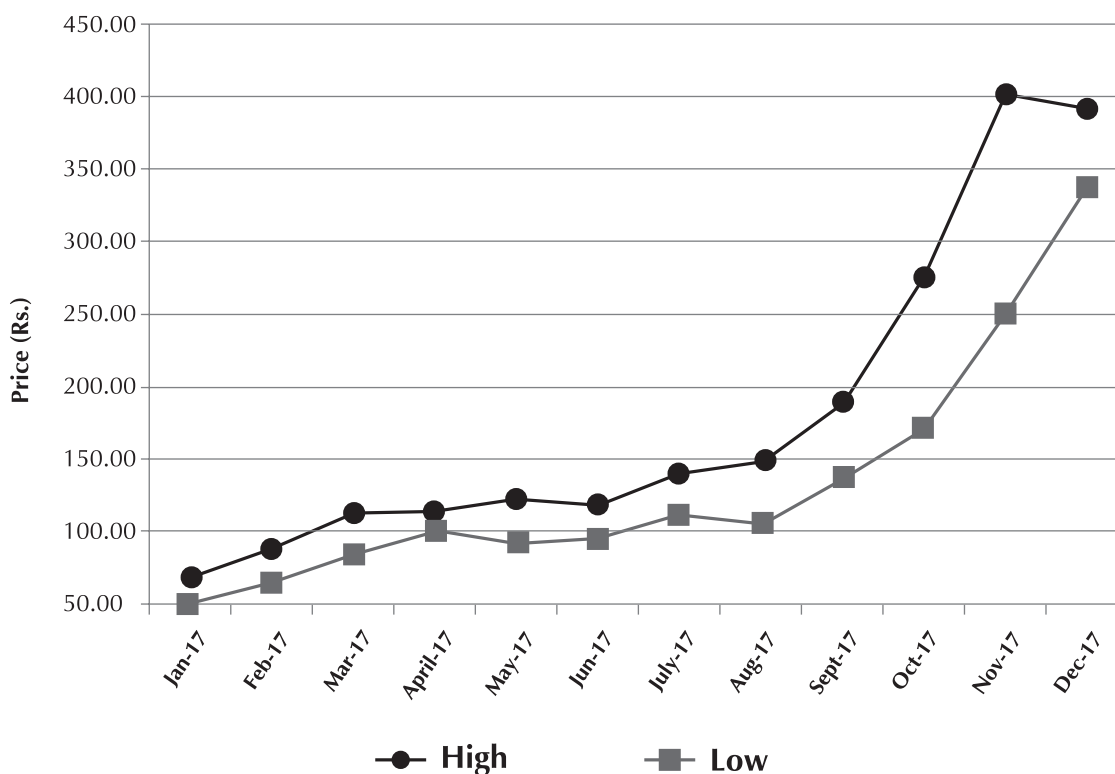
f) **Market price data – high/low during each month in the past financial year**

**BSE Limited (BSE)**

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January 2017	69.70	52.25	6,476,677
February 2017	89.05	66.00	9,611,688
March 2017	112.60	85.40	11,935,656
April 2017	114.90	101.10	3,805,787
May 2017	122.85	91.80	6,935,569
June 2017	117.30	96.50	5,144,384
July 2017	140.00	112.35	9,179,166
August 2017	147.90	105.30	7,630,389
September 2017	189.00	138.85	12,287,247
October 2017	277.70	172.00	15,756,826
November 2017	402.00	252.85	29,062,922
December 2017	391.80	337.60	8,754,082

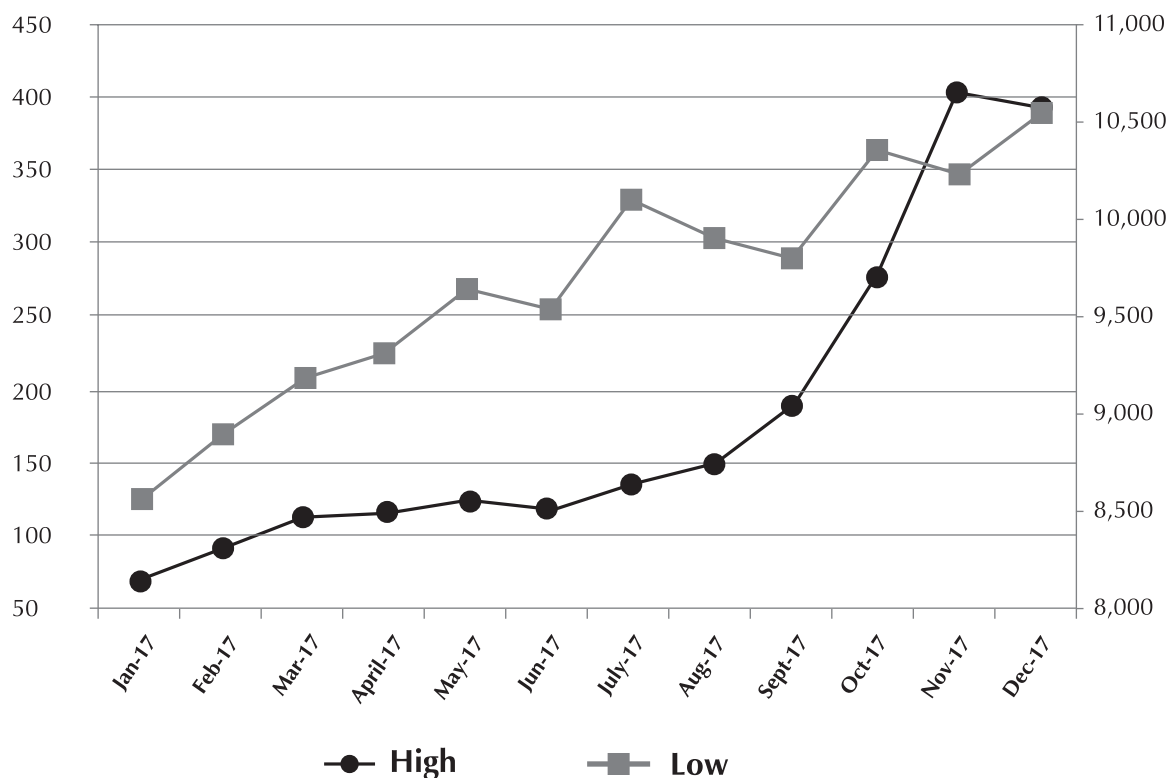
**Share Prices at BSE**

**Share Prices at BSE**



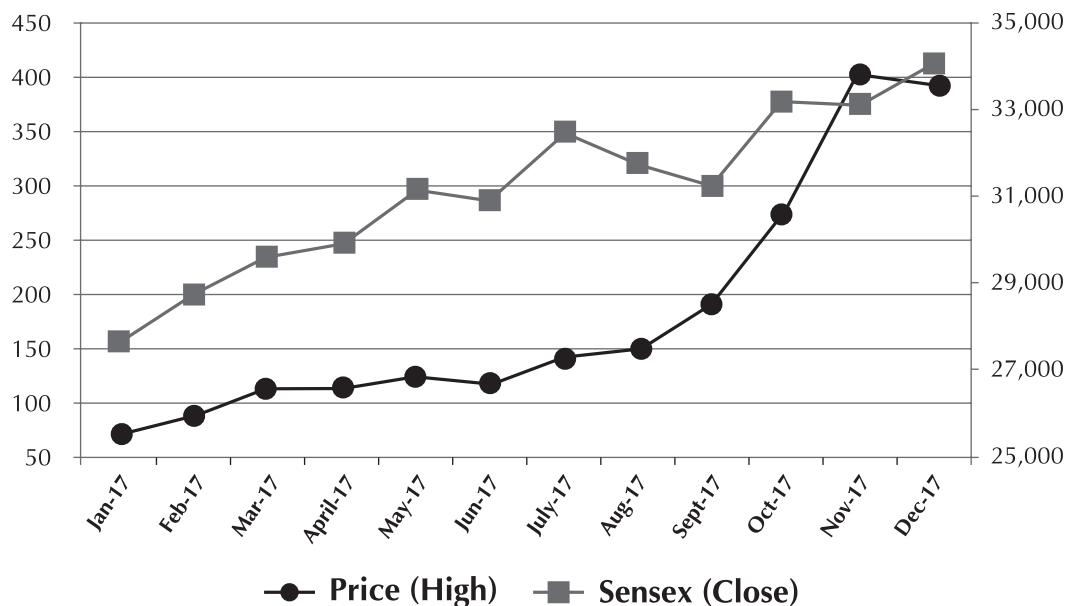
**National Stock Exchange of India Limited (NSE)**

Month	High (Rs.)	Low (Rs.)	No. of Shares traded
January 2017	69.70	53.55	29,537,926
February 2017	89.00	65.85	39,584,306
March 2017	112.55	85.40	56,335,386
April 2017	115.00	101.00	23,766,660
May 2017	122.80	91.55	36,762,112
June 2017	117.00	96.50	27,144,019
July 2017	133.55	112.30	42,518,015
August 2017	147.65	105.50	37,363,430
September 2017	188.80	138.70	75,897,614
October 2017	277.95	172.00	89,336,750
November 2017	402.65	253.00	179,855,714
December 2017	392.00	337.50	54,204,657



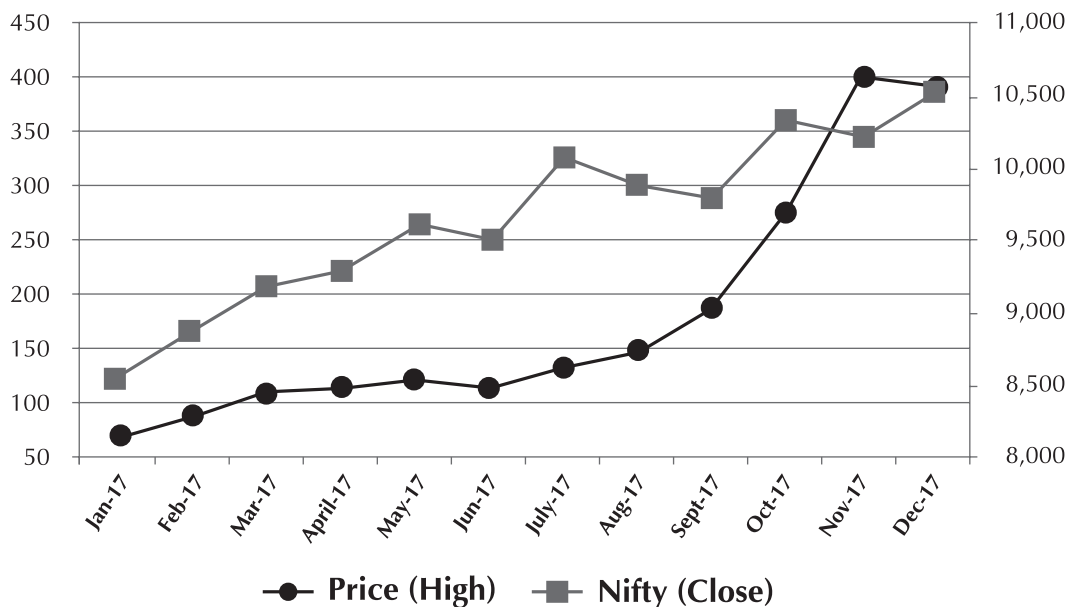
**g) Performance in comparison to broad based indices of BSE Sensex:**

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) Registrars 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, India.

Fax: +91 040 23001153

Phone: +91 040 67161566

e-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)/ [murthy.psrch@karvy.com](mailto:murthy.psrch@karvy.com)

**j) Share Transfer System**

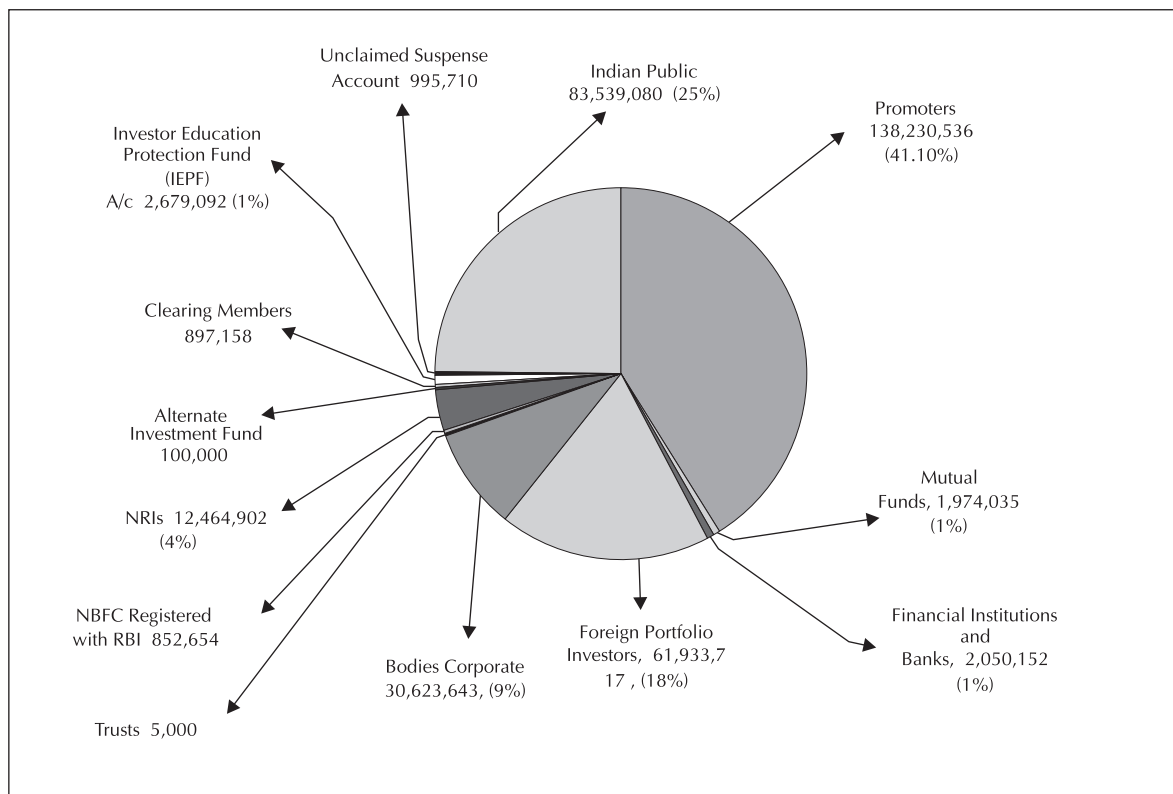
The physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. All the valid transfers are approved by Stake Holders Relationship, Grievance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

**k) Distribution of Shareholding**

**Shareholding pattern as on December 31, 2017:**

Sl. No.	Category	No. of Shares held	Percentage of shareholding
1	Promoters	138,230,536	41.10
2	Mutual Funds	1,974,035	0.59
3	Financial Institutions and Banks	2,050,152	0.61
4	Foreign Portfolio Investors	61,933,717	18.41
5	Bodies Corporate	30,623,643	9.10
6	Trusts	5,000	0.00
7	NBFC Registered with RBI	852,654	0.25
8	NRIs	12,464,902	3.71
9	Alternate Investment Fund	100,000	0.03
10	Clearing Members	897,158	0.27
11	Investor Education Protection Fund (IEPF) A/c	2,679,092	0.80
12	Unclaimed Suspense Account	995,710	0.30
13	Indian Public	83,539,080	24.84
	<b>Total</b>	<b>336,345,679</b>	<b>100.00</b>





#### Distribution of shareholding according to nominal value as on December 31, 2017

Shares Holding of nominal value of	Shareholder		Shares	Shareholdeing	
	Number	% to total Nos		In (Rs.)	% to Total Amount
01 - 5000	83,236	95.337144	25,062,941	50,125,882	7.451542
5001- 10000	1,982	2.27015	7,410,781	14,821,562	2.203323
10001- 20000	937	1.073224	6,950,708	13,901,416	2.066537
20001- 30000	309	0.353924	3,932,480	7,864,960	1.169178
30001- 40000	149	0.170662	2,675,646	5,351,292	0.795505
40001- 50000	142	0.162644	3,256,869	6,513,738	0.96831
50001- 100000	230	0.263438	8,418,210	16,836,420	2.502845
100001& Above	322	0.368813	278,638,044	557,276,088	82.84276
<b>TOTAL</b>	<b>87,307</b>	<b>100.00</b>	<b>336,345,679</b>	<b>672,691,358</b>	<b>100.00</b>

**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).

328,435,969 equity shares were dematerialised representing 97.64% of the total paid up equity share capital of the Company as on December 31, 2017.

**ISIN: INE855B01025**

- m)** There are no outstanding Global Depository Receipts/American Depository Receipts or Warrants or any convertible instruments as on December 31, 2017.

**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](mailto:secretarial@rain-industries.com) (for investor grievance)

**Website:** [www.rain-industries.com](http://www.rain-industries.com)

**11. OTHER DISCLOSURES**

- a)** During the year ended December 31, 2017, 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 29 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.

**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.

A mechanism has been established to all stakeholders including Directors, individual employees, vendors and suppliers 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 the 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>

The ombudsman had not received any complaint during the Financial Year ended December 31, 2017.

- d) The policy for determining 'material' subsidiaries is available on the website of the Company: <http://www.rain-industries.com>
- e) The policy on dealing with related party transactions is available on the website of the Company: <http://www.rain-industries.com>
12. The Company has Complied with the requirements of Schedule V Corporate Governance Report sub-para (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:

- Governance of Risk
- Identification of Risk
- 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 at the Board meeting of the Company.

## 16. Code of Conduct

The Board has laid down a Code of Conduct 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, Telangana State, India 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.	3,270	2,938,415
2	No. of shareholders who approached the Company for transfer of shares from Unclaimed Suspense account during the year.	57	98,680
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	(57)	(98,680)
4	Number of shareholders and the shares transferred to Investor Education and protection Fund Authority pursuant to the provisions of Section 124 of the Companies Act, 2013.	(2,560)	(1,844,025)
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., as on December 31, 2017.	653	995,710

The voting rights on the shares outstanding in the suspense account as on December 31, 2017 shall remain frozen till the rightful owner of such shares claim the shares.

**19. Transfer of Shares to Investor Education and Protection Fund**

As per the notification dated 5<sup>th</sup> September, 2016 and 13<sup>th</sup> October, 2017 issued by Ministry of Corporate Affairs (MCA), shares of the shareholders, who has not claimed dividends for a continuous period of 7 years, shall be transferred to Investor Education and Protection Fund Authority account.

As per the General circular No.11/06/2017-IEPF, dated 16<sup>th</sup> October, 2017, issued by the Government of India, Ministry of Corporate Affairs, the Company has transferred 26,79,092 (0.79%) equity shares to Investor Education and Protection Fund.

**20. Proceeds from public issues, rights issues, preferential issues, etc.**

During the year ended December 31, 2017, there were no proceeds from public issues, rights issues, preferential issues, etc.

- 21.** 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>
- 22.** The Company has adopted the policy on preservation of documents in accordance with 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>
- 23.** 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>

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

Place : Hyderabad  
Date : February 28, 2018

**Jagan Mohan Reddy Nellore**  
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, 2017.

for **Rain Industries Limited**

**Place :** Hyderabad  
**Date :** February 28, 2018

**Jagan Mohan Reddy Nellore**  
**Managing Director**  
**DIN: 00017633**

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## **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, 2017 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 28, 2018

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

## **Independent Auditors' Certificate on Corporate Governance Report**

To  
The Members of Rain Industries Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated November 30, 2017.
2. Rain Industries Limited ('the Company') requires Independent Auditor's Certificate on Corporate Governance as stipulated in Regulations 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 January 1, 2017 to December 31, 2017.

### **Management's Responsibility**

3. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Company's Management is responsible for compliance with conditions of Corporate Governance as stipulated in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance report and applying an appropriate basis of preparation.

### **Auditors' Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the period January 1, 2017 to December 31, 2017.
5. We have examined the compliance of conditions of Corporate Governance by the Company for the period January 1, 2017 to December 31, 2017 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. 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 stand-alone IND AS financial statements of the Company.
6. We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clause (b) to (i) of regulation 46(2) and paragraph C, D and E of Schedule V of the Listing Regulations, as applicable.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

## Independent Auditors' Certificate on Corporate Governance Report (Contd.)

### Restriction on Use

10. This certificate is issued solely for the purpose of complying with Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period January 1, 2017 to December 31, 2017. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm Registration Number: 116231W/W-100024

**Sriram Mahalingam**

*Partner*

Membership Number: 049642

Place: Hyderabad

Date: February 28, 2018



## Independent Auditors' Report

### To the Members of Rain Industries Limited

#### Report on the Standalone IND AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Rain Industries Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2017 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (collectively referred to as the 'Standalone Ind AS financial statements').

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at December 31, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity 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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

## Independent Auditors' Report (Contd.)

2. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on December 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 30 to the Standalone Ind AS financial statements.
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

for **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration No: 116231W/W-100024

**Sriram Mahalingam**

*Partner*

Membership No: 049642

Place : Hyderabad

Date : February 28, 2018

## **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 Ind AS financial statements for the year ended December 31, 2017, 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 its fixed assets by which all fixed assets are verified once in a period of two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, fixed assets have been physically verified by Management during the year and no material discrepancies were noticed during 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 3 to these Standalone Ind AS 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. Accordingly, paragraph 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 Act 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 Act.
- 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. Accordingly, paragraph 3(v) of the Order are not applicable to the Company.
- 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. Accordingly, paragraph 3(vi) of the Order are not applicable to 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, Income-tax, Sales-tax, Service tax, Duty of Customs, Value added tax, Goods and service tax and other material statutory dues have generally 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, 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, Sales-tax, Service tax, Duty of Customs, Value added tax, Goods and service tax and other material statutory dues were in arrears as at December 31, 2017 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

## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements (Contd.)

of Service tax, Duty of Customs and Value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, the Company has the following disputed dues with respect to Income tax:

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount in millions (Rs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	91.24 (91.24)	AY 2004-05	<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>	25.61 (12.80)	AY 2008-09	<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>	166.70 (94.90)	AY 2009-10	<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>	200.44 (10.00)	AY 2010-11	<i>Income Tax Appellate Tribunal</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	57.74	AY 2011-12	<i>Income Tax Appellate Tribunal</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax and interest</i>	149.70	AY 2012-13	<i>Income Tax Appellate Tribunal</i>

(Amount in parenthesis represents payment under protest)

- 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 banks. The Company did not have any dues to financial institution or 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 moneys raised by way of term loan have been applied on an overall basis for the purpose for which they were obtained.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 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, paragraph 3(xii) of the Order are not applicable to the Company.
- 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 Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the Standalone Ind AS financial statements, as required by the applicable accounting standards.
- 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, paragraph 3(xiv) of the Order are not applicable to the Company.

## **Annexure A to the Independent Auditor's Report on the Standalone Financial Statements (Contd.)**

- 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, paragraph 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, paragraph 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 28, 2018

## Annexure B to the Independent Auditors' Report

The Annexure B referred to in paragraph 2 (f) of our Report of even date to the Members of Rain Industries Limited on the Standalone Ind AS financial statements for the year ended December 31, 2017.

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

We have audited the internal financial controls over financial reporting of Rain Industries Limited ("the Company") as at December 31, 2017 in conjunction with our audit of the Standalone Ind AS 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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 Ind AS financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur

## **Annexure B to the Independent Auditors' Report (Contd.)**

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 December 31, 2017, 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 ICAI.

**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 28, 2018



## BALANCE SHEET AS AT DECEMBER 31, 2017

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Note	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Property, plant and equipment	3	72.17	75.88	88.11
(b) Financial assets				
(i) Investments	4	9,169.65	9,169.65	9,169.65
(ii) Loans	5	1,918.85	3,398.45	2,653.74
(c) Deferred tax asset (net)	24	1.45	1.45	1.45
(d) Non-current tax assets (net)	24	302.27	271.58	241.80
<b>2. Current assets</b>				
(a) Financial assets				
(i) Trade receivables	6	15.12	13.22	5.81
(ii) Cash and cash equivalents	7	28.53	60.52	89.56
(iii) Bank balances other than cash and cash equivalents	7	39.48	56.34	36.56
(iv) Loans	8	927.00	1,019.26	318.38
(v) Other financial assets	9	35.81	59.00	5.25
(b) Other current assets	10	1.01	2.76	2.97
<b>TOTAL</b>		<b>12,511.34</b>	<b>14,128.11</b>	<b>12,613.28</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity share capital	11	672.69	672.69	672.69
(b) Other equity	12	8,553.88	8,568.99	8,577.28
		<b>9,226.57</b>	<b>9,241.68</b>	<b>9,249.97</b>
<b>2. Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	13	1,900.40	3,373.45	2,643.81
(b) Provisions	14	4.45	4.92	3.23
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	15	13.42	2.59	0.57
(ii) Other financial liabilities	16	1,331.22	1,407.58	685.78
(b) Other current liabilities	17	4.64	67.49	2.05
(c) Provisions	18	0.83	0.59	0.74
(d) Current tax liabilities (net)	24	29.81	29.81	27.13
<b>TOTAL</b>		<b>12,511.34</b>	<b>14,128.11</b>	<b>12,613.28</b>
Corporate information	1			
Significant accounting policies	2			
<b>The notes referred to above form an integral part of the financial statements</b>				

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 28, 2018

**For and on behalf of the Board of Directors of  
Rain Industries Limited**  
CIN : L26942TG1974PLC001693

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633  
**T. Srinivasa Rao**  
Chief Financial Officer  
M. No.: F29080

**Sujith Kumar Reddy Nellore**  
Director  
DIN: 00022383  
**S. Venkat Ramana Reddy**  
Company Secretary  
M. No.: A14143



## Statement of Profit and Loss for the year ended December 31, 2017

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Note	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>1 Total income</b>			
Revenue from operations	19	596.21	448.46
Other income	20	593.38	683.65
<b>Total income</b>		<b>1,189.59</b>	<b>1,132.11</b>
<b>2 Expenses</b>			
Purchases of stock-in-trade		203.21	280.50
Employee benefits expense	21	122.65	88.50
Finance costs	22	176.90	285.85
Depreciation expense	3	6.00	15.29
Other expenses	23	295.53	111.51
<b>Total expenses</b>		<b>804.29</b>	<b>781.65</b>
<b>3 Profit before tax (1-2)</b>		<b>385.30</b>	<b>350.46</b>
<b>4 Tax expense</b>	24		
1. Current tax		64.24	21.14
2. Deferred tax		-	-
<b>5 Profit for the year (3-4)</b>		<b>321.06</b>	<b>329.32</b>
<b>6 Other Comprehensive Income/(loss):</b>			
<b>A.</b> (i) Items that will not be reclassified to profit or loss			
-Remeasurements of the defined benefit plans		0.18	(1.26)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>B.</b> (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Other Comprehensive Income/(loss) for the year</b>		<b>0.18</b>	<b>(1.26)</b>
<b>7 Total Comprehensive Income for the year (5+6)</b>		<b>321.24</b>	<b>328.06</b>
<b>8 Earnings per share (Face value of INR 2/- each)</b>			
Basic and Diluted (INR)	32	0.95	0.98
Corporate information	1		
Significant accounting policies	2		

**The notes referred to above form an integral part of the financial statements**

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 28, 2018

**For and on behalf of the Board of Directors of  
Rain Industries Limited**  
CIN : L26942TG1974PLC001693

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633  
**T. Srinivasa Rao**  
Chief Financial Officer  
M. No.: F29080

**Sujith Kumar Reddy Nellore**  
Director  
DIN: 00022383  
**S. Venkat Ramana Reddy**  
Company Secretary  
M. No.: A14143

## Cash Flow Statement for the year ended December 31, 2017

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>A. Cash flow from operating activities</b>		
Profit before taxation	385.30	350.46
Adjustments for :		
Depreciation expense	6.00	15.29
Interest and other borrowing costs	176.90	198.82
Interest income	(164.64)	(188.81)
Dividend from non-current investments	(393.70)	(418.07)
Foreign exchange (gain) / loss, net	(20.25)	8.09
<b>Operating loss before working capital changes</b>	<b>(10.39)</b>	<b>(34.22)</b>
<b>Adjustments for :</b>		
Changes in working capital:		
Trade receivables	(1.43)	(7.13)
Loans and advances and other assets	1.75	(0.22)
Trade payables	10.83	2.02
Other current liabilities	(62.85)	64.85
Other financial liabilities	2.67	-
Provisions	(0.05)	0.28
<b>Cash generated from/(used in) operations</b>	<b>(59.47)</b>	<b>25.58</b>
Income taxes paid, net	(94.93)	(48.22)
<b>Net cash used in operating activities</b>	<b>(154.40)</b>	<b>(22.64)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment, including capital advances	(2.29)	(3.06)
Loans given to subsidiaries	-	(2,018.70)
Loans repaid by subsidiaries	1,314.29	651.66
Bank deposits and other bank balances	16.86	(19.78)
Interest received	186.79	136.05
Dividend received from Subsidiaries	393.70	418.07
<b>Net cash from/(used in) investing activities</b>	<b>1,909.35</b>	<b>(835.76)</b>

**Cash Flow Statement for the year ended December 31, 2017 (Contd.)**

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	-	2,018.40
Repayment of non-current borrowings	(1,282.28)	(638.90)
Interest and other borrowing costs paid	(168.31)	(213.79)
Dividend paid	(336.35)	(336.35)
<b>Net cash from/(used in) financing activities</b>	<b>(1,786.94)</b>	<b>829.36</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(31.99)</b>	<b>(29.04)</b>
Cash and cash equivalents - opening balance	60.52	89.56
<b>Cash and cash equivalents - closing balance (Refer note 7)</b>	<b>28.53</b>	<b>60.52</b>
<b>Notes:</b> (i) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard - 7 on Statement on Cash Flows.		
(ii) Components of Cash and cash equivalents		
<b>Cash and cash equivalents</b>		
Balances with banks:		
– in current accounts	28.53	60.52
	<b>28.53</b>	<b>60.52</b>
(iii) Comparative figures of the previous year, where necessary, have been regrouped to conform to those of the current period / year.		

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 28, 2018

**For and on behalf of the Board of Directors of  
Rain Industries Limited**  
CIN : L26942TG1974PLC001693

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633  
**T. Srinivasa Rao**  
Chief Financial Officer  
M. No.: F29080

**Sujith Kumar Reddy Nellore**  
Director  
DIN: 00022383  
**S. Venkat Ramana Reddy**  
Company Secretary  
M. No.: A14143

## Statement of changes in Equity for the year ended December 31, 2017

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	Equity Share capital	Other equity					Total		
		Reserves and Surplus			Other Comprehensive Income				
		Capital Reserve	Capital Redemp- tion	Secu- rities Premium	General Reserve	Retained Earnings		Foreign Currency Translation Reserve	Remeas- urements of Defined Benefit Plans
Balance as on January 1, 2016	672.69	4,319.91	47.66	516.67	642.26	831.42	2,219.36	-	9,249.97
Profit or Loss (A)	-	-	-	-	-	329.32	-	-	329.32
Other comprehensive income (B)	-	-	-	-	-	-	-	-	-
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	(1.26)	(1.26)
<b>Total Comprehensive Income (loss) for the year (A + B)</b>	-	-	-	-	-	<b>329.32</b>	-	<b>(1.26)</b>	<b>328.06</b>
Dividends	-	-	-	-	-	(336.35)	-	-	(336.35)
Transfer from retained earnings	-	-	-	-	31.34	(31.34)	-	-	-
<b>Balance as on December 31, 2016</b>	<b>672.69</b>	<b>4,319.91</b>	<b>47.66</b>	<b>516.67</b>	<b>673.60</b>	<b>793.05</b>	<b>2,219.36</b>	<b>(1.26)</b>	<b>9,241.68</b>

Particulars	Equity Share capital	Other equity					Total		
		Reserves and Surplus		Other Comprehensive Income					
		Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings		Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans
Balance as on January 1, 2017	672.69	4,319.91	47.66	516.67	673.60	793.05	2,219.36	(1.26)	9,241.68
Profit or Loss (A)	-	-	-	-	-	321.06	-	-	321.06
Other comprehensive income (B)	-	-	-	-	-	-	-	-	-
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income (loss) for the year (A + B)</b>	-	-	-	-	-	<b>321.06</b>	-	<b>0.18</b>	<b>0.18</b>
Dividends	-	-	-	-	-	(336.35)	-	-	(336.35)
Transfer from retained earnings	-	-	-	-	32.11	(32.11)	-	-	-
<b>Balance as on December 31, 2017</b>	<b>672.69</b>	<b>4,319.91</b>	<b>47.66</b>	<b>516.67</b>	<b>705.71</b>	<b>745.65</b>	<b>2,219.36</b>	<b>(1.08)</b>	<b>9,226.57</b>

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 28, 2018

For and on behalf of the Board of Directors of  
**Rain Industries Limited**

CIN : L26942TG1974PLC001693

**Jagan Mohan Reddy Nellore**

Managing Director

DIN: 00017633

**T. Srinivasa Rao**

Chief Financial Officer

M. No.: F29080

**Sujith Kumar Reddy Nellore**

Director

DIN: 00022383

**S. Venkat Ramana Reddy**

Company Secretary

M. No.: A14143

## Notes forming part of the Financial Statements

### Note 1: Corporate Information

Rain Industries Limited ('the Company') was incorporated on March 15, 1974 under the Companies Act, 1956 and is domiciled in India with its registered office in Hyderabad. The Company is engaged in the business of trading in Carbon Products and providing shared service support services to its group companies. The Company's equity shares are listed at BSE Limited and National Stock Exchange of India Limited in India.

### Note 2: Significant Accounting Policies

#### a) Basis of preparation of Financial Statements

##### (i) Statement of Compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

For all periods up to and including the year ended December 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP').

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101- "*First-time Adoption of Indian Accounting Standards*" has been applied. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 27.2.

The standalone financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on the Company's annual reporting date (December 31, 2017) have been applied. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at January 1, 2016 being the date of transition to Ind AS.

The standalone financial statements were authorised for issue by the Company's Board of Directors on February 28, 2018.

##### (ii) Functional and presentation currency

These Standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

##### (iii) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

Items	Measurement basis
Derivative financial instruments	Fair value
Certain financial assets and liabilities (refer accounting policy regarding financial instruments)	Fair value
Non-cash distribution liability	Fair value
Net defined benefit asset/liability	Fair value of plan assets less present value of defined benefit plan
Borrowings	Amortised cost using effective interest rate method

##### (iv) Use of estimates

In preparing these Standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Accounting estimates could change from period to period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and appropriate changes are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are reflected in the period in which such changes are made and if material, their effects are disclosed in the financial statements.

## Notes forming part of the Financial Statements (Contd.)

### Assumptions and estimation uncertainties

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- Measurement of defined benefit obligations: key actuarial assumptions (refer note 28)
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (refer note 30)
- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used (refer note 24);
- Useful life of property, plant and equipment (refer note 2 (f))
- Impairment of financial assets and non-financial assets (refer note 25 and 2 (g))
- Expected Credit loss - provision for doubtful debts (refer note 25.3)

### 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.

### (v) Measurement of fair value

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## Notes forming part of the Financial Statements (Contd.)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

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

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

For changes that have occurred between levels of hierarchy during the year, the Company re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### b) Business combinations

In accordance with Ind AS 101- "*Frist-time adoption of Indian Accounting Standards*" provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from January 1, 2016. As such, previous GAAP balances relating to business combinations entered before that date, including goodwill, have been carried forward with minimal adjustment. The same first-time adoption exemption is also used for associates and joint ventures.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs related to acquisition are expensed as incurred. At the acquisition date,

the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below: - Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12- "*Income Tax*" and Ind AS 19 - "*Employee Benefits*" respectively. - Assets that are classified as held for sale in accordance with Ind AS 105- "*Non-current Assets Held for Sale and Discontinued Operations*" are measured in accordance with that standard. Reacquired rights are measured at a value determined based on the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit and loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 - "*Financial Instruments*", is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.



## Notes forming part of the Financial Statements (Contd.)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Company is transferred to the capital reserve or to the accumulated balance of profit and loss.

### c) Financial instruments

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

#### Financial Assets

##### Recognition and initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the

trade date, i.e., the date that the Company commits to purchase or sell the asset.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets

##### Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at an individual asset level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL



## Notes forming part of the Financial Statements (Contd.)

### **Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### **Financial assets: Subsequent measurement and gains and losses**

**Financial assets at FVTPL:** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss.

**Financial assets at amortised cost:** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit and loss.

**Debt investments at FVOCI:** These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI:** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

- i) The rights to receive cash flows from the asset have expired, or
- ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Notes forming part of the Financial Statements (Contd.)

### Financial liabilities:

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

#### d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excludes taxes or duties collected on behalf of the government.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of trade discounts and allowances.

Revenue from services rendered is recognised when the related services are performed in accordance with contract terms.

Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard – 18 on Revenue and Schedule III of the Companies Act, 2013 unlike Excise Duties levies like GST, VAT etc. are not part of revenue.

#### e) Other income

Interest income or expense is recognised using the effective interest method on time proportion method.

Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

#### f) Property, plant and equipment

Property, plant and equipment are stated at cost/ professional valuation less accumulated depreciation. Cost includes directly attributable to the acquisition of the items including its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. 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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property,

## Notes forming part of the Financial Statements (Contd.)

plant and equipment recognised as at January 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

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.

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.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

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 Statement of Standalone Profit and Loss.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items	Years
Buildings	60
Furniture and Fixtures	0-10
Office equipment	3-5
Vehicles	1-10

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### g) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. 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. 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 Statement of Standalone Profit and Loss in the respective financial years, if the carrying amount of the assets or CGU exceeds its recoverable amount. 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 Ind AS 36 - "Impairment of Assets". Impairment losses recognised with respect to Goodwill are not reversed in subsequent periods.

### h) 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 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.

### i) Investments

Non-current investments in subsidiaries are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments.

## Notes forming part of the Financial Statements (Contd.)

### j) Retirement and other employee benefits

#### Defined contribution plans

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. The Company has no further obligations beyond its monthly 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. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Standalone statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income.

When the benefits of a plan are changed or curtailed, the resulting change in the benefit that relates to the past service ('past service cost') or the gain or loss on curtailment is recognised immediately in the

Statement of profit or loss. The Company recognises the gains and losses on the settlement of a defined benefit plan when settlement occurs.

#### Compensated Absence Policy:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or encash the leaves during the period of employment or retirement or at termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

#### Other long-term employee benefits

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at December 31st every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

#### 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.

### k) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of

## Notes forming part of the Financial Statements (Contd.)

the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to January 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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.

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 Statement of Standalone Profit and Loss on a straight-line basis over the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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.

### **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 up to the date of capitalisation of such asset is added to the cost of the assets.

Deferred finance costs consists of loan financing fees, which are being amortised over the life of the loan. Amortisation of deferred finance cost is included in other borrowing costs of Statement of Profit and loss. Other borrowings costs are recognised in the period in which they are incurred.

### **m) 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.

### **n) 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 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.

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, 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.



## Notes forming part of the Financial Statements (Contd.)

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are

recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

### **o) Statement of Cash Flows and Cash & cash equivalents**

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 Company are segregated.

For the purpose of the Standalone statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **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 are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of

## Notes forming part of the Financial Statements (Contd.)

such obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are disclosed in the notes to the Standalone financial statements. A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

### q) Dividend declared

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### r) Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7. The amendments are applicable to the Company from January 1, 2018.

Amendment to Ind AS 7: The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

### s) Segment

Based on the "management approach" as defined in Ind AS 108, "*Operating Segments*", the Chief Operating Decision Maker (CODM) evaluates the Company performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along the business segments of 'Carbon', 'Chemicals' and 'Cements' as its operating segments in the consolidated financial Statements.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 3: Property, Plant and Equipment

#### Reconciliation of carrying amount:

Description	Gross Block (At Deemed Cost/Cost)			Accumulated Depreciation			Net Block	
	As at January 1, 2016	Additions	Deletions	As at January 1, 2016	For the year	Deletions	As at December 31, 2016	As at January 1, 2016
<b>Tangible assets</b>								
Land - freehold	2.21	-	-	2.21	-	-	2.21	2.21
Buildings	66.67	-	-	66.67	1.34	-	65.33	66.67
Furniture and fixtures	10.22	-	-	10.22	8.76	-	1.46	10.22
Office equipment	7.96	3.06	-	11.02	5.07	-	5.95	7.96
Vehicles	1.05	-	-	1.05	0.12	-	0.93	1.05
<b>Total</b>	<b>88.11</b>	<b>3.06</b>	<b>-</b>	<b>91.17</b>	<b>15.29</b>	<b>-</b>	<b>75.88</b>	<b>88.11</b>

Description	Gross Block (At Cost)			Accumulated Depreciation			Net Block	
	As at January 1, 2017	Additions	Deletions	As at January 1, 2017	For the year	Deletions	As at December 31, 2017	As at December 31, 2016
<b>Tangible assets</b>								
Land - freehold	2.21	-	-	2.21	-	-	2.21	2.21
Buildings	66.67	-	-	66.67	1.35	-	63.98	65.33
Furniture and fixtures	10.22	-	-	10.22	1.46	-	-	1.46
Office equipment	11.02	2.28	-	13.30	3.07	-	5.16	5.95
Vehicles	1.05	0.01	-	1.06	0.12	-	0.82	0.93
<b>Total</b>	<b>91.17</b>	<b>2.29</b>	<b>-</b>	<b>93.46</b>	<b>6.00</b>	<b>-</b>	<b>72.17</b>	<b>75.88</b>

#### Notes:

- Properties are pledged with banks against borrowings availed from banks. Refer note 13 for the same.
- On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at January 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.



**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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 4: Non-Current investments</b>			
<b>Investment (unquoted, at cost)</b>			
<b>A. Equity shares</b>			
(i) of subsidiaries			
Rain Cements Limited	<b>2,128.10</b>	2,128.10	2,128.10
29,805,000 (December 31, 2016 : 29,805,000, January 1, 2016 : 29,805,000) Equity Shares of INR 10 each fully paid up			
Rain Commodities (USA) Inc			
20 (December 31, 2016 : 20, January 1, 2016 : 20) Common Stock at par value of US\$ 0.01 per share fully paid up	<b>4.45</b>	4.45	4.45
200,000 (December 31, 2016 : 200,000, January 1, 2016 : 20,000,000) Class B Redeemable Common Stock at par value of US\$ 100 (December 31, 2016: US\$ 100, January 1, 2016: US\$1) per share fully paid up	<b>902.80</b>	902.80	902.80
Rain CII Carbon (Vizag) Limited (refer note c below)	<b>13.00</b>	13.00	13.00
1,000,000 (December 31, 2016: 1,000,000, January 1, 2016 : 1,000,000) Equity Shares of INR 10 each fully paid up			
<b>B. Preference shares</b>			
(i) of subsidiaries			
Rain Commodities (USA) Inc.	<b>6,121.30</b>	6,121.30	6,121.30
97,800 (December 31, 2016 : 97,800, January 1, 2016 : 97,800) Convertible Redeemable Preferred Series - B at par value US\$ 1,000 per share fully paid up			
<b>Total</b>	<b>9,169.65</b>	<b>9,169.65</b>	<b>9,169.65</b>
(a) Aggregate amount of unquoted investments	<b>9,169.65</b>	9,169.65	9,169.65
(b) Aggregate book value and market value of quoted investments	-	-	-
(c) Investments are pledged with banks against borrowings availed from banks. Refer note 13 for the same.	-	-	-

## 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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 5: Non-Current loans</b>			
<b>(Unsecured, considered good, unless otherwise stated)</b>			
Loans and advances			
- to related parties (Refer notes below and 29)	<b>1,917.90</b>	3,397.50	2,653.20
Electricity Deposit	<b>0.95</b>	0.95	0.54
<b>Total</b>	<b>1,918.85</b>	3,398.45	2,653.74

**Notes:**

- 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 was repaid by Rain Commodities (USA) Inc. as bullet payment on April 24, 2017. Balance as at December 31, 2017 is INR Nil (December 31, 2016: INR 1,019.25; January 1, 2016: INR 1,326.60)
- 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. Balance as at December 31, 2017 is INR 926.99 (December 31, 2016: INR 1,359.00; January 1, 2016: INR 1,644.98)
- C) The term loan of US\$ 30 Million, provided during the year 2016, 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. Balance as at December 31, 2017 is INR 1,917.90 (December 31, 2016: INR 2,038.50; January 1, 2016: INR Nil)
- D) These loans were given for the purpose of making investment in subsidiaries outside India.

**Note 6: Trade receivables**

Unsecured, considered good	<b>15.12</b>	13.22	5.81
Less: Loss allowance	-	-	-
<b>Total</b>	<b>15.12</b>	13.22	5.81

- (i) Trade receivables amounting to INR 15.12 (December 31, 2016: INR 13.22 and January 1, 2016: INR 5.81) are due from related parties. For the terms and conditions, Refer Note 29
- (ii) The company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in Note 25.3 and 25.7
- (iii) Receivables are pledged with banks against borrowings availed from banks. Refer note 13 for the same.

**Note 7: Cash and bank balances**

**A. Cash and cash equivalents**

Balances with banks:

- in current accounts	<b>28.53</b>	60.52	89.56
	<b>28.53</b>	60.52	89.56

## 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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 7: Cash and bank balances (Contd.)</b>			
<b>B. Bank balances other than cash and cash equivalents</b>			
Balances held as margin money against guarantees and other commitments	-	18.12	-
Unclaimed dividend accounts	<b>39.48</b>	38.22	36.56
	<b>39.48</b>	56.34	36.56
<b>Total [A+B]</b>	<b>68.01</b>	116.86	126.12

Cash and bank balances are pledged to fulfill collateral requirements against borrowings availed from banks. Refer note 13 for the same.

### Note 8: Current loans

(Unsecured, considered good, unless otherwise stated)

Loans to related parties (Refer note 29)	<b>926.99</b>	1,019.25	318.38
Advance to employees	<b>0.01</b>	0.01	-
<b>Total</b>	<b>927.00</b>	1,019.26	318.38

\* For details of loans to related parties refer note 5

### Note 9: Other current financial assets

(Unsecured, considered good, unless otherwise stated)

Accruals

- Interest accrued on deposits	-	0.01	-
- Interest accrued on loans (Refer note 29)	<b>35.81</b>	58.99	5.25
<b>Total</b>	<b>35.81</b>	59.00	5.25

### Note 10: Other current assets

(Unsecured, considered good, unless otherwise stated)

Prepaid expenses	<b>0.14</b>	0.13	0.18
Balances with Government authorities	-	2.55	1.55
Advance to supplier and service providers	<b>0.87</b>	0.08	1.24
<b>Total</b>	<b>1.01</b>	2.76	2.97

## 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, 2017		As at December 31, 2016		As at January 1, 2016	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
<b>Note 11: Share Capital</b>						
<b>Authorised:</b>						
Equity Shares of INR 2 each	590,000,000	1,180.00	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of INR 100 each	4,900,000	490.00	4,900,000	490.00	4,900,000	490.00
<b>Total</b>	<b>594,900,000</b>	<b>1,670.00</b>	<b>594,900,000</b>	<b>1,670.00</b>	<b>594,900,000</b>	<b>1,670.00</b>
<b>Issued, subscribed and paid up</b>						
Equity Shares of INR 2 each	336,345,679	672.69	336,345,679	672.69	336,345,679	672.69
<b>Total</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>

### Notes:

(i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	December 31, 2017		December 31, 2016	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Less: Equity Shares bought back and extinguished during the year	-	-	-	-
<b>As at end of the year</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>

(ii) **Rights, preferences and restrictions attached to the equity shares**

The Company has only one class of equity shares having a par value of INR 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.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (a) The Board of Directors at its meeting held on August 11, 2017 has declared an interim dividend of 50% (INR 1 per equity share of par value of Rs 2 each) for the quarter ended June 30, 2017.
- (b) Further, the Board of Directors at its meeting held on February 28, 2018 has recommended a final dividend of 50% (INR 1 per equity share of par value INR 2 each amounting to INR 336.35) which is subject to approval of shareholders. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has not been recognized in the financial statements.

### (iii) Shareholders holding more than 5 % of the equity shares

Name of the Shareholder	As at December 31, 2017		As at December 31, 2016	
	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)	705,753	0.21	16,882,168	5.02
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	17,402,110	5.17	17,403,110	5.17

- (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:**  
5,355,923 equity shares of INR 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the year ended December 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, 2017	As at December 31, 2016
<b>Note 12: Other equity</b>		
(a) <b>Capital reserve (Balance at the beginning and end of the year)</b>	<b>4,319.91</b>	4,319.91
(b) <b>Securities premium account (Balance at the beginning and end of the year)</b>	<b>516.67</b>	516.67
(c) <b>Capital redemption reserve (Balance at the beginning and end of the year)</b>	<b>47.66</b>	47.66
(d) <b>General reserve</b>		
Opening balance	<b>673.60</b>	642.26
Add: Transferred from surplus in Statement of Profit and Loss	<b>32.11</b>	31.34
Closing balance	<b>705.71</b>	673.60
(e) <b>Retained Earnings</b>		
Opening balance	<b>793.05</b>	831.42
Add: Profit for the year	<b>321.06</b>	329.32
Less: Dividend (Refer note 11(ii)(a))	<b>(336.35)</b>	(336.35)
Transfer to General Reserve	<b>(32.11)</b>	(31.34)
Closing balance	<b>745.65</b>	793.05
<b>Items of Other Comprehensive income:</b>		
(a) <b>Foreign currency translation reserve (Balance at the beginning and end of the year) (Refer note 27.2)</b>	<b>2,219.36</b>	2,219.36
(b) <b>Remeasurements of defined benefit liability/(asset)</b>		
Opening balance	<b>(1.26)</b>	-
Add: Remeasurements of defined benefit liability/(asset)	<b>0.18</b>	(1.26)
Closing balance	<b>(1.08)</b>	(1.26)
<b>Total</b>	<b>8,553.88</b>	8,568.99

### Nature and purpose of reserves:

**Capital reserve:** It consists of pre-acquisition profits. During the previous year in certain common control transactions, the excess of net assets taken, over the cost of consideration paid were treated as capital reserve in accordance with previous GAAP.

**Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. It can be utilized in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc

**Capital redemption reserve:** It consists of reserves on the buyback of equity shares from its retained earnings. The amount represents nominal amount of the equity shares bought back.

**General reserve:** It represents the portion of the net profit which the Company has transferred, before declaring dividend pursuant to the earlier provision of companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

**Retained earnings:** Retained earnings represents the net profits after all distributions and transfers to other reserves.

**Foreign currency translation reserve (FCTR):** Represents the FCTR of Moonglow Company Business Inc. which was merged with the company in the financial year ended December 31, 2015. (Refer note 27.2)

**Remeasurements of defined benefit liability/(asset):** Remeasurements of defined benefit liability/(asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 13: Non-current borrowings</b>			
<b>A. Term loans</b>			
From banks			
- Secured	3,179.00	4,732.45	3,280.58
Less: Current portion of Non-current borrowings disclosed under Note 16	1,278.60	1,359.00	636.77
- Other current financial liabilities			
<b>Total</b>	<b>1,900.40</b>	<b>3,373.45</b>	<b>2,643.81</b>

### 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. Balance as at December 31, 2017 is INR Nil (December 31, 2016: INR Nil; January 1, 2016: INR 636.77)
- (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. It carries interest of 6 months Libor plus 350 basis points. Balance as at December 31, 2017 is INR Nil (December 31, 2016: INR 1,359.00; January 1, 2016: INR 1,326.60). The loan was repaid during the year.
- (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.  
It carries interest of 3 months Libor plus 235 basis points. Balance as at December 31, 2017 is INR 1,278.60 (December 31, 2016: INR 1,359.00; January 1, 2016: INR 1,326.60).

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (iv) 'Term loan of US\$ 30 Million borrowed from IDBI Bank Limited, DIFC branch, Dubai during the 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 February 20, 2016 between the Company, Rain Cements Limited and IDBI Bank Limited, DIFC branch, Dubai. It carries interest of 3 months Libor plus 400 basis points. Balance as at December 31, 2017 is INR 1,917.90 (December 31, 2016: INR 2,038.50; January 1, 2016: INR Nil)
- (v) '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.
- (vi) The scheduled maturity of non-current borrowings and total number of installments are summarised as below:

<b>Borrowings Repayable</b>	<b>As at December 31, 2017</b>
<b>Outstanding Term Loans from Banks:</b>	
Citibank - US\$ 20.0 Million*	1,278.60
IDBI Bank Limited - US\$ 30.0 Million**	1,917.90
<b>Total</b>	<b>3,196.50</b>

\* US\$ 20 Million is a bullet repayment on October 31, 2018.

\*\* US\$ 30 Million is repayable in 10 quarterly instalments starting from December 2019.

- (vii) The aggregate amount of loans (including current maturities of non-current borrowings) guaranteed by subsidiaries is INR 3,196.50 (December 31, 2016 : INR 4,756.50, January 1, 2016 : INR 3,289.97). Refer note 29.

	<b>As at December 31, 2017</b>	<b>As at December 31, 2016</b>	<b>As at January 1, 2016</b>
<b>Note 14: Non-current provisions</b>			
<b>Provision for employee benefits:</b>			
- Compensated absences (Refer note 28(c))	<b>3.82</b>	2.93	2.24
- Gratuity (Refer note 28 (b))	<b>0.63</b>	1.99	0.99
<b>Total</b>	<b>4.45</b>	4.92	3.23

### Note 15: Trade payables

Trade payables - other than micro and small enterprises	<b>13.42</b>	2.59	0.57
<b>Total</b>	<b>13.42</b>	2.59	0.57



## 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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Disclosures under Micro, Small and Medium Enterprises Development Act, 2006:</b>			
(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.	-	-	-

The Company's exposure to liquidity risk related to trade payables is disclosed in note 25.4

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at December 31, 2017 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on such information provided by the management.

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 16: Other current financial liabilities</b>			
Current maturities of non-current borrowings (Refer note 13)	<b>1,278.60</b>	1,359.00	636.77
Interest accrued but not due on borrowings	<b>7.17</b>	5.80	5.64
Employee payables	<b>3.22</b>	2.50	5.81
Payables to auditors	<b>2.75</b>	2.05	0.99
Unclaimed dividends*	<b>39.48</b>	38.23	36.57
<b>Total</b>	<b>1,331.22</b>	1,407.58	685.78

\*There is no amount due unoutstanding to be credited to Investor Education and Protection fund as at December 31, 2017.

The Company's exposure to liquidity risk related to currency, liquidity and interest rate risk is included in note 25.7, 25.4 and 25.6.

### Note 17: Other current liabilities

Other payables

- Statutory liabilities	<b>4.64</b>	2.49	2.05
- Advances from customers (Refer note 29)	-	65.00	-

<b>Total</b>	<b>4.64</b>	67.49	2.05
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### Note 18: Current provisions

**Provision for employee benefits:**

- Compensated absences (Refer note 28 (c))	<b>0.83</b>	0.59	0.74
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<b>Total</b>	<b>0.83</b>	0.59	0.74
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## 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, 2017	For the year ended December 31, 2016
<b>Note 19: Revenue from operations</b>		
Sale of products	211.97	285.74
Sale of services (Refer note 29)	384.24	162.72
<b>Revenue from operations</b>	<b>596.21</b>	<b>448.46</b>
<b>Note 20: Other income</b>		
Interest income		
Interest from banks on deposits	0.77	5.34
Interest from others	0.18	-
Interest on loans and advances (Refer note 29)	163.69	183.47
Dividend income from non-current investments	393.70	418.07
Gain on foreign currency transactions and translations (net)	25.60	76.68
Other non-operating income		
Rental income from operating leases (Refer note 29)	7.37	-
Miscellaneous income	2.07	0.09
<b>Total</b>	<b>593.38</b>	<b>683.65</b>
<b>Note 21: Employee benefits expense</b>		
Salaries, wages and bonus	112.99	82.56
Contributions to provident and other funds (Refer note 28)	9.66	5.94
<b>Total</b>	<b>122.65</b>	<b>88.50</b>
<b>Note 22: Finance costs</b>		
Interest expense	169.50	186.70
Other borrowing costs	7.40	12.12
Loss on foreign currency transactions and translation (net)	-	87.03
<b>Total</b>	<b>176.90</b>	<b>285.85</b>

## 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, 2017	For the year ended December 31, 2016
<b>Note 23: Other expenses</b>		
Purchase of Duty Licenses	156.54	-
Repairs and maintenance	1.27	0.77
Insurance	0.95	0.21
Rent (Refer note 31)	3.36	1.94
Rates and taxes	4.62	2.45
Communication expenses	29.79	9.42
Travelling and conveyance	13.22	6.19
Printing and stationery	1.06	3.36
Advertisement expense	1.16	1.40
Corporate Social Responsibility and other donations (Refer note 33)	2.50	1.40
Consultancy charges	8.85	7.40
Payment to auditors (Refer Note below)	4.53	4.73
Directors' sitting fees (Refer note 29)	4.28	3.50
Commission to directors (Refer note 29)	3.00	2.30
IT expenses	51.24	62.41
Miscellaneous expenses	9.16	4.03
<b>Total</b>	<b>295.53</b>	<b>111.51</b>

**Note:**

**Payment to auditors comprises (excluding service tax/  
GST):**

Statutory audit	2.60	2.60
Limited review	0.90	0.90
Other services	0.15	0.21
Reimbursement of expenses	0.88	1.02
<b>Total</b>	<b>4.53</b>	<b>4.73</b>

**Note 24: Income Taxes**

**(i) Income tax expense/(benefit) recognised in statement of profit and loss:**

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
Current tax		
(i) Tax for current year	79.02	13.40
(ii) Tax relating to earlier years	1.18	7.74
(iii) Minimum alternate tax credit entitlement	(15.96)	-
Net current tax	64.24	21.14
Deferred tax	-	-
<b>Total</b>	<b>64.24</b>	<b>21.14</b>

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (ii) Reconciliation of Effective tax rate:

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>Income Tax expenses for the year to be reconciled to the accounting profit:</b>		
Profit before taxes	385.30	350.46
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	133.35	121.29
<b>Effect off:</b>		
Effects of tax-exempt income and other deductions	(70.29)	(107.89)
Effects of additional taxes for prior years	1.18	7.74
<b>Total income taxes expenses</b>	<b>64.24</b>	<b>21.14</b>
<b>Effective tax rate</b>	<b>16.7%</b>	<b>6.0%</b>

### (iii) Recognised deferred tax assets and liabilities:

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<b>Deferred tax assets</b>			
Employee benefits	1.79	1.87	1.35
Tax on losses carried forward	12.79	12.89	12.69
Total deferred tax assets	14.58	14.76	14.04
<b>Deferred tax liabilities</b>			
Basis difference of property, plant, and equipment	(13.13)	(13.31)	(12.59)
Total deferred tax liabilities	(13.13)	(13.31)	(12.59)
<b>Net deferred tax asset</b>	<b>1.45</b>	<b>1.45</b>	<b>1.45</b>

### Notes:

As of December 31, 2017, the Company has tax loss carry forwards for income tax purposes of INR 270.90, which are available to offset future taxable income, if any, through 2026 on which the Company has not recognised any deferred tax asset.

As of December 31, 2016, the Company has tax loss carry forwards for income tax purposes of INR 250.75, which are available to offset future taxable income, if any, through 2026 on which the Company has not recognised any deferred tax asset.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (iv) Movement in temporary differences:

Particulars	Balance as at January 1, 2016	Recognised in profit or loss during the year	Recognised in OCI during the year	Any other adjustment	Balance as at December 31, 2016	Recognised in profit or loss during the year	Recognised in OCI during the year	Any other adjustment	Balance as at December 31, 2017
On account of depreciation and amortization	(12.59)	(0.72)	-	-	(13.31)	0.18	-	-	(13.13)
On account of employee benefits	1.35	0.52	-	-	1.87	(0.08)	-	-	1.79
Tax on losses carried forward	12.69	0.20	-	-	12.89	(0.10)	-	-	12.79
<b>Total</b>	1.45	(0.00)	-	-	1.45	-	-	-	1.45

### (v) Unrecognised Deferred tax liabilities and Unrecognised Deferred tax assets:

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	As at December 31, 2017		As at December 31, 2016	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
<b>Tax Losses</b>	232.96	80.63	212.30	73.48

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (vi) Non-current tax assets and current tax liabilities

Particulars	As at		
	December 31, 2017	December 31, 2016	January 1, 2016
Non-current tax assets (net of provision for tax INR 924.07 (December 31, 2016: INR 922.89; January 1, 2016: INR 904.44)	<b>302.27</b>	271.58	241.80
Current tax liabilities (net of advance tax INR 330.66 (December 31, 2016: INR 330.66; January 1, 2016: INR 330.66)	<b>29.81</b>	29.81	27.13

(vii) The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

### Note 25: Financial instruments disclosure:

#### Note 25.1: Fair Valuation Measurement Hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

Sl. No.	Particulars	As at December 31, 2017		Fair value		
		Carrying value	Fair value (Assets/Liabilities at amortised cost method)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>I]</b>	<b>Financial Assets at amortised cost</b>					
	Non-current investments	9,169.65	9,169.65	-	-	-
	Non-current loans	1,918.85	1,918.85	-	-	-
	Trade receivables	15.12	15.12	-	-	-
	Cash and cash equivalents	28.53	28.53	-	-	-
	Other bank balances	39.48	39.48	-	-	-
	Current loans	927.00	927.00	-	-	-
	Other current financial assets	35.81	35.81	-	-	-
		<b>12,134.44</b>	<b>12,134.44</b>	-	-	-
<b>II]</b>	<b>Financial Liabilities at amortised cost</b>					
	Non-current borrowings	1,900.40	1,900.40	-	-	-
	Trade payables	13.42	13.42	-	-	-
	Other current financial liabilities	1,331.22	1,331.22	-	-	-
		<b>3,245.04</b>	<b>3,245.04</b>	-	-	-

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Sl. No.	Particulars	As at December 31, 2016		Fair value		
		Carrying value	Fair value (Assets/Liabilities at amortised cost method)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>I]</b>	<b>Financial Assets at amortised cost</b>					
	Non-current investments	9,169.65	9,169.65	-	-	-
	Non-current loans	3,398.45	3,398.45	-	-	-
	Trade receivables	13.22	13.22	-	-	-
	Cash and cash equivalents	60.52	60.52	-	-	-
	Other bank balances	56.34	56.34	-	-	-
	Current loans	1,019.26	1,019.26	-	-	-
	Other current financial assets	59.00	59.00	-	-	-
		<b>13,776.44</b>	<b>13,776.44</b>	-	-	-
<b>II]</b>	<b>Financial Liabilities at amortised cost</b>					
	Non-current borrowings	3,373.45	3,373.45	-	-	-
	Trade payables	2.59	2.59	-	-	-
	Other current financial liabilities	1,407.58	1,407.58	-	-	-
		<b>4,783.62</b>	<b>4,783.62</b>	-	-	-

Sl. No.	Particulars	As at January 1, 2016		Fair value		
		Carrying value	Fair value (Assets/Liabilities at amortised cost method)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>I]</b>	<b>Financial Assets at amortised cost</b>					
	Non-current investments	9,169.65	9,169.65	-	-	-
	Non-current loans	2,653.74	2,653.74	-	-	-
	Trade receivables	5.81	5.81	-	-	-
	Cash and cash equivalents	89.56	89.56	-	-	-
	Other bank balances	36.56	36.56	-	-	-
	Current loans	318.38	318.38	-	-	-
	Other current financial assets	5.25	5.25	-	-	-
		<b>12,278.95</b>	<b>12,278.95</b>	-	-	-



## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Sl. No.	Particulars	As at January 1, 2016		Fair value		
		Carrying value	Fair value (Assets/Liabilities at amortised cost method)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>II]</b>	<b>Financial Liabilities at amortised cost</b>					
	Non-current borrowings	2,643.81	2,643.81	-	-	-
	Trade payables	0.57	0.57	-	-	-
	Other current financial liabilities	685.78	685.78	-	-	-
		<b>3,330.16</b>	<b>3,330.16</b>	-	-	-

### Note 25.2: Financial risk management

The Company has put in place risk management systems as applicable to the respective operations. The following explains the objective and processes of the Group: The Company has a system based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

### Note 25.3: Credit risk:

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents. None of the financial instruments of the Company result in material concentration of credit risk.

The carrying value of financial assets represents the maximum credit risk.

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations actual or expected significant changes in the operating results of the borrower

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Company and changes in the operating results of the borrower
- Based on the above analysis, the Company does not expect any credit risk from its trade receivables for any of the years reported in this financial statements.

**The age wise break up of receivables, net of allowances is given below:**

Particulars	December 31, 2017	December 31, 2016	January 1, 2016
Financial assets that are neither past due nor impaired	15.12	13.22	5.81
<b>Total</b>	<b>15.12</b>	<b>13.22</b>	<b>5.81</b>

**The Group's exposure to credit risk for trade receivables by geographic region is as follows:**

Particulars	Carrying amount as at		
	December 31, 2017	December 31, 2016	January 1, 2016
United States	-	8.12	3.80
Europe	14.80	5.10	2.01
Asia	0.32	-	-
<b>Total</b>	<b>15.12</b>	<b>13.22</b>	<b>5.81</b>

At December 31, 2017, the carrying amount of the Company's most significant customer is INR 0.32 (December 31, 2016: INR Nil; January 1, 2016: INR Nil).

**The Group's exposure to credit risk for loans (both current and non-current) by geographic region is as follows:**

Particulars	Carrying amount as at		
	December 31, 2017	December 31, 2016	January 1, 2016
United States	2,844.89	4,416.75	2,971.58
Asia	0.96	0.96	0.54
<b>Total</b>	<b>2,845.85</b>	<b>4,417.71</b>	<b>2,972.12</b>

### Investments

The Company has investments in wholly owned and step down subsidiaries, thereby limiting the exposure to credit risk. All the counterparties have sound financial position with positive net worth. The Company does not expect any losses from non-performance by these counter parties.

### Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

### Other financial assets:

There is no significant loss allowance for other financial assets.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 25.4: Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As of December 31, 2017, cash and cash equivalents are held with major banks.

### Maturity of financial liabilities

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payment and excludes impact of netting arrangements (if any):

**As at December 31, 2017**

Contractual cash flows	Carrying value	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
<b>Non-derivative financial liabilities</b>							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	3,196.50	1,278.60	153.43	1,764.47	-	-	3,196.50
Trade payables	13.42	13.42	-	-	-	-	13.42
Other current financial liabilities	52.62	52.62	-	-	-	-	52.62

**As at December 31, 2016**

Contractual cash flows	Carrying value	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
<b>Non-derivative financial liabilities</b>							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	4,756.50	1,359.00	1,359.00	1,549.26	489.24	-	4,756.50
Trade payables	2.59	2.59	-	-	-	-	2.59
Other current financial liabilities	48.58	48.58	-	-	-	-	48.58

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

As at January 1, 2016

Contractual cash flows	Carrying value	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
<b>Non-derivative financial liabilities</b>							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	3,289.97	636.77	1,326.60	1,326.60	-	-	3,289.97
Trade payables	0.57	0.57	-	-	-	-	0.57
Other current financial liabilities	49.01	49.01	-	-	-	-	49.01

### Note 25.5: Market risk:

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and borrowings.

### Note 25.6: Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's current borrowing with floating interest rates.

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows.

Particulars	Interest rate exposure as at		
	December 31, 2017	December 31, 2016	January 1, 2016
<b>Variable rate instruments</b>			
Financial assets	2,844.89	4,416.75	2,971.58
Financial liabilities	(3,196.50)	(4,756.50)	(3,289.97)

### Interest rate Sensitivity:

Impact on Interest Expenses for the year on 1% change in Interest rate

Particulars	December 31, 2017		December 31, 2016	
	Increase	Decrease	Increase	Decrease
<b>Impact on Profit and loss</b>				
Variable-rate instruments	3.52	(3.52)	3.40	(3.40)

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 25.7 Foreign Currency risk:

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials, advance to group entity, and exports of finished goods. The currency in which these transaction are denominated as USD and EUR. There are no outstanding balances in any other currency apart from USD and EUR. The Company evaluates exchange rate exposure arising from foreign currency transactions.

**The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2017:**

	USD	EUR	Total
<b>Assets:</b>			
Trade receivables (Refer note 29)	-	14.80	14.80
Interest accrued on Loans to Subsidiary	35.81	-	35.81
Loans to subsidiary	2,844.89	-	2,844.89
	<b>2,880.70</b>	<b>14.80</b>	<b>2,895.50</b>
<b>Liabilities:</b>			
Interest accrued but not due on borrowings	7.17	-	7.17
Borrowings	3,196.50	-	3,196.50
	<b>3,203.67</b>	<b>-</b>	<b>3,203.67</b>

**The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2016:**

	USD	EUR	Total
<b>Assets:</b>			
Trade receivables (Refer note 29)	8.12	5.10	13.22
Interest accrued on Loans to Subsidiary	58.99	-	58.99
Loans to subsidiary	4,416.75	-	4,416.75
	<b>4,483.86</b>	<b>5.10</b>	<b>4,488.96</b>
<b>Liabilities:</b>			
Interest accrued but not due on borrowings	5.80	-	5.80
Borrowings	4,756.50	-	4,756.50
	<b>4,762.30</b>	<b>-</b>	<b>4,762.30</b>

**The following table analyzes foreign currency risk from non derivative financial instruments as at January 1, 2016:**

	USD	EUR	Total
<b>Assets:</b>			
Trade receivables	3.80	2.01	5.81
Interest accrued on Loans to Subsidiary	5.25	-	5.25
Loans to subsidiary	2,971.58	-	2,971.58
	<b>2,980.63</b>	<b>2.01</b>	<b>2,982.64</b>
<b>Liabilities:</b>			
Interest accrued but not due on borrowings	5.64	-	5.64
Borrowings	3,289.97	-	3,289.97
	<b>3,295.61</b>	<b>-</b>	<b>3,295.61</b>

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Sensitivity Analysis:

A reasonably possible strengthening (weakening) of the US dollar, Euro against all other currencies as at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

### Impact on Foreign currency loss/(gain) for the year on 1% change in rates are:

Particulars	December 31, 2017		December 31, 2016	
	Strengthening	Weakening	Strengthening	Weakening
<b>Impact on profit and loss</b>				
Euro	(0.15)	0.15	(0.05)	0.05
USD	3.23	(3.23)	2.78	(2.78)

### Note 26: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Company monitors capital using a ratio of 'Net debt' to 'equity'. For this purpose, adjusted net debt is defined as total interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity excluding non-controlling interest. The Company's Net debt to equity ratio is as follows.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company monitors capital on the basis of the following gearing ratio.

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Total borrowings, net of cash and cash equivalents	3,150.47	4,671.93	3,191.02
Equity	9,226.57	9,241.68	9,249.97
<b>Net debt to equity ratio</b>	<b>0.34</b>	<b>0.51</b>	<b>0.34</b>

### Note 27: Explanation of transition to Ind AS

As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For all periods up to and including the year ended December 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP').

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended December 31, 2017 including the comparative information for the year ended December 31, 2016 and the opening Ind AS balance sheet on the date of transition i.e. January 1, 2016.

In preparing its Ind AS balance sheet as at January 1, 2016 and in presenting the comparative information for the year ended December 31, 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cashflows.

### **Note 27.1: Optional exemptions availed and mandatory exceptions**

#### **A. Optional exemptions availed:**

Ind AS 101- *"First-time adoption of Indian accounting standards"* allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

##### **(i) Deemed cost for property plant and equipment and intangible assets:**

As permitted by Ind AS 101- *"First-time adoption of Indian accounting standards"*, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and intangible assets.

##### **(ii) Determining whether an arrangement contains a lease:**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17- *"Leases"* for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has elected to avail the above exemption.

##### **(iii) Investment in subsidiaries:**

Under first-time adoption of Ind AS, the Company has elected to measure its investment in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., January 1, 2016.

#### **B. Mandatory exceptions:**

##### **(i) Estimates:**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies. As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS). The Company's estimates under Ind AS are consistent with the above requirement.

##### **(ii) Classification and measurement of financial assets:**

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income or fair value through profit and loss is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 27.2: Reconciliation between previous GAAP and Ind AS

#### (i) (a) Reconciliation of Balance Sheet as at date of transition January 1, 2016:

	Note	Previous GAAP*	Adjust- ments	IND AS
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Property, plant and equipment		88.11	-	88.11
(b) Financial assets				
(i) Investments	(v)	3,048.35	6,121.30	9,169.65
(ii) Loans		2,653.74	-	2,653.74
(c) Deferred tax asset (net)	(iii)	-	1.45	1.45
(d) Non-current tax assets (net)		241.80	-	241.80
<b>2. Current assets</b>				
(a) Financial assets				
(i) Trade receivables		5.81	-	5.81
(ii) Cash and cash equivalents		89.56	-	89.56
(iii) Bank balances other than cash and cash equivalents		36.56	-	36.56
(iv) Loans		318.38	-	318.38
(v) Other financial assets		5.25	-	5.25
(b) Other current assets		2.97	-	2.97
<b>TOTAL</b>		<b>6,490.53</b>	<b>6,122.75</b>	<b>12,613.28</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity share capital		672.69	-	672.69
(b) Other equity	(i), (ii), (iii), (v)	2,445.14	6,132.14	8,577.28
		<b>3,117.83</b>	<b>6,132.14</b>	<b>9,249.97</b>
<b>2. Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	(i)	2,653.20	(9.39)	2,643.81
(b) Provisions		3.23	-	3.23
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables		0.57	-	0.57
(ii) Other financial liabilities		685.78	-	685.78
(b) Other current liabilities		2.05	-	2.05
(c) Provisions		0.74	-	0.74
(d) Current tax liabilities (net)		27.13	-	27.13
<b>TOTAL</b>		<b>6,490.53</b>	<b>6,122.75</b>	<b>12,613.28</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (b) Reconciliation of Balance Sheet as at December 31, 2016:

	Note	Previous GAAP*	Adjustments	IND AS
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Property, plant and equipment		75.88	-	75.88
(b) Financial assets				
(i) Investments		9,169.65	-	9,169.65
(ii) Loans		3,398.45	-	3,398.45
(c) Deferred tax asset (net)	(iii)	-	1.45	1.45
(d) Non-current tax assets (net)		271.58	-	271.58
<b>2. Current assets</b>				
(a) Financial assets				
(i) Trade receivables		13.22	-	13.22
(ii) Cash and cash equivalents		60.52	-	60.52
(iii) Bank balances other than cash and cash equivalents		56.34	-	56.34
(iv) Loans		1,019.26	-	1,019.26
(v) Other financial assets		59.00	-	59.00
(b) Other current assets		2.76	-	2.76
<b>TOTAL</b>		<b>14,126.66</b>	<b>1.45</b>	<b>14,128.11</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity share capital		672.69	-	672.69
(b) Other equity	(i), (ii), (iii)	8,543.50	25.49	8,568.99
		<b>9,216.19</b>	<b>25.49</b>	<b>9,241.68</b>
<b>2. Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	(i)	3,397.49	(24.04)	3,373.45
(b) Provisions		4.92	-	4.92
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables		2.59	-	2.59
(ii) Other financial liabilities		1,407.58	-	1,407.58
(b) Other current liabilities		67.49	-	67.49
(c) Provisions		0.59	-	0.59
(d) Current tax liabilities (net)		29.81	-	29.81
<b>TOTAL</b>		<b>14,126.66</b>	<b>1.45</b>	<b>14,128.11</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (ii) Reconciliation of Total Comprehensive Income for the year ended December 31, 2016:

	Note	Previous GAAP*	IND AS Ad- justments	IND AS
<b>1 Total income</b>				
Revenue from operations		448.46	-	448.46
Other income		683.65	-	683.65
<b>Total income</b>		<b>1,132.11</b>	<b>-</b>	<b>1,132.11</b>
<b>2 Expenses</b>				
Purchases of stock-in-trade		280.50	-	280.50
Employee benefits expense	(ii)	89.76	(1.26)	88.50
Finance costs	(i)	300.50	(14.65)	285.85
Depreciation expense		15.29	-	15.29
Impairment loss		-	-	-
Other expenses		111.51	-	111.51
<b>Total expenses</b>		<b>797.56</b>	<b>(15.91)</b>	<b>781.65</b>
<b>3 Profit before tax (1-2)</b>		<b>334.55</b>	<b>15.91</b>	<b>350.46</b>
<b>4 Tax expense</b>				
1. Current tax		21.14	-	21.14
2. Deferred tax		-	-	-
<b>5 Profit for the year (3-4)</b>		<b>313.41</b>	<b>15.91</b>	<b>329.32</b>
<b>6 Other Comprehensive Income/(loss):</b>				
<b>A.</b> (i) Items that will not be reclassified to profit or loss	(ii)	-	(1.26)	(1.26)
- Remeasurements of the defined benefit plans				
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-
<b>B.</b> (i) Items that will be reclassified to profit or loss		-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
<b>Total Other Comprehensive Income/(loss) for the year</b>		<b>-</b>	<b>(1.26)</b>	<b>(1.26)</b>
<b>7 Total Comprehensive Income for the year (5+6)</b>		<b>313.41</b>	<b>14.65</b>	<b>328.06</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (iii) Reconciliation of equity as reported under previous Indian GAAP and that computed under Ind AS:

Particulars	As at January 1, 2016	As at December 31, 2016
Equity as per Previous GAAP	3,117.79	9,216.19
<b>Adjustments:</b>		
Deferred financing costs (Note 1 below)	9.39	24.04
Others - Moonglow merger (Note 5 below)	6,121.34	-
Tax adjustments (Note 3 below)	1.45	1.45
<b>Equity as per Ind AS</b>	<b>9,249.97</b>	<b>9,241.68</b>

### (iv) Reconciliation between total comprehensive as reported under previous GAAP and Ind AS

Particulars	For the year ended December 31, 2016
Net profit under Previous GAAP	313.41
<b>Adjustments:</b>	
Deferred financing costs (Note 1 below)	14.65
Reclassifications of net actuarial loss on defined benefit obligation to other comprehensive income (Note 2 below)	1.26
<b>Net profit for the period as per Ind AS</b>	<b>329.32</b>
Other comprehensive income/(loss) (net of tax) as per Ind AS (Note 2 below)	(1.26)
<b>Total comprehensive income as per Ind AS</b>	<b>328.06</b>

#### Notes:

- (i) **Deferred financing costs:** As per Ind AS 109 - "Financial instruments", financial liabilities (borrowings) shall be accounted at amortised cost using the effective interest rate method. Such one time issuance costs were charged off as finance costs under previous GAAP. Under Ind AS, transaction costs is capitalised and amortised over the period of the debt. Accordingly, deferred finance costs asset has been recognised and amortised over the period of the borrowings under Ind AS.
- (ii) **Actuarial gain and loss:** Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive income.
- (iii) **Tax:** Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS and deferred tax on indexation of land.
- (iv) **Cash flow statement:** The transition from previous Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (v) **Moonglow merger:** The Company has elected to apply Ind AS 103- "*Business Combinations*" on Merger with one of its Subsidiaries, prospectively from January 1, 2016, in accordance with provisions of Ind AS 101.

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 of 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 have 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
<b>Assets</b>	
Investments in Preference shares of RCUSA	6,121.31
Balances with banks in current accounts	0.10
<b>Less: Liabilities</b>	
Trade payables	0.07
<b>Total net assets acquired</b>	<b>6,121.34</b>
Less: Deficit in statement of profit and loss taken over	(0.20)
Less: Foreign Currency translation reserve taken over	2,219.36
<b>Balance transferred to Capital Reserve</b>	<b>3,902.18</b>

Since, the merger of Moonglow with holding Company fall under Ind AS 103 - "*Business Combinations*" (Appendix C) which deals with accounting for combination of entities or businesses under common control. As per Appendix C, Business combinations arising from transfers of interests in entities that are under the control of the shareholders that control the Group are accounted for as if the acquisition has occurred at the beginning of the earliest comparative period presented. Accordingly, merger of Moonglow with holding company has accounted as the transfer of interest of the Company in Moonglow has happened on January 1, 2016.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 28: Assets and liabilities related to employee benefits

The Company 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 21: INR 8.35 (December 31, 2016 - INR 5.28).

#### b) Benefit plans:

The Company operates the following defined benefit plans:

- (i) Gratuity
- (ii) Compensated Absences

The Group has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. It entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

#### Inherent risk:

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2017. The following table sets forth the status of the various defined benefit plans of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss.

#### (i) Amounts recognized in the Balance Sheet are as follows:

Particulars	As at December 31, 2017	As at December 31, 2016
Present value of funded obligation	8.62	7.29
Less: Fair value of plan assets	7.99	5.30
<b>Net liability</b>	<b>0.63</b>	<b>1.99</b>

#### (ii) Amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	For the Year ended December 31, 2017	For the Year ended December 31, 2016
Current service cost	1.21	0.60
Interest on net defined benefit liability/(asset)	0.10	0.06
<b>Total</b>	<b>1.31</b>	<b>0.66</b>

Amount recognised in other comprehensive income for the year ended December 31, 2017 is INR 0.18 (December 31, 2016 - INR (1.26)).

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (iii) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	As at December 31, 2017	As at December 31, 2016
Opening defined benefit obligation	7.29	5.83
Current service cost	1.21	0.60
Interest Cost	0.48	0.45
Remeasurements due to:		
Changes in financial assumptions	(0.68)	0.70
Experience adjustments	0.35	0.55
Benefits paid	(0.03)	(0.84)
<b>Closing defined benefit obligation</b>	<b>8.62</b>	<b>7.29</b>

### (iv) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	As at December 31, 2017	As at December 31, 2016
Opening fair value of plan assets	5.30	4.85
Employer contributions	2.50	0.90
Interest on plan assets	0.38	0.39
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(0.15)	(0.01)
Benefits paid	(0.04)	(0.83)
<b>Closing fair value of plan assets</b>	<b>7.99</b>	<b>5.30</b>
<b>Actual return on plan assets</b>	<b>0.23</b>	<b>0.38</b>

### (v) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2017	As at December 31, 2016
Insurer managed funds	100%	100%

### (vi) Principal Actuarial assumptions used:

Particulars	As at December 31, 2017	As at December 31, 2016
Discount rates on benefit obligations	7.55%	6.65%
Expected salary increase rates	7.00%	7.00%
Retirement Age	58 Years	58 Years

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

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.

Assumptions regarding future mortality and experience are set in accordance with published rates under Indian assured lives mortality 2006-2008. The discount rate is based on the prevailing market yield in Indian government securities as at balance sheet date for estimated term of obligation.

### (vii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2017 shown below.

Particulars	Increase	Decrease
Discount rate (1% movement)	(0.02)	0.02
Future salary growth (1% movement)	0.02	(0.02)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2016 shown below.

Particulars	Increase	Decrease
Discount rate (1% movement)	(0.08)	0.08
Future salary growth (1% movement)	0.06	(0.06)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(viii) The expected contribution to be made by the Company during the financial year ending December 31, 2018 is INR 1.00.

(ix) As at December 31 2017 the weighted average duration of the defined benefit obligation is 8.13 years.

### c) Compensated absences

The Company 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 Company policy. The Company 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, 2017 is INR 4.65 (December 31, 2016 INR 3.52, January 1 2016 INR 2.98).

The principal assumptions used for computation of defined benefit plan equally apply to the computation of non-current compensated absences and are accordingly considered in the estimation of non-current benefits.

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 29: Related Party Disclosures

#### a) Names of related parties and description of relationship

Sl. No	Relationship		Name
(a)	<b>List of related parties where control exists</b>		
(i)	Subsidiaries	1	Rain Cements Limited [RCL]
		2	Renuka Cement Limited [RenCL]
		3	Rain Commodities (USA) Inc. [RCUSA]
		4	Rain Global Services LLC [RGS]
		5	RGS Egypt Limited Company LLC [RGS Egypt] (Sold during the year)
		6	Rain Carbon Inc. [RCI]
		7	Rain Carbon Holdings, LLC [RCH]
		8	Rain CII Carbon (Vizag) Limited [RCCVL]
		9	Rain CII Carbon LLC [RCC]
		10	CII Carbon Corp [CIICC]
		11	Rain RÜTGERS CTP LLC (RRCTP)
		12	Rain Carbon GmbH (RCG) (formerly known as Rain Holding Germany GmbH)
		13	RÜTGERS Canada Inc. [RCan]
		14	RÜTGERS Polymers Limited [RPL]
		15	Handy Chemicals (USA) Ltd [HUSA]
		16	RÜTGERS BVBA ^
		17	RÜTGERS Holdings Belgium BVBA [RHBVBA]^
		18	Rain Carbon BVBA (formerly known as RÜTGERS Belgium BVBA)
		19	VFT Trading BVBA^
		20	VFT France SA [VFSA]
		21	RÜTGERS Holdings Germany GmbH [RHGmbH]
		22	RÜTGERS Wohnimmobilien GmbH & Co.KG
		23	RÜTGERS Gewerbeimmobilien GmbH & Co.KG
		24	RÜTGERS Germany GmbH [RGmbH]
		25	RÜTGERS Aromatic Chemicals GmbH [RACGmbH]*
		26	RÜTGERS ChemTrade GmbH [RCTGmbH]*
		27	RÜTGERS Basic Aromatics GmbH [RBAGmbH]*
		28	RÜTGERS Poland SP Zoo [RPZ]
		29	RÜTGERS InfraTec GmbH [RIGmbH]*
		30	RÜTGERS Novares GmbH [RNGmbH]*
		31	RÜTGERS Resins BV [RRBV]
		32	OOO RÜTGERS Severtar [OOOSevertar]
		33	Severtar Holding Ltd [Severtar]
		34	Rumba Invest BVBA & Co. KG [Rumba]
		35	RÜTGERS (Shanghai) Trading Co. Ltd.



## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Sl. No	Relationship		Name
<b>(b)</b>	<b>Other related parties where transactions have taken place during the year/balances exists at year end</b>		
(ii)	Associates and joint ventures of subsidiaries	1	Tarlog GmbH (Tarlog) (merged into RGmbH wef 01.07.2017) (Investment by RÜTGERS InfraTec GmbH)
		2	InfraTec Duisburg GmbH (IDGmbH) (Investment by RÜTGERS Germany GmbH)
		3	Rain Coke Limited (Rcoke) (Investment by Rain Cements Limited)
(iii)	Enterprise where key managerial personnel along with their relatives exercise significant influence	1	Pragnya Priya Foundation (PPF)
(iv)	Key Managerial Personnel (KMP)	1	Mr. Jagan Mohan Reddy Nellore Managing Director
		2	Mr. T. Srinivasa Rao Chief Financial Officer
		3	Mr. S. Venkat Ramana Reddy Company Secretary
(v)	Non-executive directors	1	Mr. N. Radha Krishna Reddy - Chairman
		2	Mr. N. Sujith Kumar Reddy - Director
		3	Mr. S.L. Rao - Independent Director
		4	Mr. H.L. Zutshi - Independent Director
		5	Mr. Dipankar Basu - Independent Director (till November 11, 2017)
		6	Mr. Krishnan Narayanan - IDBI Nominee Director (till November 30, 2017)
		7	Mr. Varun Batra - Independent Director (since February 28, 2018)
		8	Ms. Radhika Vijay Haribhakti - Independent Director
		9	Ms. Nirmala Reddy - Independent Director

^ Merged with Rain Carbon BVBA retrospectively with effect from 01.01.2017

\* Merged with RÜTGERS Germany GmbH retrospectively with effect from 01.01.2017

### b) Transactions with related parties for the year ended December 31, 2017

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/(From)
<b>Sales</b>					
- RCCVL	211.97	-	-	-	-
<b>Revenue from Services</b>					
- RCCVL	211.25	-	-	-	(0.32)
- RCL	65.04	-	-	-	-
- RCC	54.19	-	-	-	-
- Ruetgers	53.76	-	-	-	(14.80)
<b>Loans Given</b>					
- RCUSA	-	-	-	-	(2,844.89)

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/(From)
<b>Loans Repaid</b>					
- RCUSA	1,314.29	-	-	-	-
<b>Interest Income</b>					
- RCUSA	163.69	-	-	-	(35.81)
<b>Rental Income</b>					
- RCCVL	3.68	-	-	-	-
- RCL	3.69	-	-	-	-
<b>Remuneration*</b> <b>(Short term employee benefits)</b>					
- Jagan Mohan Reddy Nellore	-	-	16.84	-	-
- T Srinivasa Rao	-	-	13.54	-	-
- S Venkat Ramana Reddy	-	-	4.00	-	-
<b>Dividend Paid</b>	-	81.27	0.09	-	-
<b>Donations given</b>					
- PPF	-	2.50	-	-	-
<b>Dividend Income Received from</b>					
- RCL	12.22	-	-	-	-
- RCUSA	381.48	-	-	-	-
<b>Sitting Fee</b>	-	-	-	4.28	-
<b>Commission</b>	-	-	-	3.00	-
<b>Reimbursement of ocean freight &amp; Other Expenses</b>					
- RCC	28.72	-	-	-	-
<b>Reimbursement of payments made to Subsidiary</b>					
- RCCVL	4.61	-	-	-	-
<b>Reimbursements of payments made on behalf of</b>					
- RCCVL	0.18	-	-	-	-
<b>Corporate Guarantee (released)/ given on behalf of the company by</b>					
- RCL	(1,284.34)	-	-	-	1,917.90
- RCCVL	-	-	-	-	1,278.60



## 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 for the year ended December 31, 2016:

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/(From)
<b>Sales</b>					
- RCCVL	285.74	-	-	-	-
<b>Revenue from Services</b>					
- RCCVL	28.34	-	-	-	-
- RCL	52.21	-	-	-	-
- RCC	25.24	-	-	-	(8.12)
- Ruetgers	56.93	-	-	-	(5.10)
<b>Loans Given</b>					
- RCUSA	2,018.70	-	-	-	(4,416.75)
<b>Loans Repaid</b>					
- RCUSA	651.66	-	-	-	-
<b>Interest Income</b>					
- RCUSA	183.47	-	-	-	(58.99)
<b>Remuneration*</b> <b>(Short term employee benefits)</b>					
- Jagan Mohan Reddy Nellore	-	-	16.84		-
- T Srinivasa Rao	-	-	11.75		-
- S Venkat Ramana Reddy	-	-	3.61		-
<b>Dividend Paid</b>	-	81.27	0.09		-
<b>Donations given</b>					
- PPF	-	1.40	-	-	-
<b>Dividend Income Received from</b>					
- RCL	268.24	-	-	-	-
- RCUSA	80.83	-	-	-	-
- RCCVL	69.00	-	-	-	-
<b>Sitting Fee</b>	-	-	-	3.50	-
<b>Commission</b>	-	-	-	2.30	-
<b>Reimbursement of ocean freight &amp; Other Expenses</b>					
- RCC	46.37	-	-	-	-
<b>Advance received from customers</b>					
- RCCVL	65.00	-	-	-	65.00
<b>Reimbursement of payments made to Subsidiary</b>					
- RCCVL	15.28	-	-	-	-
<b>Reimbursements of payments made on behalf of</b>					
- RCCVL	0.54	-	-	-	-
- RCL	0.47	-	-	-	-

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/(From)
<b>Corporate Guarantee (released)/ given on behalf of the company by</b>					
- RCL	2,054.82	-	-	-	3,397.50
- RCCVL	-	-	-	-	1,359.00

### Long term employee benefits paid to Key managerial personnel:

- \* The managerial personnel are covered by the Company's gratuity policy, personal accident insurance policy, mediclaim insurance policy taken and are eligible for leave encashment along with other employees of the Company. The proportionate premium paid towards these policies and provision made for leave encashment pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis

**Terms and conditions of transactions with related parties:** All transactions with these related parties are priced on an arm's length basis and resulting outstanding balances are to be settled in case within 60 days of the reporting date. None of the balance is secured.

No trade or other receivables are due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private limited companies respectively in which any director is a partner or a director or a member.

**Reconciliation of opening and closing balances of loans to related parties as per the requirement of section 186(4) of Companies Act 2013:**

#### a) Loans to Rain Commodities (USA) Inc.

Particulars	For the year ended December 31	
	2017	2016
As at the beginning of the year	4,416.75	2,971.58
Given during the year	-	2,018.70
Repaid during the year	1,314.29	651.66
Exchange differences	257.57	(78.13)
<b>As at the end of the year</b>	<b>2,844.89</b>	<b>4,416.75</b>

**Information pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Particulars	As at December 31	
	2017	2016
Loans in the nature of loan to a subsidiary company		
<b>Loan to Rain Commodities (USA) Inc.:</b>		
Amount outstanding as at the year ended	2,844.89	4,416.75
Maximum amount outstanding	4,416.75	4,990.28

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 30: Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at December 31, 2017	As at December 31, 2016
<b>(I) Contingent liabilities</b>		
<b>(a) In respect of demands/ claims arising on account of:</b>		
- Income tax	170.74	165.82

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that there are no material foreseeable losses on such long term contracts which needs to be provided for in the books of account.

The Company has reviewed all its pending litigations including legal proceedings initiated in the ordinary course of business except as disclosed above. The Company does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.

### Note 31: Operating Leases

The Company has entered into various operating lease agreements for assets comprising of storage and other facilities and amounts aggregating INR3.36 (December 31, 2016 - INR 1.94) paid under such agreements have been charged off in the Statement of Profit and Loss. The minimum lease payments are as follows:

Particulars	As at December 31, 2017	As at December 31, 2016
- Not later than 1 year	-	0.88
- Later than 1 year and not later than 5 years	-	-
- Beyond 5 years	-	-

### Note 32: Earnings per Share (EPS)

Particulars	As at December 31, 2017	As at December 31, 2016
a. Profit for the year	321.06	329.32
b. Weighted average number of equity shares of INR 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
<b>Earnings per Share</b>		
c. Basic and Diluted - [a]/[b] - (INR)	0.95	0.98

## Notes forming part of the Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 33: Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a Corporate Social responsibility (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. Expenditure incurred under Section 135 of the Companies Act, 2013 on CSR activities are as below:

Gross amount required to be spent by the Company during the year ended December 31, 2017 is Nil (December 31, 2016: 1.34)

Particulars	For the year ended December 31, 2017		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than construction / acquisition of any asset – Donations for scholarship	2.50	-	2.50
<b>Total</b>	<b>2.50</b>	<b>-</b>	<b>2.50</b>

Particulars	For the year ended December 31, 2016		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than construction / acquisition of any asset – Donations for scholarship	1.40	-	1.40
<b>Total</b>	<b>1.40</b>	<b>-</b>	<b>1.40</b>

**Note 34:** Previous year's figures have been regrouped/ reclassified wherever necessary, to conform to current year's classification/ disclosure.

As per our report of even date attached  
**for B S R & Associates LLP**  
*Chartered Accountants*  
 Firm registration number: 116231W/ W-100024

**For and on behalf of the Board of Directors of**  
**Rain Industries Limited**  
 CIN : L26942TG1974PLC001693

**Sriram Mahalingam**  
*Partner*  
 Membership number: 049642

**Jagan Mohan Reddy Nellore**  
 Managing Director  
 DIN: 00017633

**Sujith Kumar Reddy Nellore**  
 Director  
 DIN: 00022383

Place: Hyderabad  
 Date : February 28, 2018

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

**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 Indian Accounting Standards ('IND AS') Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Rain Industries Limited (hereinafter referred to as "the Company" or "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising the Consolidated Balance Sheet as at December 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the Companies included in the 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 the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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



## Independent Auditor's Report for the year ended December 31, 2017 (continued)

separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated Ind AS 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 consolidated state of affairs (financial position) of the Group and its associates as at December 31, 2017 and their consolidated profit (financial performance) including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity 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 ₹ 189,573 million and net assets of ₹ 59,842 million as at December 31, 2017, total revenues of ₹ 89,047 million and net cash outflows of ₹ 1,523 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The above financial information is before giving effect to any intra group eliminations and consolidation adjustments. The consolidated Ind AS financial statements also includes the Group's share of net profit of ₹ 8.84 million for the year ended December 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of associates, whose financial statements have not been audited by us. The financial statements of these subsidiaries and associates are drawn up in accordance with the generally accepted accounting principles of the respective countries ('local GAAP') and have been audited by other auditors qualified to act as auditors in such countries. The Company's management has converted the financial statements of such subsidiaries and associates from the local GAAP to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management.

Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures 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, whose financial statements reflect total

assets of ₹ 37,154 million and net assets of ₹ 36,713 million as at December 31, 2017 and total revenues of ₹ Nil and net cash outflows of ₹ 244 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The above financial information is before giving effect to any intra group eliminations and consolidation adjustments. These financial statements are unaudited and have been furnished to us by the Management and our report on the consolidated Ind AS 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, post giving effect to intra group eliminations and consolidation adjustments, these financial statements are not material to the Group.

Our report on the consolidated Ind AS 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

1. 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 Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 (including other comprehensive income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes

## Independent Auditor's Report on the Consolidated Ind AS Financial Statements (continued)

- in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) On the basis of the written representations received from the directors of the Group Companies incorporated in India as on December 31, 2017 taken on record by the respective Board of Directors of the Group Companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on December 31, 2017 from being appointed as a Director of that company 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 in "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, as amended, 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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates. Refer Note 44 to the consolidated Ind AS financial statements.
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 34.10 to the consolidated Ind AS financial statements.
  - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended December 31, 2017;

**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 28, 2018

## **Annexure A to the Independent Auditors' Report of even date on the consolidated Ind AS financial statements of Rain Industries Limited ('the Holding Company')**

### **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 Ind AS financial statements of the Holding Company as of and for the year ended December 31, 2017, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies 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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS financial statements.

## **Annexure- A to the Independent Auditors' Report on the Consolidated Ind AS 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, 2017, 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 issued by ICAI.

*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 28, 2018

# CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2017

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Note	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Property, plant and equipment	3	29,040.78	31,506.76	28,870.44
(b) Capital work in progress	3	4,412.47	2,260.68	4,076.07
(c) Goodwill	4	57,622.46	57,581.30	57,039.83
(d) Other intangible assets	4	233.41	137.90	153.04
(e) Financial assets				
(i) Investments	5	337.96	323.57	126.37
(ii) Loans	6	333.69	306.60	737.29
(iii) Other financial assets	7	-	19.66	158.63
(f) Deferred tax asset (net)	33	2,817.18	2,342.71	3,008.06
(g) Non-current tax assets (net)	33	824.22	607.36	703.53
(h) Other non-current assets	8	335.75	84.75	528.23
<b>2. Current assets</b>				
(a) Inventories	9	19,985.34	12,678.06	16,209.90
(b) Financial assets				
(i) Investments	10	10.00	-	136.69
(ii) Trade receivables	11	16,872.60	10,392.29	11,710.75
(iii) Cash and cash equivalents	12	7,241.69	9,157.35	7,399.55
(iv) Bank balances other than cash and cash equivalents	12	2,174.22	1,281.31	1,026.13
(v) Loans	13	41.70	70.00	594.07
(vi) Other financial assets	14	84.70	59.68	60.69
(c) Other current assets	15	3,134.89	1,984.34	1,752.04
<b>TOTAL</b>		<b>145,503.06</b>	<b>130,794.32</b>	<b>134,291.31</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity share capital	16	672.69	672.69	672.69
(b) Other equity	17	38,768.34	30,975.44	30,452.93
		39,441.03	31,648.13	31,125.62
Non-controlling interests	39	1,013.24	704.99	(20.49)
<b>2. Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	18	37,397.17	68,524.78	69,937.40
(ii) Other financial liabilities	19	341.83	463.79	437.20
(b) Provisions	20	9,654.08	8,301.18	7,353.73
(c) Deferred tax liability (net)	33	1,739.64	2,648.38	4,335.57
(d) Non-current tax liabilities (net)	33	484.92	380.98	430.03
(e) Other non-current liabilities	21	188.21	210.30	322.68
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	22	3,190.80	1,819.34	2,594.25
(ii) Trade payables	23	11,511.57	7,604.12	10,036.76
(iii) Other financial liabilities	24	37,777.85	6,024.93	5,217.50
(b) Other current liabilities	25	906.55	899.79	845.75
(c) Provisions	26	788.94	961.32	887.28
(d) Current tax liabilities (net)	33	1,067.23	602.29	788.03
<b>TOTAL</b>		<b>145,503.06</b>	<b>130,794.32</b>	<b>134,291.31</b>
Corporate information	1			
Significant accounting policies	2			

The notes referred to above form an integral part of the consolidated financial statements

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 28, 2018

For and on behalf of the Board of Directors of  
**Rain Industries Limited**  
CIN: L26942TG1974PLC001693

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

**Sujith Kumar Reddy Nellore**  
Director  
DIN: 00022383

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

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2017

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Note	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>1 Total income</b>			
Revenue from operations	27	114,471.36	94,944.69
Other income	28	1,134.28	1,211.57
<b>Total income</b>		<b>115,605.64</b>	<b>96,156.26</b>
<b>2 Expenses</b>			
Cost of materials consumed		41,047.51	27,995.64
Purchases of stock-in-trade		16,269.12	15,265.45
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(3,019.44)	914.34
Excise duty		1,464.04	2,362.94
Employee benefits expense	30	10,624.07	9,709.33
Finance costs	31	5,946.71	6,308.45
Depreciation and amortisation expense	3&4	5,256.27	5,189.70
Other expenses	32	25,383.59	23,389.99
<b>Total expenses</b>		<b>102,971.87</b>	<b>91,135.84</b>
<b>3 Profit before share of profit of associates, exceptional items and tax (1-2)</b>		<b>12,633.77</b>	<b>5,020.42</b>
<b>4 Share of profit of associates (net of income tax)</b>		<b>8.84</b>	<b>41.53</b>
<b>5 Profit before exceptional items and tax (3+4)</b>		<b>12,642.61</b>	<b>5,061.95</b>
<b>6 Exceptional items</b>	50	<b>1,803.30</b>	<b>261.56</b>
<b>7 Profit before tax (5-6)</b>		<b>10,839.31</b>	<b>4,800.39</b>
<b>8 Tax expense / (benefit)</b>	33		
1. Current tax		4,330.49	2,837.92
2. Deferred tax			
(a) Deferred tax excluding (b) below		(581.65)	(1,045.85)
(b) Impact due to tax reforms in Belgium and US		(830.75)	-
<b>9 Profit for the year (7-8)</b>		<b>7,921.22</b>	<b>3,008.32</b>
<b>10 Other Comprehensive Income/(loss) (net of tax)</b>			
<b>A.</b> (i) Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit plans		(22.63)	(1,106.37)
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.36	380.86
<b>B.</b> (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		507.31	(458.97)
- Effective portion of cash flow hedge		(151.17)	-
(ii) Income tax relating to items that will be reclassified to profit or loss		74.23	(63.96)
<b>Other Comprehensive Income/(loss) for the year</b>		<b>413.10</b>	<b>(1,248.44)</b>
<b>11 Total Comprehensive Income for the year (9+10)</b>		<b>8,334.32</b>	<b>1,759.88</b>
Attributable to:			
- Owners of the Company		8,025.25	1,650.65
- Non-controlling interests		309.07	109.23
<b>12 Of the Total Comprehensive Income above:</b>			
Profit for the year attributable to:			
- Owners of the Company		7,635.87	2,909.42
- Non-controlling interests		285.35	98.90
Other comprehensive income (loss) attributable to:			
- Owners of the Company		389.38	(1,258.77)
- Non-controlling interests		23.72	10.33
<b>13 Earnings per share (face value of INR 2/- each)</b>			
Basic and Diluted (INR.)	47	22.70	8.65
Corporate information	1		
Significant accounting policies	2		

The notes referred to above form an integral part of the consolidated financial statements

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 28, 2018

For and on behalf of the Board of Directors of  
**Rain Industries Limited**  
CIN: L26942TG1974PLC001693

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

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

**Sujith Kumar Reddy Nellore**  
Director  
DIN: 00022383

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

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>A. Cash flow from operating activities</b>		
Profit before taxation	10,839.31	4,800.39
Adjustments for :		
Depreciation and amortisation expense	5,256.27	5,189.70
(Profit)/Loss on sale of property, plant and equipment (net)	(30.21)	(13.11)
Income on redemption of senior secured notes	(23.30)	(469.50)
Interest and other borrowing costs	7,750.01	6,173.11
Interest income	(140.05)	(135.43)
Dividend income from current investments	(1.89)	(9.17)
Advances written off	58.96	-
Provision for inventories	97.57	123.88
Liabilities / provisions no longer required written back	(89.43)	(67.56)
Provision for doubtful debts and advances	3.80	12.24
Share of profit of associates	(8.84)	(41.53)
Foreign exchange (gain) / loss, net	(1,112.78)	222.76
	<b>11,760.11</b>	<b>10,985.39</b>
<b>Operating profit before working capital changes</b>	<b>22,599.42</b>	<b>15,785.78</b>
<b>Adjustments for changes in working capital:</b>		
Inventories	(7,332.10)	3,615.86
Trade receivables	(6,359.24)	1,347.67
Financial assets and other assets	(686.93)	(15.62)
Trade payables, other liabilities and provisions	4,462.04	(2,029.62)
	<b>(9,916.23)</b>	<b>2,918.29</b>
<b>Cash generated from operations</b>	<b>12,683.19</b>	<b>18,704.07</b>
Income taxes paid, net	(4,002.32)	(3,036.61)
<b>Net cash from operating activities</b>	<b>8,680.87</b>	<b>15,667.46</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets, including capital advances	(4,565.93)	(4,829.74)
Proceeds from sale of property, plant and equipment	167.53	36.32
Loans repaid during the year	133.70	-
Cash paid for acquisition of Tarlog	7.62	-
Purchase of current investments	(200.00)	-
Proceeds from sale of investments, net	182.38	135.62
Bank deposits and other bank balances	(874.94)	(269.41)
Interest received	112.93	129.37
Dividends received on current investments	1.89	9.17
<b>Net cash used in investing activities</b>	<b>(5,034.82)</b>	<b>(4,788.67)</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017 (contd...)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>C. Cash flow from financing activities</b>		
Redemption of preference shares	-	(1.35)
Proceeds from non-current borrowings	38,589.56	2,108.62
Repayment of non-current borrowings	(38,482.61)	(3,713.50)
Proceeds/(Repayment) of current borrowings, net	1,450.74	(837.30)
Sales tax deferment paid	(35.94)	(48.70)
Interest and other borrowing costs paid	(6,387.73)	(5,868.00)
Dividend paid (including tax on dividend)	(338.84)	(505.87)
<b>Net cash used in financing activities</b>	<b>(5,204.82)</b>	<b>(8,866.10)</b>
 <b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	 <b>(1,558.77)</b>	 <b>2,012.69</b>
<b>Cash and cash equivalents - opening balance</b>	<b>9,157.35</b>	<b>7,396.54</b>
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(356.89)	(251.88)
 <b>Cash and cash equivalents - closing balance</b>	 <b>7,241.69</b>	 <b>9,157.35</b>

### Notes:

(i) The above consolidated cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows.

### (ii) Components of Cash and cash equivalents

Cash on hand	5.07	5.58
Cheques/ drafts on hand	0.71	1.70
Balances with banks:		
- in current accounts	6,923.04	8,561.60
- in exchange earners foreign currency (EEFC) accounts	16.57	11.76
- in deposit accounts (with original maturity of three months or less)	296.30	576.71
	<b>7,241.69</b>	<b>9,157.35</b>

(iii) Comparative figures of the previous year, where necessary, have been regrouped to conform to those of the current year.

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 28, 2018

**For and on behalf of the Board of Directors of  
Rain Industries Limited**  
CIN: L26942TG1974PLC001693

**Jagan Mohan Reddy Nellore**  
Managing Director  
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**T. Srinivasa Rao**  
Chief Financial Officer  
M. No.: F29080

**Sujith Kumar Reddy Nellore**  
Director  
DIN: 00022383

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



All amounts are in Indian Rupees Millions, except share data and where otherwise stated

## Consolidated Financial Statements

## Consolidated Statement of changes in Equity for the year ended December 31, 2017 (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	Equity share capital	Attributable to Owners of the Company						Other Comprehensive Income (loss)		Attributable to non-controlling interest	Total
		Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve	Remeasurements of defined benefit plans		
Balance as on January 1, 2016	672.69	43.98	516.67	47.66	1,255.68	29,044.85	-	(455.91)	-	(20.49)	31,105.13
Profit for the year	-	-	-	-	-	2,909.42	-	-	-	98.90	3,008.32
<b>Other comprehensive income (loss) for the year</b>											
- Foreign currency translation reserve (net of tax)	-	-	-	-	-	-	-	-	-	-	-
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	(533.26)	-	10.33	(522.93)
<b>Total Comprehensive Income (loss) for the year</b>	-	-	-	-	-	<b>2,909.42</b>	-	<b>(533.26)</b>	<b>(725.51)</b>	<b>109.23</b>	<b>1,759.88</b>
Dividends including dividend distribution tax (Refer Note 16(ii))	-	-	-	-	-	(499.27)	-	(6.50)	-	-	(505.77)
Transfer to General reserve	-	-	-	-	77.01	(77.01)	-	-	-	-	-
Purchase of non-controlling interest adjusted to retained earnings (Refer Note 36)	-	-	-	-	-	(613.42)	-	-	-	613.42	-
Depreciation as per Transitional Provisions (Refer Note 3)	-	-	-	-	-	(15.84)	-	-	-	-	(15.84)
Others	-	-	-	-	-	6.89	-	-	-	2.83	9.72
<b>Balance as on December 31, 2016</b>	<b>672.69</b>	<b>43.98</b>	<b>516.67</b>	<b>47.66</b>	<b>1,332.69</b>	<b>30,755.62</b>	<b>-</b>	<b>(995.67)</b>	<b>(725.51)</b>	<b>704.99</b>	<b>32,353.12</b>

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 28, 2018

For and on behalf of the Board of Directors of

**Rain Industries Limited**

CIN: L26942TG1974PLC001693

**Jagan Mohan Reddy Nellore**

Managing Director

DIN: 00017633

**Sujith Kumar Reddy Nellore**

Director

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**S. Venkat Ramana Reddy**

Company Secretary

M. No.: A14143

**T. Srinivasa Rao**

Chief Financial Officer

M. No.: F29080

## Notes forming part of the Consolidated Financial Statements

### Note 1: Corporate Information

Rain Industries Limited ("RIL" or "the Company" or the "Parent Company" or the "Holding Company") was incorporated on March 15, 1974 under the Companies Act, 1956 ("the Act") domiciled in India and headquartered in Hyderabad. The Company along with its subsidiaries and associates ("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 ("WHR") and other derivatives of coal tar distillation including creosote oil, naphthalene, phthalic anhydride and others. Chemicals include resins, modifiers, superplasticizers, aromatic chemicals, and others. The manufacture and sale of cement has been classified as Cement.

### Note 2: Significant Accounting Policies

#### a) Basis of preparation of Consolidated Financial Statements

##### (i) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

For all periods up to and including the year ended December 31, 2016, the Group has prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'previous GAAP').

As these are the Group's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 – "First-time Adoption of Indian Accounting Standards" has been applied. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the consolidated Balance Sheet, consolidated Statement of Profit and Loss and consolidated Statement of Cash Flows are provided in note 36.2.

The consolidated financial statements have been prepared on a going concern basis. Relevant Ind AS effective as on Company's annual reporting date December 31, 2017 have been applied. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements, including the preparation of the opening Ind AS Balance Sheet as at January 1, 2016 being the 'date of transition' to Ind AS.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on February 28, 2018.

##### (ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR) which is the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

##### (iii) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

Items	Measurement basis
Derivative financial instruments	Fair value
Certain financial assets and liabilities (refer accounting policy regarding financial instruments)	Fair value
Non-cash distribution liability	Fair value
Net defined benefit asset/liability	Fair value of plan assets less present value of defined benefit plan
Inventories	Lower of cost or net realisable value
Borrowings	Amortised cost using effective interest rate method

## Notes forming part of the Consolidated Financial Statements (Contd.)

### (iv) Use of estimates

In preparing these Consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Accounting estimates could change from period to period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and appropriate changes are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are reflected in the period in which such changes are made and if material, their effects are disclosed in the financial statements.

### Assumptions and estimation uncertainties

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- Measurement of defined benefit obligations: key actuarial assumptions used in measurement. (Refer note 40)
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (Refer note 44 and 52)
- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used & utilisation of Minimum Alternate Tax. (Refer note 33)
- Useful life of property, plant and equipment (Refer note 2(d))
- Impairment of financial & non-financial assets. (Refer note 34)
- Provision for inventories (Refer note 9)
- Provision for loss allowance on trade receivables (Refer note 34)
- Measurement of borrowings at amortised cost using effective interest rate method (Refer note 18)

### Current and Non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group'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.

**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

## Notes forming part of the Consolidated Financial Statements (Contd.)

- 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.

### (v) Measurement of Fair value

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group engages with external valuers for measurement of fair values in the absence of quoted prices in active markets.

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

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

For changes that have occurred between levels in the hierarchy during the period, the Group re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in Note 34.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

## Notes forming part of the Consolidated Financial Statements (Contd.)

### (vi) Principles of Consolidation

#### Business Combination

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS, viz. Ind AS 103- "*Business Combinations*", to only those business combinations that occurred on or after January 1, 2016. In accordance with Ind AS 103- "*Business Combinations*", the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income ("OCI") and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in consolidated statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in consolidated statement of profit and loss.

In respect of such business combinations prior to January 1, 2016 Goodwill represents the amount recognised under the Group's previous GAAP adjusted for the reclassification of certain intangibles.

#### Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## Notes forming part of the Consolidated Financial Statements (Contd.)

### Subsidiaries

Subsidiary entities are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that gives the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interest and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement of profit or loss.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

### Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

### Foreign Currency Transactions

For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.



## Notes forming part of the Consolidated Financial Statements (Contd.)

### *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in consolidated statement of profit and loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in statement of profit and loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to statement of profit and loss on disposal of the net investment or disposal of operations.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to statement of profit and loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences are recognised in statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI.

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (iii)); and
- qualifying cash flow hedges to the extent that the hedges are effective.

### *Foreign operations*

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after January 1, 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to statement of profit and loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is



## Notes forming part of the Consolidated Financial Statements (Contd.)

re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to statement of profit and loss.

### *Hedge of a net investment in a foreign operation*

The Group applies hedge accounting to exchange differences arising between the functional currency of the foreign operation and the Group's functional currency (INR). To the extent that the hedge is effective, exchange differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in OCI and accumulated under other equity. Any remaining differences are recognised in profit or loss.

### **Preparation of consolidated financial statements**

The Financial Statements of the subsidiaries and associates used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e. year ended December 31, 2017 and are audited. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Ind AS12 – "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions. Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Companies considered in the consolidated financial statements alongwith Rain Industries Limited are:

S. No	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2017	December 31, 2016
1	Rain Cements Limited (RCL)	Subsidiary	India	100	100
2	Rain Commodities (USA) Inc. (RCUSA)	Subsidiary	United States of America (U.S.A.)	100	100
3	Renuka Cement Limited (RenCL)	Subsidiary of RCL	India	100	100
4	Rain Carbon Inc. (RCI)	Subsidiary of RCUSA	U.S.A.	100	100
5	Rain Carbon Holdings, LLC (RCH) See note (iv) below	Subsidiary of RCI	U.S.A.	100	100
6	Rain Global Services LLC (RGS)	Subsidiary of RCUSA	U.S.A.	100	100
7	RGS Egypt Limited Company L.L.C (RGS Egypt)	Subsidiary of RGS	Egypt	0	51

## Notes forming part of the Consolidated Financial Statements (Contd.)

S. No	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2017	December 31, 2016
8	Rain CII Carbon (Vizag) Limited (RCCVL)	Subsidiary of RCH	India	100	100
9	Rain CII Carbon LLC (RCC)	Subsidiary of RCH	U.S.A.	100	100
10	CII Carbon Corp. (CIICC)	Subsidiary of RCC	U.S.A.	100	100
11	Rain RÜTGERS CTP LLC (RRCTP)	Subsidiary of RCI	U.S.A.	100	100
12	Rain Carbon GmbH (formerly Rain Holding Germany GmbH) (RCG)#	Subsidiary of RCC	Germany	100	100
13	RÜTGERS BVBA (RBVBA) (formerly RÜTGERS N.V. (RNV)) # See note (i) below	Subsidiary of RCG	Belgium	0	100
14	Handy Chemicals (U.S.A.) Ltd. (HUSA)#	Subsidiary of RCC	U.S.A.	100	100
15	RÜTGERS Canada Inc. (RCan)#	Subsidiary of RCC	Canada	100	100
16	RÜTGERS Polymers Limited (RPL)#	Subsidiary of RCC	Canada	100	100
17	RÜTGERS Holding Belgium BVBA (RHBVBA)^ See note (i) below	Subsidiary of RCG & RBVBA	Belgium	0	100
18	Rain Carbon BVBA (formerly RÜTGERS Belgium BVBA (RCBVBA))	Subsidiary of RCG	Belgium	100	100
19	RÜTGERS Holding Germany GmbH (RHGmbH)	Subsidiary of RCG	Germany	100	100
20	RÜTGERS Wohnimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
21	RÜTGERS Gewerbeimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
22	Rain RÜTGERS LLC*	Subsidiary of RCBVBA	Russia	100	0
23	VFT Trading BVBA (VBVBA) (formerly VFT Trading N.V. (VNV)) See note (i) below	Subsidiary of RCBVBA	Belgium	0	100
24	VFT France S.A (VFSA)	Subsidiary of RCBVBA	France	100	100
25	Rumba Invest BVBA & Co. KG (Rumba)	Subsidiary of RHGmbH	Germany	94.9	94.9

## Notes forming part of the Consolidated Financial Statements (Contd.)

S. No	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2017	December 31, 2016
26	RÜTGERS Germany GmbH (RGmbH)	Subsidiary of RHGmbH	Germany	99.7	99.7
27	RÜTGERS Aromatic Chemicals GmbH (RACGmbH) See note (ii) below	Subsidiary of RGmbH	Germany	0	100
28	RÜTGERS InfraTec GmbH (RIGmbH) See note (ii) below	Subsidiary of RGmbH	Germany	0	100
29	RÜTGERS ChemTrade GmbH (RCTGmbH) See note (ii) below	Subsidiary of RGmbH	Germany	0	100
30	RÜTGERS Basic Aromatics GmbH (RBAGmbH) See note (ii) below	Subsidiary of RGmbH	Germany	0	100
31	RÜTGERS Novares GmbH (RNGmbH) See note (ii) below	Subsidiary of RGmbH	Germany	0	100
32	RÜTGERS Poland Sp. z o.o (RPZ)	Subsidiary of RGmbH	Poland	100	100
33	Severtar Holding Ltd. (Severtar)	Subsidiary of RHGmbH	Cyprus	65.3	65.3
34	RÜTGERS Resins BV (RRBV)	Subsidiary of RGmbH	The Netherlands	100	100
35	OOO RÜTGERS Severtar (OOOSevertar)	Subsidiary of Severtar	Russia	65.3	65.3
36	InfraTec Duisburg GmbH (IDGmbH)	Investment in Associates by RGmbH	Germany	30	30
37	Tarlog GmbH (Tarlog) See note (iii) below	Investment in Associates by RGmbH	Germany	0	50
38	Rain Coke Limited	Investment in Associates by RCL	India	51	51
39	RÜTGERS (Shanghai) Trading Co. Ltd.	Subsidiary of RGmbH	China	100	100

# Subsidiary of Rain CTP up to November 2016.

^ Subsidiary of Rain CTP and RNV upto November 2016.

\* Incorporated during 2017

- (i) Merged into Rain Carbon BVBA, retrospectively January 1, 2017,
- (ii) Merged into RÜTGERS Germany GmbH, retrospectively January 1, 2017.
- (iii) Acquired balance 50% in Q3 2017 and merged into RÜTGERS Germany GmbH as at July 1, 2017.
- (iv) Subsidiary of RGH up to November 2016: Subsidiary of RCI from November 2016.

## Notes forming part of the Consolidated Financial Statements (Contd.)

### b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue from the sale of goods is recognised when there is no continuing involvement over the goods and the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. The timing of transfers of risks and rewards varies depending on the individual terms of sale. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, taking into account the contractually defined terms of payment, net of returns and allowances, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Duty liability of the Group as a manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not, such as excise duties are to the Group's own account and accordingly, revenue includes excise duties. Sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue. Consequent to the introduction of Goods and Services Tax (GST) in India with effect from July 1, 2017, Central Excise, Value Added Tax (VAT) for Indian subsidiaries etc. have been subsumed into GST.

Revenue from sale of carbon products also include sale of co-generated energy generated in the process which is sold to industrial consumers in accordance with the underlying contract terms and is recorded exclusive of electricity duty payable to Government authorities.

Revenue from services rendered is recognised when the related services are performed in accordance with contract terms.

Revenues 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 revenues.

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.

Dock revenue is accrued on completion of the service in line with terms of the contract.

### c) 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, which is generally when shareholders approve the dividend.

### d) Property, plant and equipment

Property, plant and equipment are stated at cost/deemed cost less accumulated depreciation. Cost includes directly attributable to the acquisition of the items including its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. 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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and

## Notes forming part of the Consolidated Financial Statements (Contd.)

equipment recognised as at January 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

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.

Depreciation for companies in India are provided at the rates specified in the Schedule II to the Companies Act, 2013 for all blocks of assets 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.
- 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.

The estimated useful lives are as follows:

Items	Years
Buildings	3-77
Furniture and Fixtures	1-15
Land held under lease	22-125
Office equipment	3-20
Plant and equipment	2-60
Vehicles	4-20

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

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.

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 statement of profit and loss.

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### ***Provision for site restoration***

## Notes forming part of the Consolidated Financial Statements (Contd.)

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated site is recognised as and when as the site is used and related restoration or environmental obligations occur. The provision is measured at the present value of the best estimate of the cost of restoration or agreed redemption plan.

### e) **Other intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit and loss in the period in which the expenditure is incurred.

The estimated useful lives are as follows:

Items	Years
License and franchise	3-20
Other intangibles	3-20

Intangible assets which are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. There are no intangible assets with indefinite life.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

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

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at January 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

### f) **Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

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.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a

## Notes forming part of the Consolidated Financial Statements (Contd.)

pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset). Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss recognised in respect of Goodwill is not subsequently reversed. For other assets, 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 Ind AS 36 - "*Impairment of Assets*".

### g) **Impairment of financial assets**

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due over a reasonable period of credit
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than its credit period (21-180 days past due). The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset past due over its normal credit period

### **Measurement of expected credit losses**

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the



## Notes forming part of the Consolidated Financial Statements (Contd.)

write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### h) **Inventories**

Inventories are valued at lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Raw materials, packing materials and stores and spares are valued at cost computed on moving weighted average basis, after providing for obsolescence, if any. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

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 including depreciation. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Stores and spares are valued at cost determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Traded goods are valued at lower of weighted average cost and net realisable value. Goods in transit are valued at cost or below.

### i) **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.

Under first-time adoption of Ind AS, the Company has elected to measure its investment in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., January 1, 2016.

### j) **Retirement and other employee benefits**

#### **Defined contribution plans**

Contributions paid/payable under defined contribution plans are recognised in the Statement of Consolidated 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. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:



## Notes forming part of the Consolidated Financial Statements (Contd.)

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### **Other long-term employee benefits**

The employees of the Group entitled to Compensated absences. The employees can carry forward the portion of unutilised accumulated compensated absences and utilise it in future periods or encash the leave balance during the period of employment or termination or retirement of the employment. The Group records an obligation for compensated absences in the period in which the employee renders services that increased this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of reporting year, based on actuarial valuation using projected unit credit method carried out in accordance with Ind AS-19 "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.

## **k) Segment Reporting**

An operating segment is the component of the Group that engages in business activities from which it may earn revenues and incur expenses, includes revenue and expenses that relate to transactions with any of the Group's other components and for which discreet financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess the performance. The business segments have been identified based on the nature of products, risks and return, organisation structure and internal financial reporting.

The Group currently has the following segments:

- o Carbon
- o Chemicals
- o Cement

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.

## **l) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to January 1, 2016, the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

## Notes forming part of the Consolidated Financial Statements (Contd.)

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 Statement of consolidated statement of profit and loss on a straight-line basis over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### m) **Financial instruments**

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

#### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### **Financial assets: Business model assessment**

The Group makes an assessment of the objective of the business model in which a financial asset is held at an individual asset level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

## Notes forming part of the Consolidated Financial Statements (Contd.)

### Financial assets:

#### Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### Financial assets: Subsequent measurement and gains and losses

**Financial assets at FVTPL:** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

**Financial assets at amortised cost:** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

**Debt investments at FVOCI:** These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.

**Equity investments at FVOCI:** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;

## Notes forming part of the Consolidated Financial Statements (Contd.)

and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### **Financial liabilities:**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### **Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate method.

Any changes in the terms of the borrowings or management estimates are considered in measurement of financial liability as on balance sheet date.

Financial liabilities carried at fair value through statement of profit and loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **Offsetting:**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

### **n) Derivative Financial Instruments and Hedge Accounting**

#### *Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;

## Notes forming part of the Consolidated Financial Statements (Contd.)

- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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 OCI and would be transferred to the statement of consolidated profit and loss upon sale or disposal of the investment in the non-integral foreign operations.

### Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

### o) 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.

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.

### p) Tax Expense

Income tax expenses comprises of current tax and deferred tax. It is recognised in consolidated statement of profit and loss to the extent that it relates to an item recognised directly in equity or other comprehensive income.

#### *Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying

## Notes forming part of the Consolidated Financial Statements (Contd.)

transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, 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 Group 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.

### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- taxable temporary differences arising on the initial recognition of goodwill.

The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in statement of profit and loss.



## Notes forming part of the Consolidated Financial Statements (Contd.)

### q) **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 up to the date of capitalisation of such asset is added to the cost of the assets.

Deferred finance consists of loan financing fees, which are being amortised over the estimated life of the loan. Such life of the loan is reviewed by management on an ongoing basis. The Group considers its plans to repay the borrowings in determining the life of the asset. Amortisation of deferred finance cost is included in other borrowing costs of statement of profit and loss. Other borrowings costs including redemption premium are recognised in the period in which they are incurred.

### r) **Statement of Cash Flows and Cash & cash equivalents**

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.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term, highly liquid investments with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### s) **Provisions and Contingencies**

A provision is recognised when the Group has a present, legal and constructive 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are disclosed in the notes to the consolidated financial statements. A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

### t) **Dividend declared**

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Interim dividend is recorded as a liability on the date of declaration by the Board of Directors.

## Notes forming part of the Consolidated Financial Statements (Contd.)

### u) Recent Accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7- "*Statement of cash flows*". These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7. The amendments are applicable to the Group from January 1, 2018.

#### **Amendment to Ind AS 7:**

The amendment to Ind AS 7- "*Statement of cash flows*" requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 3: Property, plant and equipment and Capital work in progress

Description	Gross Block (At Cost)					Accumulated Depreciation				Net Block	
	As at January 1, 2017	Additions / Adjustments	Deletions / Adjustments	Exchange difference	As at December 31, 2017	As at January 1, 2017	For the year	Deletions / Adjustments	Exchange difference	As at December 31, 2017	As at December 31, 2016
Land - freehold	773.34	11.77	0.68	(8.14)	776.29	4.47	0.03	-	0.53	771.26	768.87
Land - leasehold (Refer note (viii) below)	39.17	2.76	-	-	41.93	0.33	0.34	-	-	41.26	38.84
Buildings											
Owned (Refer note (ii) and (iii) below)	5,345.73	104.02	77.04	(58.44)	5,314.27	826.89	429.10	16.88	(24.74)	4,099.90	4,518.84
Taken under finance lease (Refer note (v) below)	12.04	-	-	(1.16)	10.88	4.40	2.53	-	(1.40)	5.35	7.64
Plant and equipment											
Owned (Refer note (ii) and (iii) below)	29,325.06	2,551.19	495.68	(616.33)	30,764.24	4,286.17	4,427.94	(194.51)	(898.35)	22,753.97	25,038.89
Taken under finance lease	190.63	-	-	12.58	203.21	38.44	39.27	-	3.95	121.55	152.19
Furniture and fixtures	771.64	316.95	19.73	56.19	1,125.05	160.33	153.17	(10.96)	(8.52)	809.11	611.31
Vehicles	133.13	46.20	33.31	0.79	146.81	27.61	36.62	(18.16)	(49.09)	113.51	105.52
Office equipment											
Owned	356.64	147.78	59.56	4.83	449.69	91.98	99.81	(14.27)	(81.24)	324.87	264.66
<b>Total Property, Plant and Equipment (A)</b>	<b>36,947.38</b>	<b>3,180.67</b>	<b>686.00</b>	<b>(609.68)</b>	<b>38,832.37</b>	<b>5,440.62</b>	<b>5,188.81</b>	<b>(221.02)</b>	<b>(1,058.86)</b>	<b>29,040.78</b>	<b>31,506.76</b>
Capital work in progress (B)	2,260.69	2,531.24	372.76	(6.69)	4,412.48	-	-	-	-	4,412.48	2,260.69
<b>Total (A+B)</b>	<b>39,208.07</b>	<b>5,711.91</b>	<b>1,058.76</b>	<b>(616.37)</b>	<b>43,244.85</b>	<b>5,440.62</b>	<b>5,188.81</b>	<b>(221.02)</b>	<b>(1,058.86)</b>	<b>33,453.26</b>	<b>33,767.45</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Description	Gross Block (At Deemed Cost / Cost)					Accumulated Depreciation					Net Block	
	As at January 1, 2016	Additions / Adjustments	Deletions / Adjustments	Exchange difference	As at December 31, 2016	As at January 1, 2016	For the year	Deletions / Adjustments	Exchange difference	As at December 31, 2016	As at December 31, 2016	As at January 1, 2016
Land - freehold	718.33	42.11	0.03	12.93	773.34	-	4.64	-	(0.17)	4.47	768.87	718.33
Land - leasehold (Refer note (viii) below)	35.58	3.58	-	0.01	39.17	-	0.33	-	-	0.33	38.84	35.58
Buildings												
Owned (Refer note (ii) and (iii) below)	3,187.23	1,953.20	23.47	228.77	5,345.73	-	324.68	436.81	939.02	826.89	4,518.84	3,187.23
Taken under finance lease (Refer note (v) below)	10.20	-	-	1.84	12.04	-	2.76	-	1.64	4.40	7.64	10.20
Plant and equipment												
Owned (Refer note (ii) and (iii) below)	23,713.78	5,463.20	449.32	597.40	29,325.06	-	4,425.42	(268.93)	(408.18)	4,286.17	25,038.89	23,713.78
Taken under finance lease	192.81	-	-	(2.18)	190.63	-	39.73	-	(1.29)	38.44	152.19	192.81
Furniture and fixtures	609.82	185.14	11.60	(11.72)	771.64	-	178.79	(13.01)	(31.47)	160.33	611.31	609.82
Vehicles	127.47	21.35	18.48	2.79	133.13	-	40.66	(9.24)	(22.29)	27.61	105.52	127.47
Office equipment												
Owned	275.22	89.62	18.19	9.99	356.64	-	97.68	(0.71)	(6.41)	91.98	264.66	275.22
<b>Total Property, Plant and Equipment (A)</b>	<b>28,870.44</b>	<b>7,758.20</b>	<b>521.09</b>	<b>839.83</b>	<b>36,947.38</b>	-	<b>5,114.69</b>	<b>144.92</b>	<b>470.85</b>	<b>5,440.62</b>	<b>31,506.76</b>	<b>28,870.44</b>
<b>Capital work in progress (B)</b>	<b>4,076.07</b>	<b>(984.74)</b>	<b>832.87</b>	<b>2.23</b>	<b>2,260.69</b>	-	-	-	-	-	<b>2,260.69</b>	<b>4,076.07</b>
<b>Total (A+B)</b>	<b>32,946.51</b>	<b>6,773.46</b>	<b>1,353.96</b>	<b>842.06</b>	<b>39,208.07</b>	-	<b>5,114.69</b>	<b>144.92</b>	<b>470.85</b>	<b>5,440.62</b>	<b>33,767.45</b>	<b>32,946.51</b>

### Notes:

- Certain movable and immovable property, plant and equipment are hypothecated against the current and non-current borrowings availed by the Group. Refer Note 18 and 22.
- Includes plant and equipment installed and buildings constructed on leasehold land and depreciated over lease period.
- Include capitalisation of borrowing costs mainly on plant and equipment amounting to Nil (December 31, 2016: INR 13.89).
- On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at January 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.
- The carrying value of buildings held by the Group under finance lease as at December 31, 2017 is INR 5.35 (December 31, 2016 - INR 7.64). For details regards future minimum lease payments at the end of the year, Refer Note 45.
- For contractual commitments with respective capital work-in-progress, Refer Note No. 44
- The Group has followed the component accounting during the previous year and the additional depreciation resulted due to the transitional provision has been adjusted against retained earnings.
- Leasehold land pertains to mining in Rain Cements Limited.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 4: Goodwill and Other Intangible assets:

Description	Gross Block (At Cost)				Accumulated Amortisation				Net Block	
	As at January 1, 2017	Additions / Adjustments	Deletions / Adjustments	Exchange difference	As at December 31, 2017	For the year	Deletions / Adjustments	Exchange difference	As at December 31, 2017	As at December 31, 2016
<b>Goodwill (A)</b> (Refer Note (iii))	57,581.30	33.65	-	7.51	57,622.46	-	-	-	57,622.46	57,581.30
<b>Other Intangible assets:</b>										
Licenses and franchise	208.52	130.60	(193.71)	(376.18)	156.65	67.46	(180.07)	(359.85)	196.67	136.22
Other intangible assets	2.49	34.06	-	1.41	37.96	0.81	-	0.41	36.74	1.68
<b>Total Other Intangible assets (B)</b>	211.01	164.66	(193.71)	(374.77)	194.61	67.46	(180.07)	(359.44)	233.41	137.90
<b>Total A+B</b>	<b>57,792.31</b>	<b>198.31</b>	<b>(193.71)</b>	<b>(367.25)</b>	<b>57,817.07</b>	<b>67.46</b>	<b>(180.07)</b>	<b>(359.44)</b>	<b>57,855.87</b>	<b>57,719.20</b>

Description	Gross Block (At Deemed Cost)				Accumulated Amortisation				Net Block	
	As at January 1, 2016	Additions / Adjustments	Deletions / Adjustments	Exchange difference	As at December 31, 2016	For the year	Deletions / Adjustments	Exchange difference	As at December 31, 2016	As at January 1, 2016
<b>Goodwill (A)</b>	57,039.83	-	-	541.47	57,581.30	-	-	-	57,581.30	57,039.83
<b>Other Intangible assets:</b>										
Licenses and franchise	151.67	60.10	0.84	(2.41)	208.52	74.20	(0.84)	(2.75)	136.22	151.67
Other intangible assets	1.37	1.12	-	-	2.49	0.81	-	-	1.68	1.37
<b>Total Other Intangible assets (B)</b>	153.04	61.22	0.84	(2.41)	211.01	75.01	(0.84)	(2.75)	137.90	153.04
<b>Total A+B</b>	<b>57,192.87</b>	<b>61.22</b>	<b>0.84</b>	<b>539.06</b>	<b>57,792.31</b>	<b>75.01</b>	<b>(0.84)</b>	<b>(2.75)</b>	<b>57,719.20</b>	<b>57,192.87</b>

### Notes:

- On transition to Ind AS, the Group has elected to continue with the carrying value of all of its Goodwill and other intangible assets recognised as at January 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost.
- For impairment analysis performed for Goodwill on consolidation, Refer Note 38.
- On July 1, 2017 the Group made a step up acquisition in Tarlog GmbH, there by increasing the holding to 100% resulting in Goodwill of INR 33.65. The entity has been merged with the Group. The acquisition is not material to the Group and hence additional disclosures under Ind AS 103- "Business Combinations" are not provided.

## 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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 5: Non-current investments</b>			
<b>A. Investment in equity shares</b>			
<b>(i) of associates (unquoted, at cost)</b>			
- InfraTec Duisburg GmbH – 7,500 (December 31, 2016: 7,500; January 1, 2016: 7,500) ordinary shares with no par value	71.35	58.59	17.91
- Tarlog GmbH – Nil (December 31, 2016: 50,000, January 1, 2016: 50,000) ordinary shares with no par value*	-	-	-
- Rain Coke Limited (6,762,600 (December 31, 2016: 6,762,600, January 1, 2016: 6,762,600) equity shares of INR 10 each fully paid up)	67.60	67.60	67.60
<b>(ii) in other entities</b>			
<b>At FVOCI (Fair value through Other           comprehensive income)</b>	26.05	24.42	24.72
- Arsol Aromatics GmbH & Co. - 1,365,860 ( December 31, 2016 : 1,365,860, January 1, 2016 : 1,365,860) ordinary shares with no par value			
<b>At FVTPL (Fair value through Profit and loss)</b>	16.00	16.00	16.00
- Andhra Pradesh Gas Power Corporation Limited			
134,000 (December 31, 2016 : 134,000, January 1, 2016: 134,000) equity shares of INR 10 each fully paid up			
<b>B. Investment in Compulsory Convertible     Debentures (carried at amortised cost)</b>	156.77	156.77	-
- Rain Coke Limited (12.5% 15,677,000 (December 31, 2016: 15,677,000, January 1, 2016 : 15,677,000) Debentures of INR 10 each)			
<b>C. Investment in Government securities carried     at Fair value through profit and loss (FVTPL)     (unquoted)</b>			
- National Savings Certificates	0.19	0.19	0.14
<b>Total</b>	<b>337.96</b>	<b>323.57</b>	<b>126.37</b>
* Considering the losses, the investment value was written down to zero during the year 2015. On July 1, 2017 the Group made a step up acquisition in Tarlog GmbH, there by increasing the holding to 100% resulting in Goodwill of INR 33.65. The entity has been merged with the Group. The acquisition is not material to the Group and hence additional disclosures under Ind AS 103- "Business Combinations" are not provided.			
(a) aggregate book value and market value of quoted investments	-	-	-
(b) aggregate value of unquoted investments	337.96	323.57	126.37

## 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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 6: Non-current loans</b>			
<b>(Unsecured, considered good unless otherwise stated)</b>			
Security deposits	108.01	87.93	135.46
Loans and advances			
- to employees	5.88	5.87	5.80
- to others	0.46	0.50	0.61
Electricity deposit	196.73	196.73	157.83
Others	22.61	15.57	437.59
<b>Total</b>	<b>333.69</b>	<b>306.60</b>	<b>737.29</b>

### Note 7: Other non-current financial assets

Bank deposits due to mature after 12 months of the reporting date (Refer note 12)*	-	19.00	1.86
Interest accrued on deposits	-	0.66	-
Advance paid for purchase of debentures	-	-	156.77
	<b>-</b>	<b>19.66</b>	<b>158.63</b>

\* Includes lien marked deposits with government authorities and customers.

### Note 8: Other non-current assets

**(Unsecured, considered good unless otherwise stated)**

Capital advances	286.72	34.24	473.05
Advances other than capital advances:			
Prepaid expenses	1.57	1.97	2.50
Prepaid operating lease rental *	19.90	20.29	24.50
Balances with Statutory authorities	27.56	13.11	13.11
Others	-	15.14	15.07
<b>Total</b>	<b>335.75</b>	<b>84.75</b>	<b>528.23</b>

\* This includes operating lease rentals pertaining to land taken on lease from Visakhapatnam Port Trust till October 27, 2022, being amortised on straightline basis in accordance with Ind AS.

### Note 9: Inventories

**(At lower of cost and net realisable value)**

a) Raw materials	8,976.23	4,913.04	7,727.71
b) Work-in-progress	1,520.83	1,196.53	961.33
c) Finished goods	5,794.53	3,804.94	4,034.63
d) Stock-in-trade	1,982.77	1,156.28	2,007.81

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 9: Inventories (contd.)

(At lower of cost and net realisable value)

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
e) Stores and spares	1,438.17	1,239.60	1,151.82
f) Packing materials	112.54	93.56	92.79
g) Fuel	160.27	274.11	233.81
<b>Total</b>	<b>19,985.34</b>	<b>12,678.06</b>	<b>16,209.90</b>
<b>Goods-in-transit, included above</b>			
a) Raw materials	1,218.85	563.41	406.61
b) Finished goods	-	24.92	51.69
c) Stock-in-trade	236.89	177.90	256.65
d) Stores and spares	2.27	4.20	5.14
e) Packing materials	-	5.55	5.36
f) Fuel	3.17	27.14	26.66
<b>Total</b>	<b>1,461.18</b>	<b>803.12</b>	<b>752.11</b>

The above inventories are net of provision for net realisable values for INR 401.10 and INR 303.53 as at December 31, 2017 and 2016 respectively.

For details of inventories hypothecated against current borrowings Refer Note 22.

### Note 10: Current investments

**Investment in mutual funds of (unquoted, at fair value through profit and loss):**

a) Frankling Templeton Investments	-	-	25.22
b) ICICI Prudential Flexible Income-Direct Plan-Growth	-	-	101.43
c) IDFC Arbitrage Fund-Dividend - (Direct Plan)	-	-	10.04
d) Reliance Liquid Fund-Treasury Plan-Direct Growth Plan - Growth Option	10.00	-	-
<b>Total</b>	<b>10.00</b>	<b>-</b>	<b>136.69</b>

(a) Aggregate amount of unquoted investments	10.00	-	136.69
(b) Aggregate value of quoted investments	-	-	-

### Note 11: Trade receivables

Secured	3,628.97	1,178.30	732.45
Unsecured, considered good	13,276.89	9,213.99	10,978.30
Doubtful	63.06	65.89	151.93
	16,968.92	10,458.18	11,862.68
Less: Allowance for doubtful trade receivables	96.32	65.89	151.93
<b>Total</b>	<b>16,872.60</b>	<b>10,392.29</b>	<b>11,710.75</b>

- For details of trade receivables hypothecated against current borrowings Refer Note 22.

- The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 34.

## 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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 12: Cash and bank balances</b>			
<b>A. Cash and cash equivalents</b>			
Cash on hand	5.07	5.58	4.71
Cheques/ drafts on hand	0.71	1.70	12.78
Balances with banks:			
- in current accounts	6,923.04	8,561.60	6,399.97
- in exchange earners foreign currency (EEFC) accounts	16.57	11.76	1.68
- in deposit accounts (with original maturity of three months or less)	296.30	576.71	980.41
	<b>7,241.69</b>	<b>9,157.35</b>	<b>7,399.55</b>
<b>B. Bank balances other than cash and cash equivalents</b>			
Balances held as margin money against guarantees and other commitments	418.18	231.78	205.79
Unclaimed dividend accounts	39.48	38.22	36.56
Bank deposits due to mature after three months of the original maturity but within twelve months of the reporting date	1,716.56	1,030.31	785.64
Less: Non-current portion of bank balances (Refer note 7)	-	19.00	1.86
	<b>2,174.22</b>	<b>1,281.31</b>	<b>1,026.13</b>
<b>Total [A+B]</b>	<b>9,415.91</b>	<b>10,438.66</b>	<b>8,425.68</b>

### Notes:

Balances with banks available in term deposits with original maturity of less than three months or less included under 'Cash and cash equivalents'	296.30	576.71	980.41
Bank deposits due to maturity within twelve months of the reporting date included under 'Other Bank balances'	1,716.56	1,011.31	783.78
Bank deposits due to maturity after twelve months of the reporting date included under 'Other non-current financial assets' (Refer note 7)	-	19.00	1.86

## 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, 2017	As at December 31, 2016	As at January 1, 2016
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### Note 13: Current loans

(Unsecured, considered good unless otherwise stated)

Security deposits	2.59	12.14	15.99
Advance to employees	23.10	17.36	16.71
Others	16.01	40.50	561.37
<b>Total</b>	<b>41.70</b>	<b>70.00</b>	<b>594.07</b>

- The Group's exposure to credit and currency risks related to current loans are disclosed in Note 34.

### Note 14: Other current financial assets

(Unsecured, considered good unless otherwise stated)

Derivative financial asset, net	7.33	-	-
Interest accrued on deposits	39.46	24.18	24.52
Unbilled revenue	29.79	28.19	30.46
Other receivables	8.12	7.31	5.71
	<b>84.70</b>	<b>59.68</b>	<b>60.69</b>

### Note 15: Other current assets

(Unsecured, considered good unless otherwise stated)

Assets reclassified as held for sale	-	-	32.50
Prepaid expenses	231.44	262.87	179.74
Balances with statutory authorities	1,686.37	1,072.68	727.94
Advance to supplier and service providers	1,214.55	562.39	571.01
Others	2.53	86.40	240.85
<b>Total</b>	<b>3,134.89</b>	<b>1,984.34</b>	<b>1,752.04</b>



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 16: Equity Share capital

	As at December 31, 2017		As at December 31, 2016		As at January 1, 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Authorised:</b>						
Equity shares of INR 2 each	590,000,000	1,180.00	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of INR 100 each	4,900,000	490.00	4,900,000	490.00	4,900,000	490.00
<b>Total</b>	<b>594,900,000</b>	<b>1,670.00</b>	<b>594,900,000</b>	<b>1,670.00</b>	<b>594,900,000</b>	<b>1,670.00</b>
<b>Issued, subscribed and fully paid up</b>						
Equity shares of INR 2 each	336,345,679	672.69	336,345,679	672.69	336,345,679	672.69
<b>Total</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>

### Notes:

(i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at December 31, 2017		As at December 31, 2016	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Less: Equity Shares bought back and extinguished during the year	-	-	-	-
<b>As at end of the year</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>

(ii) **Rights, preferences and restrictions attached to the equity shares**

The Company has one class of equity shares having a par value of INR 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 at its meeting held on August 11, 2017 has declared an interim dividend of 50% (INR 1 per equity share of par value of INR 2 each) for the half year ended June 30, 2017. Further, the Board of Directors at its meeting held on February 28, 2018 has recommended a final dividend of 50% (INR 1 per equity share of par value INR 2 each amounting to INR 336.35, including tax on dividend) which is subject to approval of shareholders. Under Ind AS, dividends so proposed by the Board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has not been recognized in the financial statements. Refer Note 17(d)

## 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, 2017		As at December 31, 2016	
	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)	705,753	0.21	16,882,168	5.02
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	17,402,110	5.17	17,403,110	5.17

(iv) There are no shares issued pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the reporting date.

### (v) Equity shares bought back during the last five years:

5,355,923 equity shares of INR 2 each fully paid-up were bought back from the shareholders pursuant to buyback of equity shares during the year ended December 31, 2013.

	As at December 31, 2017	As at December 31, 2016
<b>Note 17: Other equity</b>		
<b>(i) Reserves and Surplus</b>		
(a) Capital Reserve (Balance at the beginning and end of the year)	43.98	43.98
(b) Securities premium (Balance at the beginning and end of the year)	516.67	516.67
(c) Capital redemption reserve (Balance at the beginning and end of the year)	47.66	47.66
(d) General reserve		
Opening balance	1,332.69	1,255.68
Add: Transferred from retained earnings	32.11	77.01
Closing balance	<b>1,364.80</b>	<b>1,332.69</b>
(e) Retained earnings		
Opening balance	30,755.62	29,044.85
Add: Profit for the year	7,635.87	2,909.42
Less: Dividend (including tax on dividend) for the year	338.84	499.27
Less: Transfer to general reserve	32.11	77.01
Less: Purchase of non-controlling interest adjusted to retained earnings *	-	613.42
Less: Depreciation as per transitional provisions as required per Companies Act (Refer Note 3)	-	15.84
Add: Others	-	6.89
Closing balance	<b>38,020.54</b>	<b>30,755.62</b>

## 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, 2017	As at December 31, 2016
<b>(ii) Items of Other Comprehensive income:</b>		
<b>(a) Foreign currency translation reserve</b>		
Opening balance	(995.67)	(455.91)
Add: Translation Adjustments	526.08	(533.26)
Add: Others	106.49	(6.50)
Closing balance	<u>(363.10)</u>	<u>(995.67)</u>
<b>(b) Remeasurements of defined benefit plans</b>		
Opening balance	(725.51)	-
Add: Actuarial gain/(loss) on remeasurements of defined benefit plans	(17.27)	(725.51)
Closing balance	<u>(742.78)</u>	<u>(725.51)</u>
<b>(c) Effective portion of cash flow hedges</b>		
Opening balance	-	-
Add: Effective portion of cash flow hedges	(119.43)	-
Closing balance	<u>(119.43)</u>	<u>-</u>
<b>Total</b>	<u><b>38,768.34</b></u>	<u><b>30,975.44</b></u>

\* Deduction from retained earnings is on account of Group's contribution in kind for the minority shareholders in one of the subsidiaries, pursuant to the terms of Share Purchase Agreement. Refer Note 36.

### (i) Reserves and Surplus

- (a) Capital reserve:** It consists of pre-acquisition profits. During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.
- (b) Securities premium account:** The amount received in excess of face value of the equity shares is recognised in securities premium account. It is utilized in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.
- (c) Capital redemption reserve:** It consists of reserves on the buyback of equity shares from its retained earnings. The amount represents nominal amount of the equity shares bought back.
- (d) General reserve:** It represents the portion of the net profit which the Group has transferred, before declaring dividend pursuant to the earlier provision of companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.
- (e) Retained earnings:** Retained earnings are the net profits after all distributions and transfers to other reserves.

### (ii) Items of Other Comprehensive income:

- (a) Foreign currency translation reserve:** Represents the FCTR of a foreign subsidiary. For the purpose of consolidation of subsidiaries financial statements with the financial statement of the parent company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange difference which is accumulated in Foreign Currency Translation Reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies in the current year.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (b) **Remeasurements of defined benefit plans:** Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets (excluding interest income).
- (c) **Effective portion of cash flow hedges:** The effective portion of cash flow hedge represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedges reserve will be reclassified to consolidated statement of profit and loss only when the hedged transaction affects the consolidated profit or loss, or included as a basis adjustment to the non-financial hedged item.

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 18: Non-current borrowings</b>			
<b>A. Bonds (refer note (i))</b>			
- Secured			
7.25% Senior secured notes (due for repayment in April 2025)	34,399.88	-	-
8.25% Senior secured notes (due for repayment in January 2021)	15,767.02	22,462.90	23,197.82
8.50% Senior secured notes (due for repayment in January 2021)	15,480.49	13,732.70	14,595.69
8.00% Senior secured notes (due for repayment in December 2018)	-	25,149.65	24,454.55
Less: Current portion of non-current borrowings disclosed under Note 24 - Other current financial liabilities	31,247.51	-	-
	<b>34,399.88</b>	<b>61,345.25</b>	<b>62,248.06</b>
<b>B. Term loans</b>			
From banks (refer note (ii) to (ix))			
- Secured	3,179.00	8,018.75	7,681.70
From other parties (refer note (x) to (xi))			
- Unsecured	139.34	795.62	603.49
Less: Current portion of non-current borrowings disclosed under Note 24 - Other current financial liabilities	1,307.86	2,780.65	1,886.67
	<b>2,010.48</b>	<b>6,033.72</b>	<b>6,398.52</b>
<b>C. Deferred payment liabilities</b>			
- Unsecured (refer note (xii))	721.98	757.92	806.56
Less: Current portion of non-current borrowings disclosed under Note 24 - Other current financial liabilities	59.52	28.86	47.10
	<b>662.46</b>	<b>729.06</b>	<b>759.46</b>

**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, 2017	As at December 31, 2016	As at January 1, 2016
<b>D. Long term maturities of finance lease obligations</b>			
- Secured (Refer note (xiii))	444.51	524.90	637.28
Less: Current portion of non-current borrowings disclosed under Note 24 - Other current financial liabilities	120.16	108.15	105.92
	<b>324.35</b>	<b>416.75</b>	<b>531.36</b>
<b>Total [A+B+C+D]</b>	<b>37,397.17</b>	<b>68,524.78</b>	<b>69,937.40</b>

**Notes:**

- (i) On November 23, 2010, one of the Group companies ("issuer") in United States issued USD 400 million of 8% senior secured notes due December 2018 (the "2018 Notes"). The 2018 Notes contain covenants and conditions that limit the issuers ability to, among other things, pay cash dividends, incur indebtedness and make investments. The issuer may redeem some or all of the 2018 Notes at any time on or after December 2014 at specified redemption prices. The 2018 Notes are secured by substantially all of the assets of the issuer and are guaranteed by the issuer's domestic subsidiary on a joint and several basis.

On March 31, 2017, the issuer repurchased entire outstanding 2018 Notes by issuing a tender notice to the bond holders at a premium of 0.375%. The issuer received acceptance for only USD 253 million for which premium has been paid and redeemed the balance USD 125 million at face value.

On December 31, 2012, one of the Group companies in United States issued USD 400 million of 8.25% and EUR 210 million of 8.50% senior secured notes due January 2021 (the "2021 Notes"). The 2021 Notes contain covenants and conditions that limit the Company's ability to, among other things, pay cash dividends, incur indebtedness and make investments. The Company may redeem some or all of the 2021 Notes at any time on or after January 2016 at specified redemption prices. The 2021 Notes are secured by substantially all of the assets of the Company and are guaranteed by the Company's domestic subsidiaries on a joint and several basis. During the year 2015, the Company repurchased bonds worth USD 38 million. During the year 2016, the Company repurchased bonds worth EUR 11 million. On April 4, 2017, the Group repurchased bonds worth USD 115 million of its 2021 Notes at 103.875%.

On March 31, 2017, One of the Group companies in United States issued USD 550 million of 7.25% senior secured notes due April 2025 (the "2025 Notes"). The net proceeds are used to either tender or redeem all of the outstanding 2018 Notes and tendered for USD 115 million of 2021 Notes. The 2025 Notes contain covenants and conditions that limit the said Company's ability to, among other things, pay cash dividends, incur indebtedness and make investments. The issuer may redeem some or all of the 2025 Notes at any time on or after April 1, 2020 at specified redemption prices. The 2025 Notes are secured by substantially all of the assets of the said Company and are guaranteed by the said Company's domestic subsidiaries on a joint and several basis.

- (ii) Term loan with the original amount of USD 40 million borrowed from IDBI Bank Limited, DIFC branch, Dubai 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 USD 40 million borrowed, last installment for 24% of original amount was due on April 1, 2016 and was completely repaid. Balance as at December 31, 2017 is INR Nil; December 31, 2016: INR Nil; January 1, 2016: INR 636.77 (USD: 9.6 million).

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (iii) Term loan of USD 20 million borrowed from IDBI Bank Limited, DIFC branch, Dubai, 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. It carries interest of 6 months Libor plus 350 basis points. The loan was repaid during the year. Balance as at December 31, 2017 is INR Nil; December 31, 2016: INR 1,359.00 (USD: 20.00 million); January 1, 2016: INR 1,326.60 (USD: 20.00 million).
- (iv) Term loan of USD 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.

It carries interest of 3 months Libor plus 235 basis points. Balance as at December 31, 2017 is INR 1,278.60 (USD: 20.00 million); December 31, 2016: INR 1,359.00 (USD: 20.00 million); January 1, 2016: INR 1,326.60 (USD: 20.00 million).

- (v) Term loan of USD 30 million borrowed from IDBI Bank Limited, DIFC branch, Dubai during the 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 February 20, 2016 between the Company, Rain Cements Limited and IDBI Bank Limited, DIFC branch, Dubai. It carries interest of 3 months Libor plus 400 basis points. Balance as at December 31, 2017 is INR 1,917.90 (USD: 30.00 million); December 31, 2016: INR 2,038.50 (USD: 30.00 million); January 1, 2016: INR Nil).
- (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.
- (vii) On July 25, 2012, one of the RÜTGERS group companies entered into a loan agreement with a bank for USD 12.75 million at an interest rate of LIBOR plus a margin of 400 bps. This debt was secured by all assets of the said company and guarantee from certain RÜTGERS group companies until completion of the project. This loan was repayable in sixteen quarterly instalments starting from July 2014. On January 25, 2017 the said company had repaid the entire outstanding balance along with any accrued interests. Balance as at December 31, 2017 is INR Nil; December 31, 2016: INR 323.01 (USD: 4.8 million); January 1, 2016: INR 522.00 (USD 7.9 million).
- (viii) On November 28, 2012, one of the Group companies in United States entered into an ABL credit agreement. The agreement provides for a USD 100 million ABL loan commitment ("ABL Loan"), which matures on November 28, 2017 and however the facility terminated on March 31, 2017. The available limit under the facility is dependent on the eligible inventories and trade receivable balances. The ABL commitment may be utilized by drawing on revolving loans from the lender and by the issuance of letters of credit. The letter of credit availability is limited to USD 40 million. Balance as at December 31, 2017 is INR Nil; December 31, 2016: INR 2,329.32 (USD: 34.28 million) and January 1, 2016: INR 2,621.50 (USD: 39.52 million).

On March 31, 2017, Company entered into a new revolver facility of USD 60 million. The Revolver Facility may be utilized by drawing on revolving loans from the lenders and by the issuance of letters of credit. The letter of credit availability is limited to USD 20 million. At December 31, 2017, letters of credit outstanding aggregated USD 15 million. No cash drawings as at December 31, 2017.



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (ix) On March 21, 2013, the Company entered in to a credit agreement with a bank for USD 40 million consisting of two tranches. The term loan A of USD 20 million, is secured by pari-passu first charge on all movable fixed assets of the Company, first charge on the Debt Service Reserve Account ("DSRA") balance of the Company and guarantee from Rain Cements Limited ("RCL"), a wholly owned subsidiary of RIL. This loan is repayable in four equal annual installments starting from March 2014 and carries an interest rate of three months LIBOR plus interest margin of 500 basis points. The term loan B of USD 20 million, is secured by pari-passu first charge on all movable fixed assets of the Company, first charge on the DSRA balance of the Company, guarantee from one of the domestic subsidiaries and pledge of certain percentage of membership interest in one of the domestic subsidiaries. This loan is repayable in four equal annual installments starting from March 2014 and carries an interest rate of three months LIBOR plus interest margin of 600 basis points. The Company utilized the proceeds from these loans partly to invest in its subsidiaries and partly to repay the loan taken from RIL. On March 24 2017, the company has repaid the last annual installment. Balance as at December 31, 2017 is INR Nil (December 31, 2016: INR 679.5 (USD: 10.00 million); January 1, 2016: INR 1,326.60 (USD: 20.00 million).
- (x) On July 18, 2012, one of the RÜTGERS group companies entered into a loan agreement with JV partner, to borrow RUB 428 million at fixed interest rate of 8% per annum. This debt is due for bullet repayment in December 2018 and is subordinated to debt borrowed from banks. Loan was fully repaid in December 2017 ahead of repayment schedule. RUB 100 million loan provided by JSC Karelsky Okatysh (daughter company of JV partner). Balance as at December 31, 2017 is INR 139.34 (Euro: 1.82 million); December 31, 2016: INR 570.02 (Euro: 7.96 million); January 1, 2016: INR 375.12 (Euro: 5.17 million).
- (xi) On October 18, 2013, one of the RÜTGERS group companies entered into a EUR 3.25 million credit agreement at fixed interest rate of 4% per annum. This unsecured loan is extended till October 30, 2018 with an extraordinary termination right as soon as the RÜTGERS shareholder rating falls below B+. Interest rate would be renegotiated when three months EURIBOR exceeds 3% per annum. Balance as at December 31, 2017 is INR Nil; December 31, 2016: INR 225.60 (Euro: 3.15 million); January 1, 2016: INR 228.37 (Euro: 3.15 million). On March 3, 2017 the entire loan was repaid along with accrued interest.
- (xii) Sales tax deferment represents interest free liability in Rain Cements Limited. Balance outstanding is repayable in 89 monthly instalments based on deferment schedule.
- (xiii) Finance leases are secured by assets financed under the leasing agreement.

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 19: Other non-current financial liabilities</b>			
Interest accrued but not due on borrowings	-	142.81	87.65
Employee payables	58.43	56.58	85.15
Advance from others	283.40	264.40	264.40
	<b>341.83</b>	<b>463.79</b>	<b>437.20</b>

## 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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 20: Non-current provisions</b>			
<b>Provision for employee benefits:</b>			
- Compensated absences (Refer Note 40)	184.89	135.50	27.26
- Defined benefit plans (net) (Refer Note 40)	8,696.76	7,511.87	6,193.03
<b>Provision - others</b>			
- Provision for environment liabilities (Refer Note 52)	643.20	531.57	1,016.86
- Provision - others (Refer Note 53)	129.23	122.24	116.58
<b>Total</b>	<b>9,654.08</b>	<b>8,301.18</b>	<b>7,353.73</b>

### Note 21: Other non-current liabilities

#### Advances:

Advances from customers	129.94	160.43	184.30
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#### Others

Lease straightlining	54.30	49.87	48.76
Others	3.97	-	89.62

<b>Total</b>	<b>188.21</b>	<b>210.30</b>	<b>322.68</b>
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### Note 22: Current borrowings

#### Loans repayable on demand

##### From banks - Secured

- Buyer's credit (refer note (i))	-	500.22	-
- Packing credit foreign currency loan (refer note (i))	3,190.80	1,200.35	1,602.52
- Other working capital loans (refer note (ii))	-	101.92	811.38

<b>From banks - Unsecured (refer note (iii))</b>	-	-	167.56
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<b>From other parties - Unsecured</b>	-	16.85	12.79
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<b>Total</b>	<b>3,190.80</b>	<b>1,819.34</b>	<b>2,594.25</b>
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### Notes:

#### (i) Borrowings availed by Rain CII Carbon (Vizag) Limited (RCCVL):

- Buyer's Credit has been availed from ICICI Bank Limited, 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 RCCVL. They carry an interest rate of 6 months USD LIBOR plus interest margin. Balance as at December 31, 2017 is INR Nil (December 31, 2016: INR 500.22; January 1, 2016: INR Nil).



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (b) RCCVL has availed packing credit in foreign currency from ICICI Bank Limited, Citibank N.A. and IDBI Bank Limited, carry an interest rate of 3 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 (consisting of inventories, trade and other receivables) (present and future) and first pari-passu charge over movable fixed assets (including plant and machinery and spares) (present and future) of the RCCVL.
  - IDBI Bank Limited are secured by pari-passu first charge on the current assets (present and future) and pari-passu second charge on the movable fixed assets of the RCCVL (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 movable fixed assets of the RCCVL (present and future) in addition to pari-passu first charge on the current assets (inventories, stores and spares and other movables including trade and other receivables) (present and future).

Balance as at December 31, 2017 is INR 3,190.80 (December 31, 2016: INR 1,200.35; January 1, 2016: INR 1602.52)

(ii) **Borrowings availed by Rain Commodities (USA) Inc. (RCUSA):**

During the previous year, RCUSA entered into agreement with bank for an aggregated facility amount of USD 15 million, 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. RCUSA 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 USD 5 million. 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 RCUSA. Balance as at December 31, 2017: INR Nil (December 31, 2016: INR 101.92 (USD 1.5 million); January 1, 2016: INR 811.38 (USD 12.2 million).

- (iii) In the previous year one of the Group companies had availed various working capital facilities with limits up to USD 16.5 million carrying interest rates ranging from 0.06% to 6.50%. These working capital facilities were completely repaid during the year. Balance as at December 31, 2017: INR Nil (December 31, 2016: INR Nil; January 1, 2016: INR 167.56 (USD 2.5 million).

The Group's exposure to currency, liquidity risks and interest risks related to borrowings is disclosed in Note 34.

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 23: Trade payables</b>			
Trade payables - micro small and medium enterprises	12.13	10.78	16.67
Trade payables - other than above	11,499.44	7,593.34	10,020.09
<b>Total</b>	<b>11,511.57</b>	<b>7,604.12</b>	<b>10,036.76</b>

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 34

## 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, 2017	As at December 31, 2016	As at January 1, 2016
<b>Note 24: Other current financial liabilities</b>			
Current maturities of non-current borrowings (refer note 18)	32,735.05	2,917.66	2,039.69
Interest accrued but not due on borrowings	1,830.46	1,604.38	1,666.67
Trade and security deposits	17.22	18.07	17.03
Employee payables	771.84	469.53	432.63
Deposits from contractors	345.69	206.41	257.50
Unclaimed dividends*	39.48	38.23	36.57
Derivative financial liability	151.17	14.97	27.96
Others			
- Payables on purchase of property, plant and equipment	1,714.18	512.75	639.99
- Retention money	31.33	15.59	8.87
- Others	141.43	227.34	90.59
<b>Total</b>	<b>37,777.85</b>	<b>6,024.93</b>	<b>5,217.50</b>

\*There is no amount outstanding to be credited to Investor Education and Protection fund as at December 31, 2017.

The Group's exposure to currency and liquidity risks related to other current financials liability is disclosed in Note 34

### Note 25: Other Current liabilities

Other payables			
- Statutory liabilities	517.57	525.29	530.15
- Advances from customers	302.08	171.15	145.09
Discounts payable	53.71	126.72	79.64
Others	33.19	76.63	90.87
<b>Total</b>	<b>906.55</b>	<b>899.79</b>	<b>845.75</b>

### Note 26: Current Provisions

#### Provision for employee benefits:

- Compensated absences (Refer Note 40)	47.65	43.09	46.55
- Defined benefit plans (net)	48.51	69.90	32.12

#### Provision - Others:

- Provision for environment liabilities (Refer Note 52)	663.32	787.19	795.48
- Other provisions (Refer Note 53)	29.46	61.14	13.13
<b>Total</b>	<b>788.94</b>	<b>961.32</b>	<b>887.28</b>

## 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, 2017	For the year ended December 31, 2016
<b>Note 27: Revenue from operations</b>		
Sale of products	113,767.96	94,168.80
Sale of services	151.47	208.62
Other operating revenues [Refer Note below]	551.93	567.27
<b>Revenue from operations</b>	<b>114,471.36</b>	<b>94,944.69</b>
 <b>Note: Other operating revenues comprises:</b>		
Scrap sales	42.62	26.88
Income from sale of certified emission reductions	18.14	5.66
Rental income	221.26	161.98
Insurance claims	6.01	14.83
Dock revenue	119.31	139.83
Other operating revenues	144.59	218.09
<b>Total</b>	<b>551.93</b>	<b>567.27</b>
 <b>Note 28: Other income</b>		
Interest income		
Interest from banks on deposits	131.18	116.41
Other interest	5.64	9.05
Interest income from current investments	3.23	9.97
Dividend income from current investments	1.89	9.17
Gain on foreign currency transactions and translations (net)	797.88	477.30
Other non-operating income		
Liabilities / provisions no longer required written back	89.43	67.56
Income from redemption of senior secured notes	23.30	469.50
Profit on sale of property, plant and equipment (net)	30.21	13.11
Miscellaneous income	51.52	39.50
<b>Total</b>	<b>1,134.28</b>	<b>1,211.57</b>

## 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, 2017	For the year ended December 31, 2016
<b>Note 29: Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Opening Stock</b>		
Finished goods	3,804.94	4,034.63
Work-in-progress	1,196.53	961.33
Stock-in-trade	1,156.28	2,007.81
	<u>6,157.75</u>	<u>7,003.77</u>
<b>Closing Stock</b>		
Finished goods	5,794.53	3,804.94
Work-in-progress	1,520.83	1,196.53
Stock-in-trade	1,982.77	1,156.28
	<u>9,298.13</u>	<u>6,157.75</u>
<b>(Increase)/decrease in stock</b>	<b>(3,140.38)</b>	<b>846.02</b>
Foreign currency translation adjustment	120.94	68.32
<b>Net (increase)/decrease</b>	<b>(3,019.44)</b>	<b>914.34</b>
<b>Note 30: Employee benefits expense</b>		
Salaries, wages and bonus	9,346.05	8,487.46
Contributions to provident and other funds (Refer Note 40)	805.10	694.69
Staff welfare expenses	472.92	527.18
<b>Total</b>	<b>10,624.07</b>	<b>9,709.33</b>
<b>Note 31: Finance costs</b>		
Interest expense	5,542.75	5,729.98
Other borrowing costs	403.96	443.14
Loss on foreign currency transactions and translation (net)	-	135.33
<b>Total</b>	<b>5,946.71</b>	<b>6,308.45</b>

## 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, 2017	For the year ended December 31, 2016
<b>Note 32: Other expenses</b>		
Consumption of stores and spares	1,498.41	1,393.09
Consumption of packing materials	747.27	693.40
Change in excise duty on finished goods	(6.35)	0.64
Power and fuel	5,584.64	5,374.08
Repairs and maintenance		
- Plant and machinery	2,074.48	1,752.85
- Buildings	142.60	161.38
- Others	489.69	591.13
Insurance	413.38	562.42
Rent (Refer note 45)	833.96	805.49
Rates and taxes	359.59	305.08
Travelling and conveyance	322.94	330.09
Selling and distribution expense	937.11	701.03
Freight expense	7,241.91	7,431.36
Corporate Social Responsibility and other donations (Refer Note 51)	155.10	157.15
Consultancy charges	1,611.06	1,373.20
Payment to auditors [Refer Note below]	85.29	110.55
Directors' sitting fees	26.09	16.94
Commission to directors	8.00	14.80
Provision of loss allowance on trade receivables (Refer Note 34)	3.80	12.24
Miscellaneous expenses	2,927.74	1,676.10
	<b>25,456.71</b>	<b>23,463.02</b>
Less: Expenses capitalised	73.12	73.03
<b>Total</b>	<b>25,383.59</b>	<b>23,389.99</b>

### Note:

#### Payments to the auditors comprise (excluding taxes):

Statutory Audit	5.75	5.15
Limited review	8.20	7.57
Other audit fees	48.55	39.34
Other services	16.56	53.79
Reimbursement of expenses	6.23	4.70
<b>Total</b>	<b>85.29</b>	<b>110.55</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 33: Income taxes

#### (i) Income tax expense/(benefit) recognised in consolidated statement of profit and loss:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
<b>Current tax:</b>		
Tax for current year	4,399.16	2,788.88
Tax relating to earlier years	13.58	49.04
Minimum alternate tax credit entitlement	(82.25)	-
<b>Deferred tax:</b>		
Attributable to the origination and reversal of temporary differences	(581.65)	(1,045.85)
Tax rate change (Refer (iii) below)	(830.75)	-
<b>Total</b>	<b>2,918.09</b>	<b>1,792.07</b>

#### (ii) Income tax expense/(benefit) recognised in other comprehensive income:

Particulars	December 31, 2017			December 31, 2016		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
a. Remeasurements of defined benefit plans	22.63	(5.36)	17.27	1,106.37	(380.86)	725.51
b. Exchange differences in translating the financial statements of foreign operations	(507.31)	(42.48)	(549.79)	458.97	63.96	522.93
c. Effective portion of cash flow hedge	151.17	(31.75)	119.42	-	-	-
	<b>(333.51)</b>	<b>(79.59)</b>	<b>(413.10)</b>	<b>1,565.34</b>	<b>(316.90)</b>	<b>1,248.44</b>

#### (iii) Reconciliation of Effective tax rate:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
<b>Income Tax expenses for the year to be reconciled to the accounting profit:</b>		
Profit before tax	10,839.31	4,800.39
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	3,751.49	1,661.41
<b>Effect off:</b>		
Tax-exempt income and other deductions	196.39	903.11
Tax rate changes	(830.75)	-
Tax related to prior years	13.58	49.04
Permanent differences and non-deductible expenses	(97.26)	(500.66)
Tax on carryforward losses	42.44	(39.40)

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Difference in tax rates due to foreign jurisdictions	(304.65)	145.40
Tax effects of tax base transfers	(1.99)	5.76
Others, net	148.84	(432.59)
<b>Total income taxes expenses</b>	<b>2,918.09</b>	<b>1,792.07</b>
<b>Effective tax rate</b>	<b>26.92%</b>	<b>37.33%</b>

(iv) **Recognised deferred tax assets and liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	As at December 31, 2017	As at December 31, 2016
Property, plant and equipment and Intangible assets	(2,943.78)	(5,045.55)
Employee benefits	1,953.02	1,819.80
Inventories	292.84	183.23
Tax losses carry forward	1,372.59	2,475.17
Taxes on unremitted foreign earnings	(54.83)	(183.75)
Other	457.70	445.43
<b>Net Deferred tax asset/ (liability)</b>	<b>1,077.54</b>	<b>(305.67)</b>
Deferred tax asset	2,817.18	2,342.71
Deferred tax liability	(1,739.64)	(2,648.38)
<b>Net Deferred tax asset/ (liability)</b>	<b>1,077.54</b>	<b>(305.67)</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (v) Movement in temporary differences:

Particulars	Balance as at January 1, 2016	Recognised in statement of profit or loss during 2016	Recognised in Other Comprehensive Income during 2016	Exchange differences on translation/ other adjustment	Balance as at December 31, 2016	Recognised in statement of profit or loss during 2017	Recognised in Other Comprehensive Income during 2017	Exchange differences on translation/ other adjustment	Balance as at December 31, 2017
Property, plant and equipment and Intangible assets	(5,051.40)	114.62	-	(108.77)	(5,045.55)	1,937.35	-	164.42	(2,943.78)
Employee benefits	1,382.28	67.08	380.86	(10.42)	1,819.80	(5.56)	5.36	133.42	1,953.02
Inventories	191.48	(7.47)	-	(0.78)	183.23	97.61	-	12.00	292.84
Net operating loss carryforward	1,036.52	1,348.82	-	89.83	2,475.17	(1,017.97)	-	(84.61)	1,372.59
Taxes on unremitted foreign earnings	(160.88)	(18.32)	-	(4.55)	(183.75)	140.10	-	(11.18)	(54.83)
Others	1,274.49	(458.88)	(63.96)	(306.22)	445.43	260.87	74.23	(322.83)	457.70
	(1,327.51)	1,045.85	316.90	(340.91)	(305.67)	1,412.40	79.59	(108.78)	1,077.54

### (vi) Unrecognised deferred tax liabilities and Unrecognised deferred tax assets:

Particulars	December 31, 2017		December 31, 2016	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses carry forward	1,839.43	492.16	3,084.53	920.14
Interest losses carry forward	211.51	61.47	-	-
	2,050.94	553.63	3,084.53	920.14

Particulars	December 31, 2017	Expiry date	December 31, 2016	Expiry date
To expire under current tax legislation	1,720.38	2018-2026	1,644.29	2017-2025
Not to expire under current tax legislation	330.56	-	1,440.24	-



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (vii) Non-current and current tax assets and liabilities

Particulars	As at		
	December 31, 2017	December 31, 2016	January 1, 2016
Non-current tax assets (net)	824.22	607.36	703.53
Non-current tax liabilities (net)	484.92	380.98	430.03
Current tax liabilities (net)	1,067.23	602.29	788.03

- (viii) In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted into law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a reduction in the Federal corporate tax rate from 35% to 21%. Consequent to this enactment, the Group has re-measured its U.S. deferred tax assets and liabilities based on the new tax law resulting in a one time deferred tax benefit of INR 787.93 (\$12.17 million) for the year ended December 31, 2017. Also the change in Law includes one-time transition tax on undistributed earnings of subsidiary companies outside USA and 100% participation exemption for any foreign dividends distributed after January 1, 2018. In view of the foreign tax credit available, as per the management estimate no transition tax is payable by the Group in respect of undistributed earnings of subsidiary companies outside USA. The final transition tax liability would be ascertained once the US Tax Return for the year 2017 is filed.

Further there was a corporate tax reform in Belgium which resulted in changes in corporate tax rate from 33.99% to 29.58%. This resulted in one time deferred tax benefit of INR 42.82 for the year ended December 31, 2017.

- (ix) Deferred income taxes are not provided on undistributed earnings of subsidiaries outside India where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. As on December 31, 2017, the Group has recorded a deferred tax liability of INR 54.83 towards dividend received expected repatriation of profits to India from its US subsidiaries.
- (x) The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 34: Financial instruments disclosure:

#### Note 34.1: Fair Valuation measurement hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:**

Sl. No.	Particulars	As at December 31, 2017						
		Carrying amount				Fair value		
		Mandatorily at fair value through profit and loss (FVTPL)	Fair value through comprehensive income (FVOCI)	Assets/ liabilities at amortised cost method	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
I]	Financial assets							
A.	Financial assets not measured at Fair value							
	Non-current investments	-	-	295.72	295.72	-	-	-
	Non-current loans	-	-	333.69	333.69	-	-	-
	Trade receivables	-	-	16,872.60	16,872.60	-	-	-
	Cash and cash equivalents	-	-	7,241.69	7,241.69	-	-	-
	Bank balances other than cash and cash equivalents	-	-	2,174.22	2,174.22	-	-	-
	Current loans	-	-	41.70	41.70	-	-	-
	Other current financial assets	-	-	77.37	77.37	-	-	-
		-	-	<b>27,036.99</b>	<b>27,036.99</b>	-	-	-

## 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, 2017								
Sl. No.	Particulars	Carrying amount			Fair value			
		Mandatorily at fair value through profit and loss (FVTPL)	Fair value through comprehensive income (FVOCI)	Assets/ liabilities at amortised cost method	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
B.	Financial assets measured at Fair value							
	Non-current investments	16.19	26.05	-	42.24	-	42.24	-
	Current investments	10.00	-	-	10.00	10.00	-	-
	Derivatives (included in other financial assets)	7.33	-	-	7.33	-	7.33	-
		33.52	26.05	-	59.57	10.00	49.57	-
II]	Financial liabilities							
A.	Financial liabilities not measured at fair value							
	Non-current borrowings excluding finance lease obligations	-	-	37,072.82	37,072.82	-	-	-
	Other non-current financial liabilities	-	-	341.83	341.83	-	-	-
	Finance lease obligations		-	324.35	324.35	-	-	-
	Trade payables	-	-	11,511.57	11,511.57	-	-	-
	Other current financial liabilities	-	-	37,626.68	37,626.68	-	-	-
	Current borrowings	-	-	3,190.80	3,190.80	-	-	-
		-	-	90,068.05	90,068.05	-	-	-
B.	Financial liabilities measured at fair value							
	Derivatives (included in other Current financial liabilities)	-	151.17	-	151.17	-	151.17	-
		-	151.17	-	151.17	-	151.17	-

## 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								
Sl. No.	Particulars	Carrying amount			Fair value	Fair value		
		Mandatorily at Fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortised cost method		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>I]</b>	<b>Financial assets</b>							
<b>A.</b>	<b>Financial assets not measured at fair value</b>							
	Non-current investments	-	-	282.96	282.96	-	-	-
	Non-current loans	-	-	306.60	306.60	-	-	-
	Other non- current financial assets	-	-	19.66	19.66	-	-	-
	Trade receivables	-	-	10,392.29	10,392.29	-	-	-
	Cash and cash equivalents	-	-	9,157.35	9,157.35	-	-	-
	Bank balances other than cash and cash equivalents	-	-	1,281.31	1,281.31	-	-	-
	Current loans	-	-	70.00	70.00	-	-	-
	Other current financial assets	-	-	59.68	59.68	-	-	-
		-	-	<b>21,569.85</b>	<b>21,569.85</b>	-	-	-
<b>B.</b>	<b>Financial assets measured at Fair value</b>							
	Non-current investments	16.19	24.42	-	40.61	-	40.61	-
		<b>16.19</b>	<b>24.42</b>	-	<b>40.61</b>	-	40.61	-
<b>II]</b>	<b>Financial liabilities</b>							
<b>A.</b>	<b>Financial liabilities not measured at fair value</b>							
	Non-current borrowings excluding finance lease obligations	-	-	68,108.03	68,108.03	-	-	-

## 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									
Sl. No.	Particulars	Carrying amount				Fair value			
		Mandatorily at Fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	Other non-current financial liabilities	-	-	463.79	463.79	-	-	-	
	Finance lease obligations	-	-	416.75	416.75	-	-	-	
	Trade payables	-	-	7,604.12	7,604.12	-	-	-	
	Other current financial liabilities	-	-	6,009.96	6,009.96	-	-	-	
	Current borrowings	-	-	1,819.34	1,819.34	-	-	-	
		-	-	<b>84,421.99</b>	<b>84,421.99</b>	-	-	-	
<b>B.</b>	<b>Financial liabilities measured at fair value</b>								
	Derivatives (included in other current financial liabilities)	14.97	-	-	14.97	-	14.97	-	
		<b>14.97</b>	-	-	<b>14.97</b>	-	<b>14.97</b>	-	

### Note 34.2: Fair valuation measurement hierarchy

#### Valuation Techniques:

- Investments at FVTPL/FVOCI:** The Group measures the fair values of such investments at expected cash flow model.
- Forward exchange contracts:** The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective instruments.
- Borrowings (at amortised cost):** The valuation model considers the present value of expected receipt/payment discounted using risk-adjusted or appropriate discounting rates.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 34.3: Financial risk management

The Group has put in place risk management systems as applicable to the respective operations. The following explains the objective and processes of the Group: The Group has a system based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Group's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

### Note 34.4: Credit risk

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The entities within the Group have a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents, derivatives provided by the Group. None of the financial instruments of the Group result in material concentration of credit risk.

The carrying value of financial assets represents the maximum credit risk.

#### Trade receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations actual or expected
- significant changes in the operating results of the borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower
- Based on the above analysis, the Group does not expect any credit risk from its trade receivables for any of the years reported in this financial statements.

The age wise break up of trade receivables, net of allowances is given below:

Particulars	December 31, 2017	December 31, 2016
<b>Financial assets that are neither past due nor impaired</b>	12,848.65	8,149.76
<b>Financial assets that are past due but not impaired</b>		
Past due 0-30 days	3,514.35	1,813.02
Past due 31-60 days	306.42	294.48
Past due 61-90 days	102.52	-
Past due over 90 days	134.38	165.65
<b>Total past due but not impaired</b>	<b>4,057.67</b>	<b>2,273.15</b>
Credit impaired	29.34	35.27
<b>Less: Loss allowance</b>	63.06	65.89
<b>Total</b>	<b>16,872.60</b>	<b>10,392.29</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Movement in loss allowance for doubtful trade receivables:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
<b>Balance at the beginning of the year</b>	65.89	151.93
Additional provision	3.80	12.24
Foreign exchange fluctuation	(6.63)	(98.28)
<b>Balance at the end of the year</b>	<b>63.06</b>	<b>65.89</b>

### The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	Carrying amount	
	December 31, 2017	December 31, 2016
United States	1,864.85	1,381.89
North America excluding United States	2,248.78	1,376.07
South America	803.63	857.19
Europe including CIS	5,053.77	3,079.43
Middle East	1,595.25	1,177.10
Africa	19.62	46.73
Australia	144.56	6.10
Asia excluding Middle East	5,142.14	2,467.78
<b>Total</b>	<b>16,872.60</b>	<b>10,392.29</b>

At December 31, 2017, the carrying amount of trade receivable of the Group's most significant customer is INR 2,392.32 (December 31, 2016: INR 1,006.44; January 1, 2016: INR 1,413.53).

### The Group's exposure to credit risk for loans (both current and non-current) by geographic region is as follows:

Particulars	Carrying amount	
	December 31, 2017	December 31, 2016
United States	4.66	30.32
North America excluding United States	-	10.57
Europe including CIS	46.98	38.59
Africa	15.99	-
Asia excluding Middle East	307.76	297.12
<b>Total</b>	<b>375.39</b>	<b>376.60</b>

### Investments:

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

### Cash and bank balances:

Credit risk on cash and bank balances is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

### Other financial assets:

There is no significant loss allowance for other financial assets.

### Note 34.5: Liquidity risk

### Maturity of financial liabilities:

**As at December 31, 2017**

Contractual cash flows	Carrying value	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
<b>Non-derivative financial liabilities:</b>							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	73,323.02	35,925.85	443.40	2,283.40	35,449.49	-	74,102.14
Other non-current financial liabilities	341.83	-	283.40	32.70	25.73	-	341.83
Trade payables	11,511.57	11,511.57	-	-	-	-	11,511.57
Other current financial liabilities	4,891.63	4,891.63	-	-	-	-	4,891.63
<b>Derivative financial liabilities:</b>							
Forward exchange contracts used for hedging:							
Outflow	151.17	151.17	-	-	-	-	151.17
Inflow	-	-	-	-	-	-	-



## 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							
Contractual cash flows	Carrying value	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
<b>Non-derivative financial liabilities</b>							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	73,261.78	4,737.00	28,746.07	39,934.83	923.20	-	74,341.10
Other non-current financial liabilities	463.79	-	142.80	296.73	24.26	-	463.79
Trade payables	7,604.12	7,604.12	-	-	-	-	7,604.12
Other current financial liabilities	3,092.30	3,092.30	-	-	-	-	3,092.30
<b>Derivative financial liabilities</b>							
Forward exchange contracts used for hedging:							
Outflow	(2.56)	(2.56)	-	-	-	-	(2.56)
Inflow	17.53	17.53	-	-	-	-	17.53

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 34.6: Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and borrowings.

### Note 34.7: Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group adopts a policy of ensuring an optimal mix of its interest rate risk exposure. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate.

### Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to management is as follows:

Particulars	Interest rate exposure as at		
	December 31, 2017	December 31, 2016	January 1, 2016
<b>Fixed rate instruments</b>			
Financial assets	5.85	5.88	427.57
Financial liabilities	(66,409.01)	(63,150.93)	(65,542.96)
	<b>(66,403.16)</b>	<b>(63,145.05)</b>	<b>(65,115.39)</b>
<b>Variable rate instruments</b>			
Financial assets	-	-	-
Financial liabilities	(6,644.93)	(10,270.92)	(10,472.82)
	<b>(6,644.93)</b>	<b>(10,270.92)</b>	<b>(10,472.82)</b>

### Interest rate Sensitivity:

**Impact on net interest expense for the year on 1% change in interest rate:** A reasonably possible change of 1% in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	December 31, 2017		December 31, 2016	
	Increase	Decrease	Increase	Decrease
<b>Impact on profit and loss</b>				
Variable-rate instruments	66.45	(66.45)	102.71	(102.71)
<b>Total Impact</b>	<b>66.45</b>	<b>(66.45)</b>	<b>102.71</b>	<b>(102.71)</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 34.8 Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of individual entities in the Group.

The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2017:

	USD	EUR	CAD	RUB	Others*	Total
<b>Assets:</b>						
Cash and bank balances	1,259.43	62.96	0.04	7.71	137.44	1,467.58
EEFC balance	16.57	-	-	-	-	16.57
Trade receivables	6,333.89	107.99	-	-	17.10	6,458.98
Loans	338.02	-	43.51	270.70	-	652.23
	<b>7,947.91</b>	<b>170.95</b>	<b>43.55</b>	<b>278.41</b>	<b>154.54</b>	<b>8,595.36</b>
<b>Liabilities:</b>						
Trade payables	3,367.71	164.02	253.92	-	20.23	3,805.88
Borrowings	6,633.30	17,167.39	-	-	-	23,800.69
Other financial liabilities	86.49	-	-	-	-	86.49
	<b>10,087.50</b>	<b>17,331.41</b>	<b>253.92</b>	<b>-</b>	<b>20.23</b>	<b>27,693.06</b>

\* Others include GBP, CHF and others

The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2016:

	USD	EUR	CAD	RUB	Others*	Total
<b>Assets:</b>						
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	1,006.40	-	1,871.29	4.23	-	2,881.92
	<b>7,870.31</b>	<b>125.28</b>	<b>1,871.43</b>	<b>4.23</b>	<b>61.45</b>	<b>9,932.70</b>
<b>Liabilities:</b>						
Trade payables	1,826.29	315.70	-	-	2.15	2,144.14
Borrowings	3,463.27	983.13	-	-	-	4,446.40
	<b>5,289.56</b>	<b>1,298.83</b>	<b>-</b>	<b>-</b>	<b>2.15</b>	<b>6,590.54</b>

\* Others include GBP, CHF and others

### Sensitivity Analysis:

A reasonably possible strengthening (weakening) of the US dollar, Euro, Canadian Dollar, Ruble against all other currencies as at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected consolidated equity and consolidated statement of profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

**Impact on Foreign currency loss/(gain) for the year on 1% change in rates are:**

Particulars	December 31, 2017		December 31, 2016	
	Strengthening	Weakening	Strengthening	Weakening
<b>Impact on profit and loss</b>				
Euro	171.60	(171.60)	11.74	(11.74)
USD	21.40	(21.40)	(25.81)	25.81
CAD	2.10	(2.10)	(18.71)	18.71
RUB	(2.78)	2.78	(0.04)	0.04
Others*	(1.34)	1.34	(0.59)	0.59

\*Others include GBP, CHF and others

**Note 34.9: The Group has the following outstanding foreign exchange forward derivative contracts**

**As at December 31, 2017**

Category	Currency	Cross Currency	Amounts in Millions	Buy/Sell	Purpose
Forward contract	USD	CAD	USD 10.00	Buy	Hedging
Forward contract	USD	CAD	USD 10.00	Sell	Hedging
Forward contract	USD	EUR	USD 5.00	Buy	Hedging
Forward contract	USD	EUR	USD 5.00	Sell	Hedging
Forward contract	JPY	EUR	JPY 31.68	Buy	Hedging
Forward contract	EUR	USD	EUR 180.00	Sell	Hedging

**As at December 31, 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 January 1, 2016**

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

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 34.10: Cashflow hedges

The amounts as at December 31, 2017 relating to items designated as hedged items are as follows:

Change in value used for calculating hedge ineffectiveness	Effective portion of cash flow hedges	Costs of hedging	Balances remaining in equity head 'effective portion of cash flow hedges' from hedging relationships for which hedge accounting is no longer applied
<b>Foreign currency risk</b> Repayment of inter-company debt	(151.17)	-	-

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting:

Particulars	December 31, 2017	
	Equity head 'Effective portion of cash flow' hedges	Equity head 'Cost of hedging'
Balance as at January 1, 2017	-	-
<b>Cash flow hedges</b>		
Changes in fair value:		
Foreign currency risk – inter-company debt	(151.17)	-
Tax on movements in relevant items of Other comprehensive income during the year	31.75	
<b>Balance as at December 31, 2017</b>	<b>(119.42)</b>	<b>-</b>

The table below summarises the periods when the cash flows associated with highly probable forecasted transactions that are classified as cash flow hedges are expected to occur:

Particulars	December 31, 2017	December 31, 2016
Cash flows in Euro		
< 1 month	13,750.20	-

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 34.10 Cashflow hedges (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness as at and for the year ended December 31, 2017 are as follows:

Particulars	Carrying amount			During the CY 2017		
	Nominal amount	Asset/ (Liabilities)	Line item in the balance sheet where the hedging instrument is included	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Line item in profit or loss that includes hedge ineffectiveness
<b>Foreign currency risk</b>						
Foreign exchange contracts-forward exchange contracts - repayment of inter-company debt	13,670.79	(151.17)	Other current financial liabilities	119.42	-	-
Settlement of foreign currency receivables and payables	-	7.33	Other current financial assets	-	(22.30)	Gain on foreign currency transactions and translations (net)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness as at and for the year ended December 31, 2016 are as follows:

Particulars	Carrying amount			During the CY 2016		
	Nominal amount	Asset/ (Liabilities)	Line item in the balance sheet where the hedging instrument is included	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Line item in profit or loss that includes hedge ineffectiveness
<b>Foreign currency risk</b>						
Settlement of foreign currency receivables and payables	-	(14.97)	Other current financial liabilities	-	(12.99)	Gain on foreign currency transactions and translations (net)

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 35: Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity share holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Group monitors capital using a ratio of 'Net debt' to 'equity'. For this purpose, adjusted net debt is defined as total interest-bearing borrowings less cash and cash equivalents. Equity comprises all components of equity excluding non-controlling interest. The Group's Net debt to equity ratio is given below.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing borrowing in the current period.

Particulars	December 31, 2017	December 31, 2016	January 1, 2016
Total borrowings, net of cash and cash equivalents	66,081.33	64,104.43	67,171.79
Equity	39,441.03	31,648.13	31,125.62
<b>Net debt to equity ratio</b>	<b>1.68</b>	<b>2.03</b>	<b>2.16</b>

### Note 36: Explanation of transition to Ind AS

As stated in Note 2, these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For all years up to and including the year ended December 31, 2016, the Group has prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these consolidated financial statements for the year ended December 31, 2017 including the comparative information for the year ended December 31, 2016 and the opening consolidated Ind AS balance sheet on the date of transition i.e. January 1, 2016.

In preparing its consolidated Ind AS balance sheet as at January 1, 2016 and in presenting the comparative information for the year ended December 31, 2016, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its consolidated financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

#### Note 36.1: Optional exemptions availed and mandatory exceptions

##### A. Optional exemptions availed

Ind AS 101- "*First-time adoption of Indian accounting standards*" allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

##### (i) Deemed cost for property plant and equipment and intangible assets:

As permitted by Ind AS 101- "*First-time adoption of Indian accounting standards*", the Group has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (ii) Business combinations:

Ind AS 103- "*Business Combinations*" has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures and transactions which are considered businesses for Ind AS, that occurred before January 1, 2016. The carrying amounts of assets and liabilities in accordance with previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS. The carrying amount of goodwill in the opening Ind AS Balance Sheet is its carrying amount in accordance with the previous GAAP.

### (iii) Determining whether an arrangement contains a lease:

Ind AS 101 - "*First time adoption of Indian Accounting Standards*" includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has elected to avail the above exemption.

## B. Mandatory exceptions

### (i) Estimates

On assessment of the estimates made under the previous GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence that those estimates were in error. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date.

### (ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

### (iii) Non-controlling interests

The Group has carried the carrying amount of non-controlling interests recognised under previous GAAP as at the date of transition to Ind AS and will apply the requirements of Ind AS 110 - "*Consolidated Financial Statements*" applicable to non-controlling interests prospectively from the date of transition to Ind AS.

## Note 36.2: Reconciliation between previous GAAP and Ind AS

### (I) (a) Reconciliation of Balance Sheet as at date of transition January 1, 2016:

	Notes to first-time adoption	Previous GAAP*	Adjustments relating to equity accounted investee (subsidiary under Previous GAAP) (Refer note (i) below)	Adjustments	Ind AS
<b>ASSETS</b>					
<b>1. Non-current assets</b>					
(a) Property, plant and equipment	(viii)	28,084.71	-	785.73	28,870.44
(b) Capital work in progress		4,108.43	(32.36)	-	4,076.07
(c) Goodwill	(xiv)	57,160.06	-	(120.23)	57,039.83
(d) Other intangible assets		153.04	-	-	153.04



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Notes to first-time adoption	Previous GAAP*	Adjustments relating to equity accounted investee (subsidiary under Previous GAAP) (Refer note (i) below)	Adjustments	Ind AS
(e) Financial assets					-
(i) Investments	(i)	58.77	-	67.60	126.37
(ii) Loans		1,052.50	(315.21)	-	737.29
(iii) Other financial assets		158.63	-	-	158.63
(f) Deferred tax asset (net)	(xi)	2,782.99	-	225.07	3,008.06
(g) Non-current tax assets (net)		703.53	-	-	703.53
(h) Other non-current assets	(viii)	503.73	-	24.50	528.23
<b>2. Current assets</b>					
(a) Inventories		16,209.90	-	-	16,209.90
(b) Financial assets					
(i) Investments	(ix)	135.61	-	1.08	136.69
(ii) Trade receivables	(ii)	11,749.08	-	(38.33)	11,710.75
(iii) Cash and cash equivalents		7,512.28	(112.73)	-	7,399.55
(iv) Bank balances other than cash and cash equivalents		1,026.13	-	-	1,026.13
(v) Loans		594.84	(0.77)	-	594.07
(vi) Other financial assets		60.69	-	-	60.69
(c) Other current assets	(viii)	1,749.82	(2.03)	4.25	1,752.04
<b>TOTAL</b>		<b>133,804.74</b>	<b>(463.10)</b>	<b>949.67</b>	<b>134,291.31</b>
<b>EQUITY AND LIABILITIES</b>					
<b>1. Equity</b>					
(a) Equity share capital		672.69	-	-	672.69
(b) Other equity	(A)	28,702.32	(65.95)	1,816.56	30,452.93
		<b>29,375.01</b>	<b>(65.95)</b>	<b>1,816.56</b>	<b>31,125.62</b>
Non-controlling interests		24.17	(63.57)	18.91	(20.49)
<b>2. Liabilities</b>					
<b>Non-current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	(vii)	71,323.13	-	(1,385.73)	69,937.40
(ii) Other financial liabilities		437.20	-	-	437.20
(b) Provisions	(iii)	7,276.54	-	77.19	7,353.73
(c) Deferred tax liability (net)	(xi)	3,843.72	-	491.85	4,335.57
(d) Non-current tax liabilities (net)		430.03	-	-	430.03
(e) Other non-current liabilities	(iv)	278.07	-	44.61	322.68

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Notes to first-time adoption	Previous GAAP*	Adjustments relating to equity accounted investee (subsidiary under Previous GAAP) (Refer note (i) below)	Adjustments	Ind AS
<b>Current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings		2,594.25	-	-	2,594.25
(ii) Trade payables		10,037.38	(0.62)	-	10,036.76
(iii) Other financial liabilities		5,217.50	-	-	5,217.50
(b) Other current liabilities	(viii)	1,177.52	(332.96)	1.19	845.75
(c) Provisions	(v)	1,002.19	-	(114.91)	887.28
(d) Current tax liabilities (net)		788.03	-	-	788.03
<b>TOTAL</b>		<b>133,804.74</b>	<b>(463.10)</b>	<b>949.67</b>	<b>134,291.31</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

### (b) Reconciliation of Balance Sheet as at December 31, 2016:

	Notes to first-time adoption	Previous GAAP*	Adjustments relating to equity accounted investee (subsidiary under Previous GAAP) (Refer note (i) below)	Adjustments	Ind AS
<b>ASSETS</b>					
<b>1. Non-current assets</b>					
(a) Property, plant and equipment	(viii)	30,696.50	-	810.26	31,506.76
(b) Capital work in progress		2,352.40	(91.72)	-	2,260.68
(c) Goodwill	(xiv)	58,286.10	-	(704.80)	57,581.30
(d) Other intangible assets		137.90	-	-	137.90
(e) Financial assets					
(i) Investments		99.17	224.40	-	323.57
(ii) Loans		571.62	(265.02)	-	306.60
(iii) Other financial assets		19.66	-	-	19.66
(f) Deferred tax asset (net)	(xi)	2,187.35	-	155.36	2,342.71
(g) Non-current tax assets (net)		607.62	(0.26)	-	607.36
(h) Other non-current assets	(viii)	96.11	(31.65)	20.29	84.75
<b>2. Current assets</b>					
(a) Inventories		12,678.06	-	-	12,678.06
(b) Financial assets					
(i) Trade receivables	(ii)	10,401.97	-	(9.68)	10,392.29
(ii) Cash and cash equivalents		9,169.41	(12.06)	-	9,157.35

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

	Notes to first-time adoption	Previous GAAP*	Adjustments relating to equity accounted investee (subsidiary under Previous GAAP (Refer note (i) below)	Adjustments	Ind AS
(iii) Bank balances other than cash and cash equivalents		1,281.31	-	-	1,281.31
(iv) Loans		70.00	-	-	70.00
(v) Other financial assets		63.94	(4.26)	-	59.68
(c) Other current assets	(viii)	1,892.75	-	91.59	1,984.34
<b>TOTAL</b>		<b>130,611.87</b>	<b>(180.57)</b>	<b>363.02</b>	<b>130,794.32</b>
<b>EQUITY AND LIABILITIES</b>					
<b>1. Equity</b>					
(a) Equity share capital		672.69	-	-	672.69
(b) Other equity	(A)	29,470.83	1.72	1,502.89	30,975.44
		<b>30,143.52</b>	<b>1.72</b>	<b>1,502.89</b>	<b>31,648.13</b>
Non-controlling interests		715.56	(30.55)	19.98	704.99
<b>2. Liabilities</b>					
<b>Non-current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	(vii)	69,756.09	(150.63)	(1,080.68)	68,524.78
(ii) Other financial liabilities		463.79	-	-	463.79
(b) Provisions	(iii)	8,214.17	-	87.01	8,301.18
(c) Deferred tax liability (net)	(xi)	2,861.56	-	(213.18)	2,648.38
(d) Non-current tax liabilities (net)		380.98	-	-	380.98
(e) Other non-current liabilities	(iv)	164.58	-	45.72	210.30
<b>Current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings		1,819.34	-	-	1,819.34
(ii) Trade payables		7,605.05	(0.93)	-	7,604.12
(iii) Other financial liabilities		6,024.93	-	-	6,024.93
(b) Other current liabilities	(viii)	898.69	(0.18)	1.28	899.79
(c) Provisions		961.32	-	-	961.32
(d) Current tax liabilities (net)		602.29	-	-	602.29
<b>TOTAL</b>		<b>130,611.87</b>	<b>(180.57)</b>	<b>363.02</b>	<b>130,794.32</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 36.2: Reconciliation between previous GAAP and Ind AS (continued)

#### (II) Reconciliation of Total Comprehensive Income for the year ended December 31, 2016:

	Notes to first-time adoption	Previous GAAP*	Adjustments relating to equity accounted investee (subsidiary under Previous GAAP) (Refer note (i) below)	Adjustments	Ind AS
<b>1 Total income</b>					
Revenue from operations	(vi)	93,164.00	-	1,780.69	94,944.69
Other income		1,213.89	(2.32)	-	1,211.57
<b>Total income</b>		<b>94,377.89</b>	<b>(2.32)</b>	<b>1,780.69</b>	<b>96,156.26</b>
<b>2 Expenses</b>					
Cost of materials consumed	(iii)	27,991.23	-	4.41	27,995.64
Purchases of stock-in-trade		15,265.45	-	-	15,265.45
Changes in inventories of finished goods, work-in-progress and stock-in-trade		914.34	-	-	914.34
Excise Duty	(vi)	-	-	2,362.94	2,362.94
Employee benefits expense	(x)	9,706.86	-	2.47	9,709.33
Finance costs	(vii)	6,001.67	(33.00)	339.78	6,308.45
Depreciation and amortisation expense	(viii)	3,461.39	-	1,728.31	5,189.70
Other expenses	(ix)	25,749.03	(2.38)	(2,356.66)	23,389.99
<b>Total expenses</b>		<b>89,089.97</b>	<b>(35.38)</b>	<b>2,081.25</b>	<b>91,135.84</b>
<b>3 Profit before share of profit of associates, exceptional items and tax (1-2)</b>		<b>5,287.92</b>	<b>33.06</b>	<b>(300.56)</b>	<b>5,020.42</b>
<b>4 Share of profit of associates (net of tax)</b>		<b>41.53</b>	<b>-</b>	<b>-</b>	<b>41.53</b>
<b>5 Profit before exceptional items and tax (3+4)</b>		<b>5,329.45</b>	<b>33.06</b>	<b>(300.56)</b>	<b>5,061.95</b>
<b>6 Exceptional items</b>	(x)	<b>1,370.40</b>	<b>-</b>	<b>(1,108.84)</b>	<b>261.56</b>
<b>7 Profit before tax (5-6)</b>		<b>3,959.05</b>	<b>33.06</b>	<b>808.28</b>	<b>4,800.39</b>
<b>8 Tax expense / (benefit)</b>					
1. Current tax		2,837.92	-	-	2,837.92
2. Deferred tax	(xi)	(1,189.97)	-	144.12	(1,045.85)
<b>9 Profit for the year (7-8)</b>		<b>2,311.10</b>	<b>33.06</b>	<b>664.16</b>	<b>3,008.32</b>
<b>10 Other Comprehensive Income/ (loss):</b>					
<b>A. (i) Items that will not be reclassified to profit or loss</b>					
- Remeasurements of defined benefit plans	(x)	-	-	(1,106.37)	(1,106.37)
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>	(xi)	-	-	380.86	380.86

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 36.2: Reconciliation between previous GAAP and Ind AS (continued)

	Notes to first-time adoption	Previous GAAP*	Adjustments relating to equity accounted investee (subsidiary under Previous GAAP) (Refer note (i) below)	Adjustments	Ind AS
<b>B. (i)</b> Items that will be reclassified to profit or loss					
- Exchange differences in translating the financial statements of foreign operation	(xii)	-	-	(458.97)	(458.97)
- Effective portion of cash flow hedge		-	-	-	-
<b>(ii)</b> Income tax relating to items that will be reclassified to profit or loss	(xi)	-	-	(63.96)	(63.96)
<b>Total Other Comprehensive Income/(loss) for the year</b>		-	-	<b>(1,248.44)</b>	<b>(1,248.44)</b>
<b>11 Total Comprehensive Income for the year (9+10)</b>		<b>2,311.10</b>	<b>33.06</b>	<b>(584.28)</b>	<b>1,759.88</b>
Attributable to owners of the Company		2,247.27	0.04	(596.66)	1,650.65
Attributable to non-controlling interests		63.83	33.02	12.38	109.23

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

### (A) Reconciliation of equity as reported under previous GAAP and that computed under Ind AS:

Particulars	As at January 1, 2016	As at December 31, 2016
Equity as per previous GAAP	29,375.01	30,143.52
<b>Adjustments:</b>		
Deferred financing costs	1,386.82	1,050.95
Tax on proposed dividend in one of the Indian subsidiaries	114.90	-
Depreciation and amortization expense	697.60	717.20
Site restoration liability	(80.43)	(84.85)
Straightlining of lease rent on land	(49.95)	(51.14)
Purchase of non-controlling interest adjusted to retained earnings	(20.23)	(604.69)
Others	(28.23)	(1.50)
Tax adjustments	(269.87)	478.64
<b>Equity as per Ind AS</b>	<b>31,125.62</b>	<b>31,648.13</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (B) Reconciliation between total comprehensive income as reported under previous GAAP and Ind AS

Particulars	For the year ended December 31, 2016
Net profit under previous GAAP	2,247.27
<b>Adjustments:</b>	
Deferred financing costs	(334.77)
Depreciation and amortisation expense	19.58
Reclassifications of net actuarial loss on defined obligation to other comprehensive income	1,106.37
Others	15.09
Tax adjustments	(144.12)
<b>Net profit for the period as per Ind AS</b>	<b>2,909.42</b>
Other comprehensive loss (net of tax) as per Ind AS	(1,258.77)
<b>Total comprehensive income as per Ind AS</b>	<b>1,650.65</b>

#### Notes:

- (i) **Consolidation:** The Company, based on its evaluation of control under Ind AS 110 - "Consolidated Financial Statements" and Ind AS 111 - "Joint Arrangements" for one of the fully Consolidated entities under previous GAAP, has accounted for it as Equity accounted Investee under Ind AS 111- "Joint arrangements".
- (ii) **Trade receivables:** On account of the adoption of Ind AS 109 - "Financial Instruments", the Group has measured the loss allowance on trade receivables using expected credit loss model.
- (iii) **Provisions:**
- (a) **Provision for site restoration:** In line with the requirement of Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets", the Group has created a provision towards the costs of dismantling and removing the item of property plant and equipment and restoring the site on which it is located at the time, the item is acquired or constructed, Ind AS 16 - "Property, Plant and Equipment" requires that the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located should be included in the cost of the respective item of property plant and equipment. The Group has created provision for site restoration. The impact is INR 4.41 for the year ended December 31, 2016, INR 84.85 as at December 31, 2016 and INR 80.44 as at January 1, 2016.
- (b) **Discounting of provisions:** Under Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets", non-current provisions are discounted for time value. The impact of discounting of provisions is INR 5.01 for the year ended December 31, 2016, INR 2.16 as at December 31, 2016 and INR 3.24 as at January 1, 2016.
- (iv) **Other non current liabilities:**

Particulars	As at January 1, 2016	As at December 31, 2016
Impact of straight lining of lease rent pertaining to leasehold land (note viii)	48.76	49.87
Increases in the carrying amount of provision reflecting the passage of time (note iii)	(4.15)	(4.15)
	<b>44.61</b>	<b>45.72</b>

- (v) **Proposed dividend:** Under the previous GAAP, dividends proposed by the board of directors after the reporting date but before the approval of financial statements were considered to be adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS 10 - "Events after the Reporting Period", dividends proposed by the board are considered to be non-adjusting event. Accordingly, dividend distribution tax recognised under previous GAAP has been reversed.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (vi) Revenue from operations:

Particulars	Year ended December 31, 2016
Excise duty	2,362.94
Discounts	(582.25)
	<b>1,780.69</b>

**Excise duty:** Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under IndAS, revenue from sale of the products is presented inclusive of excise duty. The excise duty is presented on the face of the consolidated statement of profit and loss as part of expenses. This change has resulted in an increase in revenue from operations and expenses for the year ended December 31, 2016. There is no impact on the total comprehensive income and equity under Ind AS.

**Discounts:** Under Ind AS 18 - "Revenue", discounts given to customer are netted off against revenue. Under the previous GAAP, the same were grouped under other expenses. There is no impact on the total comprehensive income and equity.

### (vii) Finance costs:

- (a) **Deferred financing costs:** Based on Ind AS 109 - "Financial instruments", financial liabilities (borrowings) have been accounted at amortised cost using the effective interest rate method. Debt issuance costs that are directly attributable to the acquisition of financial liabilities used to be charged off as finance costs under previous GAAP. Under Ind AS, such transaction costs is capitalised and amortised over the period of the debt. Accordingly, deferred finance costs asset has been recognised and amortised over the period of the borrowings under Ind AS. The impact of the above adjustment amounts to INR 334.77 for the year ended December 31, 2016. The impact of the above adjustment as at December 31, 2016 amounts to INR 1,080.68 (January 1, 2016 - INR 1,385.73).

- (b) **Discounting of Provisions** [Refer note (iii) (b)]

### (viii) Depreciation and amortisation expense:

Particulars	Year ended December 31, 2016
Major maintenance expense	1,732.52
Impact of straight lining of lease rent pertaining to leasehold land	(4.21)
	<b>1,728.321</b>

**Major maintenance:** The Company, in accordance with Ind AS 16 - "Property, Plant and Equipment", has capitalised major overhaul costs as part of Property, plant and equipment and amortised over it's estimated useful life. Such costs were expensed under the previous GAAP.

**Straightlining of lease rent on land:** Under the previous GAAP, Lease of land was scoped out from AS 19 - "Leases" and consecutively such lease expenses were accounted for as and when expense was incurred. On adoption of Ind AS 17 - "Leases", the company has determined the lease of land as an operating lease and payment under an operating lease of land shall be recognised as an expense on a straight-line basis over the lease term. Accordingly, the Group has recognised liability on account of straightlining of lease rent on land pertaining to prior year in opening balance sheet i.e., as on January 1, 2016.

The re-classifications from property plant and equipment represent Prepaid operating lease rentals being recognised under IND AS 17 which is being amortised on a straight line basis over the remaining period of the lease.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (ix) Other expenses:

Particulars	Year ended December 31, 2016
Major maintenance expense previously expensed, now being capitalised under Ind AS (note viii)	1,780.88
Impact of straight lining of lease rent pertaining to leasehold land (note viii)	(5.40)
Discounts (note vi)	582.26
Others*	(1.08)
	<b>2,356.66</b>

(\*) Under Ind AS 109 - "Financial Instruments", the Company has carried investments in mutual funds at FVTPL.

(x) **Actuarial gains and losses on defined benefit plans:** Under Ind AS, all actuarial gains and losses on defined benefit plans are recognised in other comprehensive income. Under previous GAAP, the Group has recognised actuarial gains and losses in consolidated statement of profit and loss. However, this has no impact on the total comprehensive income and total equity as at January 1, 2016 or as at December 31, 2016.

(xi) **Deferred Tax:** Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS, deferred tax on indexation of land and deferred tax on consolidation adjustments.

(xii) **Foreign Currency Translation Reserve:** In accordance with Ind AS 101 - "First time adoption of Indian Accounting Standards", amount of foreign currency differences arising from translation of the financial statements of foreign subsidiaries to Indian Rupees for the year ended December 31, 2016 have been routed through other comprehensive income.

(xiii) **Cash flow statement:** Transition from previous GAAP to Ind AS did not have a material impact on the consolidated statement of cash flows.

### (xiv) Goodwill:

(a) Pursuant to the Shareholders' agreement with the Minority Shareholders of OOO RÜTGERS Severtar in the year ended December 31, 2016, the Group has recognised the contribution in kind for the minority shareholders as part of Non-controlling interest with a corresponding impact in Goodwill under the previous GAAP. However as required by Ind AS 103 - "Business Combinations" Such transaction was accounted as a part of retained earnings and Non controlling interest.

(b) In the previous GAAP, the Company had accounted for one of it's acquisition under the 'Purchase method' and recorded the related goodwill on such consolidation. However, on adoption of Ind AS, the Company evaluated the acquisition in accordance with Ind AS 103 - "Business Combinations" and determined it to be an asset acquisition. The Consideration paid amounting to INR 130.01 was attributable to mining rights acquired which were amortised over it's useful life. Such asset was fully amortised as at January 1, 2016.

### Note 37: Segmental Information

Ind AS 108 "Operating segment" establishes standard for the way public business report information about operating segment and related disclosures about product and services, geographic areas and major customers. Based on "management approach" as defined in Ind AS 108, operating segments are to be reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources an overall basis. The Group's reportable segments are Carbon, Chemical and Cement.

The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditures in individual segment, and are set out in significant accounting policies.

Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as unallocated. Unallocable expense comprise of finance cost and certain corporate costs. Unallocable income comprises of interest income and other income.



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### a) Business Segment

Particulars	Year ended December 31, 2017				Year ended December 31, 2016			
	Carbon	Chemicals	Cement	Total	Carbon	Chemicals	Cement	Total
<b>Revenue</b>								
External Sales	86,284.85	17,955.55	9,679.03	113,919.43	66,672.84	17,106.15	10,598.43	94,377.42
Inter- Segment Sales	4,568.36	2,473.23	5.60	7,047.19	5,258.53	3,229.06	5.29	8,492.88
<b>Total</b>	<b>90,853.21</b>	<b>20,428.78</b>	<b>9,684.63</b>	<b>120,966.62</b>	<b>71,931.37</b>	<b>20,335.21</b>	<b>10,603.72</b>	<b>102,870.30</b>
Less: Eliminations	(4,568.36)	(2,473.23)	(5.60)	(7,047.19)	(5,258.53)	(3,229.06)	(5.29)	(8,492.88)
<b>Total Revenue from sale of products and from services provided</b>	<b>86,284.85</b>	<b>17,955.55</b>	<b>9,679.03</b>	<b>113,919.43</b>	<b>66,672.84</b>	<b>17,106.15</b>	<b>10,598.43</b>	<b>94,377.42</b>
Other operating income	387.59	143.24	21.10	551.93	400.03	158.72	8.52	567.27
<b>Total Revenue from operations</b>	<b>86,672.44</b>	<b>18,098.79</b>	<b>9,700.13</b>	<b>114,471.36</b>	<b>67,072.87</b>	<b>17,264.87</b>	<b>10,606.95</b>	<b>94,944.69</b>
<b>Result</b>								
<b>Segment Result</b>	<b>16,303.43</b>	<b>738.80</b>	<b>403.97</b>	<b>17,446.20</b>	<b>7,576.94</b>	<b>1,886.17</b>	<b>654.19</b>	<b>10,117.30</b>
Finance costs				5,946.71				6,308.45
Other income (including interest income)				(1,134.28)				(1,211.57)
Exceptional items				1,803.30				261.56
Share of profit of associates				(8.84)				(41.53)
<b>Profit Before Taxation</b>				<b>10,839.31</b>				<b>4,800.39</b>
Tax expense, net				2,918.09				1,792.07
<b>Profit after tax and before minority interest</b>				<b>7,921.22</b>				<b>3,008.32</b>
Segment Assets	109,207.41	25,369.88	7,244.89	141,822.18	98,248.74	22,329.99	7,227.30	127,806.03
Unallocated Corporate Assets				3,680.88				2,988.29
<b>Total Assets</b>	<b>109,207.41</b>	<b>25,369.88</b>	<b>7,244.89</b>	<b>145,503.06</b>	<b>98,248.74</b>	<b>22,329.99</b>	<b>7,227.30</b>	<b>130,794.32</b>
Segment Liabilities	22,275.26	7,274.62	2,035.44	31,585.32	14,438.84	6,920.17	1,969.87	23,328.88
Unallocated Corporate Liabilities				73,463.47				75,112.32
<b>Total Liabilities</b>	<b>22,275.26</b>	<b>7,274.62</b>	<b>2,035.44</b>	<b>105,048.79</b>	<b>14,438.84</b>	<b>6,920.17</b>	<b>1,969.87</b>	<b>98,441.20</b>
Capital Expenditure	3,790.69	504.96	270.28	4,565.93	3,951.08	544.98	333.68	4,829.74
Depreciation and amortisation	4,193.16	601.45	461.66	5,256.27	4,156.07	608.61	425.02	5,189.70

Since the information about material items of income and expense are not reviewed by Chief Operating Decision Maker (CODM), the Group has not presented such information as part of its segment disclosures which is in accordance with requirements of Ind AS 108 - "Operating Segments".

### b) Geographical Segment (secondary segment information)

Particulars	Revenue from operations		Non-current assets as at*	
	Year ended December 31, 2017	Year ended December 31, 2016	December 31, 2017	December 31, 2016
India	25,780.25	19,914.33	6,458.76	6,272.98
Outside India	88,691.11	75,030.36	86,010.33	85,905.77
<b>Total</b>	<b>114,471.36</b>	<b>94,944.69</b>	<b>92,469.09</b>	<b>92,178.75</b>

\*Non-current assets exclude financial instruments, deferred tax assets and post-employment benefit assets.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	Revenue from operations		Non-current assets as at*	
	Year ended December 31, 2017	Year ended December 31, 2016	December 31, 2017	December 31, 2016
Europe including CIS	43,273.71	33,932.03	42,722.21	39,646.88
Asia excluding Middle East (Including India)	28,724.87	23,359.36	6,458.76	6,272.98
United States	16,679.41	16,625.40	39,189.01	42,505.57
North America excluding United States	12,196.31	8,742.13	4,099.11	3,753.32
Others	13,597.06	12,285.77	-	-
<b>Total</b>	<b>114,471.36</b>	<b>94,944.69</b>	<b>92,469.09</b>	<b>92,178.75</b>

\*Non-current assets exclude financial instruments, deferred tax assets and post-employment benefit assets.

Note: Revenue by geographic area in the above table are attributed by the destination country of the sale.

### Revenue from major products:

Major product	Year ended December 31	
	2017	2016
Calcined petroleum coke	37,265.04	26,866.14
Coal tar pitch	21,976.03	16,286.62
Other carbon products	24,894.97	20,203.38
Resins and modifiers	11,734.87	10,992.36
Cement	9,679.03	10,598.43

### Revenue from major customer:

The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

### Note 38: Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	As at December 31, 2017	As at December 31, 2016
(a) Carbon	54,130.42	54,241.10
(b) Chemicals	3,290.67	3,138.83
(c) Cement	201.37	201.37
	<b>57,622.46</b>	<b>57,581.30</b>

The recoverable amount of the respective CGU is based on fair value less costs to sell, by using discounted cash flows. The fair value measurement has been categorised as Level 3.

The recoverable amounts of the above cash generating units have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Key assumptions on which the Group has based its determinations of value-in-use include:

- Estimated cash flows for five years based on management's budgets and estimates.
- Terminal value arrived by extrapolating last forecasted year cash flows to perpetuity, using a constant long-term growth rate ranging from 0.75% to 2.00% for various cash generating units. This long-term growth rate takes into consideration external macro-economic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
- The post-tax discount rates used are based on the Group's weighted average cost of capital.
- Value-in-use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using before tax assumptions. The after tax discount rates used range from 7.80% to 11.00% for various cash generating units.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

### Note 39: Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations

December 31, 2017	OOO RÜTGERS Severtar	Others	Total
Non-controlling interest percentage	34.7%	(Refer note 1 below)	
Non-current assets	2,526.16	2,587.02	5,113.18
Current assets	1,335.28	45.24	1,380.52
Non-current liabilities	(1,643.28)	-	(1,643.28)
Current liabilities	(432.88)	(1.64)	(434.52)
<b>Net assets</b>	<b>1,785.28</b>	<b>2,630.62</b>	<b>4,415.90</b>
Net assets attributable to non-controlling interests	619.49	912.83	1,532.32
Revenue	4,402.45	-	4,402.45
Profit for the year	850.36	6.65	857.01
Other comprehensive income	(103.78)	-	(103.78)
<b>Total comprehensive income</b>	<b>746.58</b>	<b>6.65</b>	<b>753.23</b>
Profit allocated to non-controlling interests	283.04	2.31	285.35
Other comprehensive income allocated to non-controlling interests	23.72	-	23.72
<b>Total comprehensive income allocated to non-controlling interests</b>	<b>306.76</b>	<b>2.31</b>	<b>309.07</b>
Cash flows from (used in) operating activities	1,333.03	(4.49)	1,328.54
Cash flows from (used in) investing activities	(285.15)	-	(285.15)
Cash flows from (used in) financing activities (dividends to NCI: Nil)	(966.80)	3.95	(962.85)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(40.56)	-	(40.56)
Net increase (decrease) in cash and cash equivalents	40.52	(0.54)	39.98

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

December 31, 2016	OOO RÜTGERS Severtar	Others	Total
Non-controlling interest percentage	34.7%	(Refer note 2 below)	
Non-current assets	2,661.67	2,524.91	5,186.58
Current assets	1,092.30	433.48	1,525.78
Non-current liabilities	(2,193.90)	-	(2,193.90)
Current liabilities	(613.29)	(465.64)	(1,078.93)
<b>Net assets</b>	<b>946.78</b>	<b>2,492.75</b>	<b>3,439.53</b>
Net assets attributable to non-controlling interests	328.53	869.69	1,198.22
Revenue	2,716.41	784.79	3,501.20
Profit for the year	553.27	(356.99)	196.28
Other comprehensive income	97.71	-	97.71
<b>Total comprehensive income</b>	<b>650.98</b>	<b>(356.99)</b>	<b>293.99</b>
Profit allocated to non-controlling interests	273.12	(174.22)	98.90
Other comprehensive income allocated to non-controlling interests	10.33	-	10.33
<b>Total comprehensive income allocated to non-controlling interests</b>	<b>283.45</b>	<b>(174.22)</b>	<b>109.23</b>
Cash flows from (used in) operating activities	571.89	202.94	774.83
Cash flows from (used in) investing activities	(115.89)	(1,031.46)	(1,147.35)
Cash flows from (used in) financing activities (dividends to NCI: Nil)	(32.43)	852.26	819.83
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	76.65	(11.52)	65.13
Net increase (decrease) in cash and cash equivalents	500.22	12.22	512.44

**Note :** 1. Includes 34.7% of Severtar Holdings Limited.

2. Includes 34.7% of Severtar Holdings Limited and 49% of RGS Egypt Limited Company L.L.C.

### Note 40: Assets and liabilities related to 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 30 of INR 172.92 for the year ended December 31, 2017 (December 31, 2016 - INR 166.41).

#### b) 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, 2017 is INR 232.54 (December 31, 2016 INR 178.59).

The following table sets forth the status of the compensated absences:

Particulars	As at December 31, 2017	As at December 31, 2016
<b>Net Liability</b>		
- Current	47.65	43.09
- Non current	184.89	135.50
<b>Total</b>	<b>232.54</b>	<b>178.59</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### c) **Benefit plans:**

The Group has various employee benefit plans covering different categories of employees based on their location of employment. The various benefit plans are as follows:

- (A) Gratuity plan in India
- (B) Pension plan in USA
- (C) Pension plan in Germany
- (D) Pension plan in Belgium
- (E) Pension plan in Canada
- (F) Health care plan in Canada

### **Inherent risk:**

The plans are defined benefit in nature which is sponsored by the Group and hence it underwrites all the risk pertaining to the plans. In particular, this exposes the Group, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plans are not subject to longevity risk.

### **A. Gratuity plan in India:**

In accordance with applicable Indian laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Vesting occurs on completion of 5 years of service. The Group makes annual contributions to Gratuity funds to Insurance companies. The Parent and its Indian subsidiaries account for the liability for gratuity benefits payable in the future based on an actuarial valuation. The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2017. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

#### **(i) Amounts recognized in the Consolidated Balance Sheet are as follows:**

Particulars	As at December 31, 2017	As at December 31, 2016
Present value of funded obligation	134.52	137.19
Less: Fair value of plan assets	36.60	33.62
<b>Net liability</b>	<b>97.92</b>	<b>103.57</b>

#### **(ii) Net employee benefits expense (recognised in employee benefits expense):**

Particulars	For the Year ended December 31, 2017	For the Year ended December 31, 2016
Current service cost	10.72	7.76
Interest cost	6.49	8.74
Expected return on plan assets	-	(2.19)
<b>Total</b>	<b>17.21</b>	<b>14.31</b>

#### **(iii) Net employee benefits expense (recognised in other comprehensive income):**

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Remeasurements of defined benefit plans	(11.81)	18.46

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	137.19	110.53
Current service cost	10.72	7.76
Interest Cost	6.49	8.74
Actuarial loss/(gain)	(13.08)	18.31
Amount paid to employees	(6.80)	(8.15)
<b>Closing defined benefit obligation</b>	<b>134.52</b>	<b>137.19</b>

### (v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening fair value of plan assets	33.62	28.56
Interest on plan assets	2.13	2.19
Actuarial (loss)/gain	(1.28)	0.43
Contribution by employer	8.93	10.59
Amount paid to employees	(6.80)	(8.15)
<b>Closing fair value of plan assets</b>	<b>36.60</b>	<b>33.62</b>
<b>Actual return on plan assets</b>	<b>(0.52)</b>	<b>2.62</b>

### (vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2017	As at December 31, 2016
Insurer managed funds	100%	100%

### (vii) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rates on benefit obligations	7.55%	6.65%
Expected rate of return on plan assets	7.50%	7.50%
Expected salary increase rates	6.00% - 7.00%	6.00% - 7.00%

### (viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2017 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(6.40)	6.81
Future salary growth (0.5% movement)	6.11	(5.85)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2016 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(6.56)	6.99
Future salary growth (0.5% movement)	6.27	(5.99)

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (ix) The expected contribution to be made by the Group during the financial year ending December 31, 2018 is INR 14.06.
- (x) As at December 31, 2017, the weighted average duration of the defined benefit obligation is in the range of 6.3 to 8.13 years.
- (xi) 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.

### B. Pension plan in USA:

The subsidiaries in the United States of America (USA) have a noncontributory defined benefit pension plan covering hourly employees in the USA. Benefits under the hourly employees' plan are based on years of service and age. Their funding policy is to contribute amounts to meet minimum funding requirements, plus additional amounts as the subsidiary companies may determine to be appropriate. The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2017. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

#### (i) Amounts recognized in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2017	As at December 31, 2016
Present value of funded obligation	684.37	655.24
Less: Fair value of plan assets	508.75	474.43
<b>Net liability</b>	<b>175.62</b>	<b>180.81</b>

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2017	For the Year ended December 31, 2016
Current service cost	38.09	25.86
Interest cost	42.31	31.25
Expected return on plan assets	(30.49)	(28.89)
Net actuarial loss/(gain) recognized during the year	-	-
<b>Total</b>	<b>49.91</b>	<b>28.22</b>

#### (iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Remeasurements of Defined Benefit Plans	(24.81)	(20.91)

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	655.24	616.40
Current service cost	38.09	25.86
Interest Cost	42.31	31.25
Actuarial loss/(gain)	9.77	(20.68)
Amount paid to employees	(20.39)	(18.03)
Exchange differences	(40.65)	20.44
<b>Closing defined benefit obligation</b>	<b>684.37</b>	<b>655.24</b>

### (v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening fair value of plan assets	474.43	450.51
Interest on plan assets	30.49	28.89
Actuarial (loss)/gain	34.58	0.23
Contribution by employer	15.98	-
Amount paid to employees	(20.39)	(18.03)
Exchange differences	(26.34)	12.83
<b>Closing fair value of plan assets</b>	<b>508.75</b>	<b>474.43</b>
<b>Actual return on plan assets</b>	<b>65.07</b>	<b>29.12</b>

### (vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2017	As at December 31, 2016
Equity securities	51%	56%
Debt securities	47%	42%
Others	2%	2%

### (vii) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rates on benefit obligations	3.52%	4.01%
Expected rate of return on plan assets	7.00%	7.50%

### (viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2017 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	293.86	404.80
Attrition rate (0.5% movement)	340.61	343.85
Future mortality (0.5% movement)	352.79	331.54



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2016 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	266.34	362.17
Attrition rate (0.5% movement)	306.83	309.74
Future mortality (0.5% movement)	317.11	299.34

(ix) The expected contribution to be made by the Group during the financial year ending December 31, 2018 is INR 26.53.

(x) 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.

(xi) As at December 31, 2017, the weighted average duration of the defined benefit obligation is 16.27 years.

### C. Pension plan in Germany:

In respect of subsidiary companies in Germany, the Group has defined benefit retirement plans covering its employees. Pension provisions are recognized for obligations due to benefit plans for old age, invalidity, and surviving dependents' benefits. Benefits vary according to the legal, tax, and economic circumstances prevailing in each relevant country. Benefits are usually based on the length of service and final salary of employees.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2017. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

#### (i) Amounts recognized in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2017	As at December 31, 2016
Present value of unfunded obligation	7,759.91	6,652.71
Less: Fair value of plan assets	-	-
<b>Net liability</b>	<b>7,759.91</b>	<b>6,652.71</b>

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2017	For the Year ended December 31, 2016
Current service cost	301.61	275.26
Interest cost	90.76	116.16
<b>Total</b>	<b>392.37</b>	<b>391.42</b>

#### (iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Remeasurements of Defined Benefit Plans	15.38	964.28

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	6,652.71	5,412.66
Current service cost	301.61	275.26
Interest Cost	90.76	116.16
Actuarial loss/(gain)	15.38	964.28
Other significant events	243.34	(6.02)
Plan participant contributions	57.79	48.86
Amount paid to employees	(61.30)	(39.49)
Exchange differences	459.62	(119.00)
<b>Closing defined benefit obligation</b>	<b>7,759.91</b>	<b>6,652.71</b>

### (v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Contribution by employer	3.52	(9.37)
Plan participant contributions	57.79	48.86
Amount paid to employees	(61.30)	(39.49)
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>-</b>

### (vi) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rates on benefit obligations	1.30%	1.31%
Expected salary increase rates	2.00%	2.00%

### (vii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2017 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(898.31)	1,070.57
Future salary growth (0.5% movement)	75.54	(73.64)
Weighted average duration	NA	25.85 years

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2016 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(777.16)	926.16
Future salary growth (0.5% movement)	75.03	(73.24)
Weighted average duration	NA	26.08 years

(viii) The expected contribution to be made by the Group during the financial year ending December 31, 2018 is INR 13.44.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

(ix) 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.

### D. Pension plan in Belgium:

In respect of subsidiary companies in Belgium, the Group has defined benefit retirement plans covering its employees. Pension provisions are recognized for obligations due to benefit plans for old age, invalidity, and surviving dependents' benefits. Benefits vary according to the legal, tax, and economic circumstances prevailing in each relevant country. Benefits are usually based on the length of service and final salary of employees.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2017. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

#### (i) Amounts recognized in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2017	As at December 31, 2016
Present value of funded obligation	979.06	792.47
Less: Fair value of plan assets	660.68	541.65
<b>Net liability</b>	<b>318.38</b>	<b>250.82</b>

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2017	For the Year ended December 31, 2016
Current service cost	66.85	38.70
Interest cost	10.74	13.45
Expected return on plan assets	(7.74)	(11.03)
Administrative expenses	-	(7.36)
<b>Total</b>	<b>69.85</b>	<b>33.76</b>

#### (iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Remeasurements of Defined Benefit Plans	84.55	132.51

#### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	792.47	636.53
Current service cost	66.85	38.70
Interest Cost	10.74	13.45
Actuarial loss/(gain)	102.85	143.61
Administrative expenses, taxes and insurance premiums	(28.68)	(19.04)
Plan participant contributions	15.38	13.17
Amount paid to employees	(45.48)	(22.76)
Exchange differences	64.93	(11.19)
<b>Closing defined benefit obligation</b>	<b>979.06</b>	<b>792.47</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening fair value of plan assets	541.65	498.51
Interest on plan assets	7.74	11.03
Actuarial (loss)/gain	18.30	11.10
Contribution by employer	88.35	50.24
Plan participant contributions	15.38	13.17
Administrative expenses, taxes and insurance premiums	(28.68)	(11.68)
Amount paid to employees	(45.48)	(22.76)
Exchange differences	63.42	(7.96)
<b>Closing fair value of plan assets</b>	<b>660.68</b>	<b>541.65</b>
<b>Actual return on plan assets</b>	<b>26.04</b>	<b>22.13</b>

### (vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2017	As at December 31, 2016
Insurer managed funds	100%	100%

### (vii) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rates on benefit obligations	1.30%	1.31%
Expected rate of return on plan assets	2.20%	2.40%
Expected salary increase rates	2.50%	2.50%

### (viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2017 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(51.20)	55.11
Weighted average duration	NA	10.95 years

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2016 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(42.53)	45.54
Weighted average duration	NA	11.17 years

(ix) The expected contribution to be made by the Group during the financial year ending December 31, 2018 is INR 88.34.

(x) 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.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### E. Pension plan in Canada:

In respect of subsidiary companies in Canada, the Group has defined benefit retirement plans covering its employees. Pension provisions are recognized for obligations due to benefit plans for old age, invalidity, and surviving dependents' benefits. Benefits vary according to the legal, tax, and economic circumstances prevailing in each relevant country. Benefits are usually based on the length of service and final salary of employees.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2017. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

#### (i) Amounts recognized in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2017	As at December 31, 2016
Present value of funded obligation	1,660.02	1,515.27
Less: Fair value of plan assets	1,625.62	1,511.38
<b>Net liability</b>	<b>34.40</b>	<b>3.89</b>

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2017	For the Year ended December 31, 2016
Current service cost	31.67	35.83
Past service cost	41.15	-
Interest cost	57.62	58.54
Expected return on plan assets	(58.19)	(59.25)
Administrative expenses	4.99	1.78
<b>Total</b>	<b>77.24</b>	<b>36.90</b>

#### (iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Remeasurements of Defined Benefit Plans	(6.32)	4.61

#### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	1,515.27	1,379.10
Current service cost	31.67	35.83
Past service cost	41.15	-
Interest Cost	57.62	58.54
Actuarial loss/(gain)	69.14	36.05
Plan participant contributions	5.20	6.32
Amount paid to employees	(72.53)	(72.73)
Exchange differences	12.50	72.16
<b>Closing defined benefit obligation</b>	<b>1,660.02</b>	<b>1,515.27</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening fair value of plan assets	1,511.38	1,366.99
Interest on plan assets	58.19	59.25
Actuarial (loss)/gain	75.46	31.44
Contribution by employer	42.34	50.50
Plan participant contributions	5.20	6.32
Administrative expenses, taxes and insurance premiums	(4.99)	(1.78)
Amount paid to employees	(72.53)	(72.73)
Exchange differences	10.57	71.39
<b>Closing fair value of plan assets</b>	<b>1,625.62</b>	<b>1,511.38</b>
<b>Actual return on plan assets</b>	<b>133.65</b>	<b>90.69</b>

### (vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2017	As at December 31, 2016
Equity securities	50%	50%
Debt securities	49%	49%
Others	1%	1%

### (vii) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rates on benefit obligations	3.50%	3.90%
Expected rate of return on plan assets	4.70%	5.10%
Expected salary increase rates	3.25%	3.25%

### (viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2017 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(129.15)	144.13
Future salary growth (0.5% movement)	6.87	(7.87)
Weighted average duration	NA	14.12 years

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2016 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(123.09)	137.82
Future salary growth (0.5% movement)	7.58	(7.58)
Weighted average duration	NA	14.49 years

(ix) The expected contribution to be made by the Group during the financial year ending December 31, 2018 is INR 48.10.

(x) 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.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### F. Health care plan in Canada:

One of the subsidiaries in Canada have non-pension post-employment benefit plans funded on a cash basis by contribution from the subsidiaries. The plan is for the purpose of providing medical and dental benefits for retirees and eligible dependents and life insurance for retirees. The plan is funded on a pay-as-you-go basis. The subsidiary funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for the plan. The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2017. The following table sets forth the status of the various defined benefit plans of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

#### (i) Amounts recognized in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2017	As at December 31, 2016
Present value of funded obligation	310.53	320.07
Less: Fair value of plan assets	-	-
<b>Net liability</b>	<b>310.53</b>	<b>320.07</b>

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2017	For the Year ended December 31, 2016
Current service cost	13.38	12.27
Interest cost	12.22	11.97
<b>Total</b>	<b>25.60</b>	<b>24.24</b>

#### (iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Remeasurements of Defined Benefit Plans	(34.36)	7.42

#### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	320.07	279.63
Current service cost	13.38	12.27
Interest Cost	12.22	11.97
Actuarial loss/(gain)	(34.36)	7.42
Amount paid to employees	(11.95)	(5.90)
Exchange differences	11.17	14.68
<b>Closing defined benefit obligation</b>	<b>310.53</b>	<b>320.07</b>

#### (v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Contribution by employer	11.95	5.90
Amount paid to employees	(11.95)	(5.90)
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>-</b>
<b>Actual return on plan assets</b>	<b>-</b>	<b>-</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### (vi) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rates on benefit obligations	3.50%	3.90%
Annual increase in health cost		
Initial trend rate	6.28%	6.39%
Ultimate trend rate	4.50%	4.50%
Year ultimate trend rate is reached	2031	2031

### (vii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2017 shown below.

Particulars	Increase	Decrease
Health care cost trend rates (0.5% movement)	17.58	(14.14)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2016 shown below.

Particulars	Increase	Decrease
Health care cost trend rates (0.5% movement)	1.60	(1.60)

### Note 41: Related Party Disclosures

#### a) Names of related parties and description of relationship

Key Managerial Personnel (KMP) and their relatives	<ol style="list-style-type: none"> <li>1. Mr. Jagan Mohan Reddy Nellore Managing Director</li> <li>2. Mr. Sujith Kumar Reddy Nellore Relative of Managing Director</li> <li>3. Mr. Radha Krishna Reddy Nellore Relative of Managing Director</li> <li>4. Mr. T. Srinivasa Rao Chief Financial Officer</li> <li>5. Mr. S. Venkat Ramana Reddy Company Secretary</li> </ol>
Enterprise where key managerial personnel along with their relatives exercise significant influence	<ol style="list-style-type: none"> <li>1. Rain Enterprises Private Limited (REnPL)</li> <li>2. Rain Entertainments Private Limited (REPL)</li> <li>3. Nivee Property Developers Private Limited (NPDPL)</li> <li>4. Pragnya Priya Foundation (PPF)</li> <li>5. Arunachala Logistics Private Limited</li> </ol>



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Non-executive directors	<ol style="list-style-type: none"> <li>1. Mr. Radha Krishna Reddy Nellore - Chairman</li> <li>2. Mr. Sujith Kumar Reddy Nellore - Director</li> <li>3. Mr. S.L. Rao - Independent Director</li> <li>4. Mr. H.L. Zutshi - Independent Director</li> <li>5. Mr. Dipankar Basu - Independent Director (till November 11, 2017)</li> <li>6. Mr. Krishna Narayanan - Nominee Director IDBI Bank Limited (till November 30, 2017)</li> <li>7. Mr. Varun Batra - Independent Director (since February 28, 2018)</li> <li>8. Ms. Radhika Vijay Haribhakti - Independent Director</li> <li>9. Ms. Nirmala Reddy - Independent Director</li> </ol>
Equity accounted investees	<ol style="list-style-type: none"> <li>1. Tarlog GmbH (Tarlog) (Acquired balance 50% and merged with Group during the year)</li> <li>2. InfraTec Duisburg GmbH (IDGmbH) (Investment by RÜTGERS Germany GmbH)</li> <li>3. Rain Coke Limited (Rcoke) (Investment by Rain Cements Limited)</li> </ol>

### b) Transactions with related parties:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Purchases and services (net of reimbursements) from :		
a) Tarlog GmbH	105.80	196.68
b) InfraTec Duisburg GmbH	502.88	449.96
c) Arunachala Logistics Private Limited	3,172.55	3,051.04
Sale of cement:		
a) Rain Entertainments Private Limited	0.70	2.13
b) Pragnya Priya Foundation	3.94	-
c) Nivee Property Developers Private Limited	28.21	3.63
d) Arunachala Logistics Private Limited	1.44	1.75
Other operating income		
a) Tarlog GmbH	4.53	5.71
b) InfraTec Duisburg GmbH	63.71	31.64
c) Arunachala Logistics Private Limited - Rental Income	0.30	0.18
Reimbursement of ocean freight, and other expenses		
a) Rain Enterprises Private Limited	52.49	-
b) Pragnya Priya Foundation	0.86	-
Managerial remuneration (Short term employee benefits) (See Note (iii) below)		
a) Jagan Mohan Reddy Nellore	16.84	16.84
b) T. Srinivasa Rao	13.54	11.75
c) S. Venkat Ramana Reddy	4.00	3.61

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Remuneration to relatives of KMP		
a) Sujith Kumar Reddy Nellore (managing director of a wholly owned subsidiary)	26.22	48.45
Sitting fees paid to Non-executive directors of the Company	4.28	3.50
Commission paid to Non-executive directors of the Company	3.00	2.30
Dividend paid		
a) Enterprise where key managerial personnel along with their relatives exercise significant influence	81.27	81.27
b) Key Managerial Personnel T. Srinivasa Rao	0.09	0.09
Donations given		
a) Pragnya Priya Foundation	41.88	45.01

### The Group has the following dues from / to related parties:

Particulars	As at December 31, 2017	As at December 31, 2016
Amounts receivable from		
a) Tarlog GmbH	-	1.01
b) InfraTec Duisburg GmbH	122.71	53.50
c) Pragnya Priya Foundation	0.29	-
d) Nivee Property Developers Private Limited	7.90	0.19
Amounts payable to		
a) Tarlog GmbH	-	9.79
b) InfraTec Duisburg GmbH	2.73	70.12

i) No trade or other receivables are due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private limited companies respectively in which any director is a partner or a director or a member.

ii) The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

### (iii) Long term employee benefits for Key Managerial Personnel

The managerial personnel are covered by Company's gratuity policy and are eligible for compensated absences along with the employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to managerial remuneration have not been included in aforementioned disclosures as these are not determined on individual basis.

### Note 42: Investment in equity accounted investees

The Group hold the investments in the following unconsolidated companies:

1. Infratec Duisburg GmbH(IDGmbH) is a 30% owned which is involved in infrastructure services located in Germany.
2. Tarlog GmbH is a 50% owned which is involved in logistic services located in Germany. On July 1, 2017, the Group acquired the balance 50% resulting to 100% subsidiary for a consideration of INR 7.62.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

3. Rain Coke Limited is a 51% owned company which is involved in generation of Solar power. As the Group does not control Board and other partners have significant participating rights, the Group's interest in Rain Coke Limited has been accounted for under the equity method of accounting under Ind AS 111- "*Joint arrangements*".

Summary financial information of the equity accounted investees and not adjusted for the percentage of ownership held by the Group, is as follows:

Particulars	As at/For the year ended December 31	
	2017	2016
Total current assets	1,084.18	1,615.42
Total non-current assets	2,107.58	651.08
<b>Total assets</b>	<b>3,191.76</b>	<b>2,266.50</b>
Equity	354.87	301.39
Total current liabilities	888.86	386.92
Total non-current liabilities	1,948.03	1,578.19
<b>Total equity and liabilities</b>	<b>3,191.76</b>	<b>2,266.50</b>
Revenues	1,714.88	2,159.88
Expenses	1,695.56	2,004.96
<b>Profit for the year, net</b>	<b>19.32</b>	<b>154.92</b>

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

**Note 43: Additional information to Consolidated Financial Statements**

S. No	Name of the Company	As at December 31, 2017		For the year ended December 31, 2017		
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Total comprehensive income (TCI)
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated TCI
	<b>Parent</b>					
	Rain Industries Limited	5.75	9,226.57	2.48	321.06	1.94
	<b>Subsidiaries</b>					
	<b>Indian</b>					
1	Rain Cements Limited	2.40	3,860.47	2.89	374.89	2.30
2	Renuka Cement Limited	0.01	11.30	-	(0.55)	-
3	Rain CII Carbon (Vizag) Limited	6.43	10,317.88	27.10	3,511.86	21.19
	<b>Foreign</b>					
4	Rain Commodities (USA) Inc.	9.46	15,179.74	3.74	484.18	(0.43)
5	Rain Carbon Inc.	11.49	18,443.02	0.38	49.07	(6.76)
6	Rain RÜTGERS CTP LLC (RRCTP)	-	-	-	-	-
7	Rain Carbon Holdings, LLC	11.51	18,480.22	1.46	189.66	(5.87)
8	Rain Global Services LLC	(0.13)	(210.82)	(0.62)	(80.09)	(0.43)
9	RGS Egypt Limited Company L.L.C (See Note 3 below)	-	-	-	-	-
10	Rain CII Carbon LLC	16.30	26,181.49	9.36	1,213.77	(2.76)
11	CII Carbon Corp.	-	-	-	-	-
12	RÜTGERS BVBA (See note 1 below)	-	-	-	-	-
13	RÜTGERS Polymers Ltd.	1.25	2,008.03	3.00	388.46	3.16
14	RÜTGERS Canada Inc.	1.86	2,991.84	6.82	884.15	5.66
15	Handy Chemicals (U.S.A.) Ltd.	0.03	51.08	0.19	24.01	0.15
16	RÜTGERS Holding Belgium BVBA (See note 1 below)	-	-	-	-	-
17	Rain Carbon BVBA (formerly known as RÜTGERS Belgium BVBA)	10.87	17,442.52	17.54	2,273.38	39.92
18	VFT France S.A	0.64	1,031.76	0.16	21.09	0.20

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

## Consolidated Financial Statements

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

S. No	Name of the Company	As at December 31, 2017		For the year ended December 31, 2017			
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Other comprehensive income (OCI)	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	Amount
	Non-controlling interests		-		(285.35)		(23.72)
	<b>Share of profit / (loss) of associates:</b>						
	InfraTec Duisburg GmbH		-		8.84		-
	Rain Coke Limited		-		-		-
	<b>TOTAL</b>		<b>39,441.03</b>		<b>7,635.87</b>		<b>389.38</b>
							<b>8,025.25</b>

Net assets and share in profit and loss, other comprehensive income and total comprehensive income for parent company, subsidiaries and associates are as per the standalone financial statements of the respective entities.

### Note:

1. Merged into Rain Carbon BVBA, retrospectively with effect from January 1, 2017
2. Merged to RÜTGERS Germany GmbH, retrospectively with effect from January 1, 2017
3. Sold during the year.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 43: Additional information to Consolidated Financial Statements (continued)

S. No	Name of the Company	As at December 31, 2016		For the year ended December 31, 2016			
		Net Assets i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Other comprehensive income (OCI)	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	Total comprehensive income (TCI)
	<b>Parent</b>						
	Rain Industries Limited	4.91	9,241.68	1.42	329.32	0.47	1.43
	<b>Subsidiaries</b>						
	<b>Indian</b>						
1	Rain Cements Limited	1.86	3,494.06	2.14	495.13	2.87	2.13
2	Renuka Cement Limited	-	2.83	-	0.05	-	-
3	Rain CII Carbon (Vizag) Limited	3.62	6,804.65	4.50	1,041.55	1.29	4.54
	<b>Foreign</b>						
4	Rain Commodities (USA) Inc.	8.52	16,029.89	7.54	1,745.97	(68.87)	8.45
5	Rain Carbon Inc.	10.47	19,735.12	7.72	1,787.29	(163.28)	9.74
6	Rain RÜTGERS CTP LLC (RRCTP)	-	-	-	-	-	-
7	Rain Global Holdings, LLC (see note 1 below)	-	-	8.75	2,024.98	-	8.85
8	Rain Carbon Holdings, LLC	10.45	19,659.27	9.44	2,183.89	(160.01)	11.44
9	Rain Global Services LLC	(0.07)	(139.00)	(0.13)	(30.34)	1.00	(0.14)
10	RGS Egypt Limited Company L.L.C	0.01	25.82	(1.56)	(362.21)	(0.93)	(1.57)
11	Rain CII Carbon LLC	14.27	26,845.15	(19.42)	(4,494.46)	(225.37)	(16.99)
12	CII Carbon Corp.	-	-	-	-	-	-
13	Rain CTP Inc. (see note 2 below)	-	-	2.23	516.08	(49.53)	2.84
14	RÜTGERS BVBA	2.35	4,417.93	3.96	917.61	(5.82)	4.08
15	RÜTGERS Polymers Ltd.	0.85	1,607.52	1.87	431.70	(10.35)	2.01
16	RÜTGERS Canada Inc.	1.10	2,062.52	1.06	244.90	(26.74)	1.39
17	Handy Chemicals (U.S.A.) Ltd.	0.01	28.16	0.14	31.85	(0.19)	0.14
18	RÜTGERS Holding Belgium BVBA	3.84	7,223.69	0.04	8.40	32.74	(0.35)
19	RÜTGERS Belgium BVBA	13.72	25,809.13	39.54	9,150.87	360.20	35.75
20	VFT France S.A	0.50	946.77	0.09	21.13	0.97	0.08
21	VFT Trading BVBA	0.50	932.06	0.07	17.24	1.30	0.06
22	Rumba Invest BVBA & Co. KG	-	(1.67)	0.34	79.77	(0.14)	0.35
23	RÜTGERS Holding Germany GmbH	6.16	11,594.41	6.25	1,447.56	141.00	4.66
24	RÜTGERS Germany GmbH	4.27	8,033.56	9.86	2,281.46	109.65	8.68

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

S. No	Name of the Company	As at December 31, 2016		For the year ended December 31, 2016		
		Net Assets i.e., Total Assets minus Total Liabilities	Share in Profit or Loss	Other comprehensive income (OCI)	Total comprehensive income (TCI)	
		As a % of Consolidated Net Assets	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	As a % of Consolidated TCI
25	RÜTGERS Aromatic Chemicals GmbH	0.36	(0.28)	(63.82)	12.83	(0.43)
26	RÜTGERS InfraTec GmbH	(0.05)	(1.15)	(265.17)	95.28	(2.28)
27	RÜTGERS ChemTrade GmbH	0.01	0.42	96.85	3.16	0.39
28	RÜTGERS Basic Aromatics GmbH	0.57	9.40	2,176.49	51.32	8.91
29	RÜTGERS Novares GmbH	0.09	4.40	1,018.37	61.06	3.73
30	RÜTGERS Resins BV	(0.17)	(0.15)	(35.81)	(21.74)	0.10
31	Severtar Holding Ltd.	1.31	(0.02)	(5.32)	3.22	(0.06)
32	OOO RÜTGERS Severtar	0.50	2.39	552.55	(60.56)	3.13
33	RÜTGERS Poland Sp. z o.o.	0.12	0.02	3.95	2.27	(0.01)
34	RÜTGERS (Shanghai) Trading Co. Ltd	0.03	0.05	11.45	0.51	0.04
35	RÜTGERS Wohnmobilen GmbH & Co	0.10	0.20	46.11	7.58	0.11
36	RÜTGERS Gewerbeimmobilien GmbH & Co	0.19	(0.01)	(1.31)	6.23	(0.08)
37	RAIN Holding Germany GmbH	9.60	(1.12)	(259.30)	(1.42)	(1.12)
	Sub total	100.00	100.00	23,144.78	100.00	100.00
	Less: Inter company adjustments/eliminations	(156,501.49)		(20,177.99)		(21,156.46)
	Non-controlling interests	-		(98.90)		(109.23)
	<b>Share of profit / (loss) of associates:</b>					
	InfraTec Duisburg GmbH			41.53	-	41.53
	Tarlog GmbH			-	-	-
	Rain Coke Limited			-	-	-
	<b>Total</b>			<b>2,909.42</b>	<b>(1,258.77)</b>	<b>1,650.65</b>

Net assets and share in profit and loss, other comprehensive income and total comprehensive income for parent company, subsidiaries and associates are as per the standalone financial statements of the respective entities.

### Note:

1. Merged with Rain Carbon Inc during 2016.
2. Merged with Rain CII Carbon LLC during 2016.



## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 44: Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at December 31, 2017	As at December 31, 2016
<b>(I) Contingent liabilities</b>		
<b>(a) In respect of demands/ claims arising on account of:</b>		
- Income tax	367.03	394.72
- Wheeling charges [Refer note below]	232.48	275.41
- Operating charges of state load dispatch center and minimum energy/ demand	12.53	12.53
- Customs Duty, Sales Tax, Service Tax and Excise Duty related matters under dispute	504.91	485.74
- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	34.57	34.57
<b>Note :</b>		
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 and Telangana. 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, 2017 per the terms of the said APERC order.		
<b>(b) Claims against the Group not acknowledged as debt</b>	1,306.01	672.99

### (c) Other contingencies:

- (i) One of the Group Companies in the United States has an outstanding lawsuit (2013) against a Contractor for delay, re-working, and cost overruns of a project. The Group Company's case against the Contractor was stayed pending resolution of a related litigation and is now proceeding in court. The parties have agreed to mediate the dispute, and they are exchanging documents and information, after which they will select a mediator and proceed with mediation. The Group Company's claims against the Contractor range from USD 2-3 million (INR 127.86-191.79). Additionally, the Contractor is making claim for approximately USD 1 million (INR 63.93) against the Group Company on unpaid invoices for their work, which the Group Company withheld. Legal costs affiliated with the case are on a contingent basis.
- (ii) One of the Group Companies in the United States has an outstanding lawsuit (2013) against a design and engineering Contractor's commercial general liability insurers for the Contractor's delay, re-working, and cost overruns. The Group Company's case against the Contractor was stayed pending resolution of a related litigation and is now proceeding. On October 26, 2017, the Group Company obtained an arbitration award against the Contractor in the amount of USD 4.4 million (INR 281.29), plus costs and expenses. The Group Company is moving to confirm the arbitration award in court. After the court confirms the arbitration award, the Group Company will institute garnishment proceedings to recover the insurance policy proceeds of the Contractor's commercial general liability insurers to satisfy the confirmed arbitration award. The garnishment proceeding is not a guarantee of recovery of the full amount (or any amount) as the insurers believe they are not obligated to pay under the law. The law is not clear in this regard and it is possible that the Group Company recovers nothing further for Contractor's commercial general liability insurers. Legal costs affiliated with the case are on a contingent basis.

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

- (iii) In April 2016, a Group Company in the United States presented a revised claim to its insurers related to Hurricane Isaac. The revised claim totals USD 5 million (INR 319.65) Contingent Business Interruption losses, expenses to reduce loss, and professional fees. The insurers' counsel rejected the revised claim, and requested a settlement conference. A settlement conference occurred in May 2017, resulting in a settlement offer from the insurers – and later, a reduced settlement offer – that remains open. Group Company did not accept the offer. A trial is currently set for April 2019.
- (iv) In February 2016, an employee of a Contractor responsible for securing barges at a facility of a Group Company in the United States allegedly suffered a leg injury while attempting to secure a barge. The employee is claiming damages of approximately USD 2 million (INR 127.86). The employee has filed suit against the barge owner. The barge owner subsequently filed a third-party demand against Group Company and its insurer seeking defense and indemnification pursuant to the agreement for provision of the barge. Group Company has also made demand on Contractor for defense and indemnification of the third-party demand filed by the barge owner and for defense by Contractor's insurer pursuant to the agreement between the Group Company and Contractor. Contractor's insurer has agreed to defend Group Company in this action subject to a reservation of rights. Group Company intends to defend against the defense and indemnity claims against it and pursue all claims against Contractor and its insurer for defense and indemnification.
- (v) On May 26, 2016, an employee of a trucking Contractor of a Group Company in the United States flipped a truck when he drove it off a ramp at the Group Company facility. Both Group Company's records and Contractor's records reflect that the incident occurred due to "driver-error." Group Company filed a third-party demand for defense and indemnity against Contractor based on the defense and indemnity language contained in its service contract with Contractor. Case is ongoing.
- (vi) A Group Company in the United States received enforcement actions from the state environmental agency amounting to USD 0.14 million (INR 8.95). Group Company has appealed. Group Company will schedule a hearing to present its case.
- (vii) In August 2016, Group Company in the United States settled with several bad faith insurers as it related to expenses incurred by Group Company pursuant to a litigation which is now inactive. A Group Company is currently continuing its claims against the last bad-faith insurer. Collection efforts continue against bad-faith insurer and discovery has recently begun. Group Company's claims against bad faith insurer are approximately USD 2-3 million (INR 127.86-191.79).
- (viii) The Group reviewed all its pending litigations including legal proceedings initiated in the ordinary course of business. The Group does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.

Particulars	As at December 31, 2017	As at December 31, 2016
<b>(II) Commitments</b>		
Estimated amounts of contracts remaining to be executed on capital account [net of Capital advance INR 286.72 (December 31, 2016: INR 34.24)]	567.48	291.28
<b>(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, 2017 is INR Nil (December 31, 2016: INR 459.08).</b>		
The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that there are no material foreseeable losses on such long term contracts which needs to be provided for in the books of account.		

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 45: Operating leases

The Group has entered into various operating lease agreements for assets comprising of storage and other facilities and amounts aggregating INR 833.96 (December 31, 2016 - INR 805.49) 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, 2017	As at December 31, 2016
- Not later than 1 year	804.56	566.75
- Later than 1 year and not later than 5 years	2,262.70	1,415.07
- Beyond 5 years	439.88	163.72

### Note 46: 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, 2017 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	120.16	20.70	140.86
- Later than 1 year and not later than 5 years	324.36	23.79	348.15
- Beyond 5 years	-	-	-

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	132.79
- Later than 1 year and not later than 5 years	416.76	41.75	458.51
- Beyond 5 years	-	-	-

### Note 47: Earnings per Share (EPS)

Particulars	As at December 31, 2017	As at December 31, 2016
a. Profit for the year	7,635.87	2,909.42
b. Weighted average number of equity shares of INR 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
<b>Earnings per Share</b>		
c. Basic and Diluted - [a]/[b] - (INR)	22.70	8.65

### Note 48: 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/(gain) for the year ended December 31, 2017 on such foreign currency loan, determined as an effective net investment hedge, recognized in the foreign currency translation reserve included in Note 17 - Other equity is INR (20.51) (December 31, 2016: INR 9.36).

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 49: Net investment in foreign operations

The Group supports its overseas subsidiaries through non-current 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 Ind AS 21 - *"The Effects of Changes in Foreign Exchange Rates"*. The Group has designated certain non-current loans effective July 1, 2015. During the year, the Group had exchange differences amounting to INR (121.81) (December 31, 2016: INR 200.59) (net of non-controlling interests) has been transferred to foreign currency translation reserve.

### Note 50: Exceptional items

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Provision for Hanau site closure expenses (Refer note (a))	-	261.56
Unamortised deferred financing cost including redemption premium (Refer note (b & c))	1,803.30	-

#### Notes:

- During the year 2016, the Board of Directors of the Company had considered and approved the closure of its impregnated wood products manufacturing facility in Hanau, Germany. Accordingly, the Group had made the provision for the closure costs of INR 261.56 for the year ended December 31, 2016 and disclosed as exceptional item in the consolidated statement of profit and loss for the year ended December 31, 2016.
- In March 2017, the Company's wholly owned step-down subsidiary in the USA issued Senior Secured Notes ("the 2025 Notes") for USD 550 million. Interest is payable on the 2025 Notes at 7.25% per annum on a semi annual basis and the principle is repayable on April 1, 2025. The 2025 Notes are guaranteed by certain subsidiary companies of the Company in the USA. The proceeds of the 2025 Notes have been used to repay 8.00% 2018 Notes of USD 378 million; 8.25% 2021 Notes of USD 115 million and repay senior bank debt. All unamortised deferred financing cost pertaining to the 2018 Notes and the 2021 Notes, including redemption premium of USD 5.4 million aggregating to USD 10 million (INR 670.30) have been expensed during the quarter ended March 31, 2017 and disclosed as exceptional item in consolidated statement of profit and loss.
- On December 15, 2017, the Company's Wholly Owned Subsidiary in USA issued a conditional repayment notice to its 2021 bondholders with US Dollar denominated Notes of USD 246 million and 2021 Euro denominated Notes of USD 237 million (Face Value of Euro 198 million) together called as 2021 Notes. As on December 31, 2017, the Company, in accordance with the Ind-AS 109 - *"Financial Instruments"*, has recorded the changes in the carrying value of the 2021 Notes at its expected future cash outflows with a corresponding expense of INR 1,133.00 (USD 17.5 million) arising on account of the early repayment premium and deferred financing cost in the consolidated Statement of Profit and loss. The same is disclosed as the exceptional item in the consolidated statement of profit and loss for the year ended December 31, 2017. Subsequently, On January 16, 2018 the Company repaid all the aforementioned 2021 Notes financed by a new Term Loan B of Euro 390 million borrowed in the Wholly Owned Subsidiary in Germany.

### Note 51: Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, a Corporate Social responsibility (CSR) Committee has been formed by the Company and its Indian subsidiaries. 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 by the Company and its Indian subsidiaries are as below:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Amount to be spent	49.80	45.64
Amount paid in cash - on purposes other than construction / acquisition of any asset – donations for scholarship	52.60	62.55
Amount yet to be paid in cash	-	-

## Notes forming part of the Consolidated Financial Statements (Contd.)

All amounts are in Indian Rupees Millions, except share data and where otherwise stated

### Note 52: Provision for environment liabilities

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
<b>Balance at beginning of year</b>	1,318.76	1,812.34
Additional provision made	287.05	319.95
Provisions utilised/reversed	(379.31)	(806.57)
Foreign currency exchange rate changes	80.02	(6.96)
<b>Balance at end of year</b>	<b>1,306.52</b>	<b>1,318.76</b>
Non-current provision	643.20	531.57
Current provision	663.32	787.19
<b>Total</b>	<b>1,306.52</b>	<b>1,318.76</b>

### Note 53: Other provisions including site restoration

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
<b>Balance at beginning of year</b>	183.38	129.71
Additional provision made	-	53.67
Provisions utilised/reversed	(24.69)	-
<b>Balance at end of year</b>	<b>158.69</b>	<b>183.38</b>

### Note 54: Internal reorganisation

During the year ended December 31, 2017, the Group has completed an internal reorganisation by merging certain German Operating Companies with the German Holding Company and merger of Belgian Holding Companies with Belgian Operating Company to rationalize the Group Structure. Such restructuring was accounted for as a common control transaction under Ind-AS 103- "Business Combination" and accordingly the same did not result in any impact on the consolidated financial results for the year ended December 31, 2017.

As per our report of even date attached  
for **B S R & Associates LLP**  
Chartered Accountants  
Firm registration number: 116231W/ W-100024

**For and on behalf of the Board of Directors of  
Rain Industries Limited**  
CIN : L26942TG1974PLC001693

**Sriram Mahalingam**  
Partner  
Membership number: 049642

**Jagan Mohan Reddy Nellore**  
Managing Director  
DIN: 00017633

**Sujith Kumar Reddy Nellore**  
Director  
DIN: 00022383

Place: Hyderabad  
Date : February 28, 2018

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

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

## Corporate Social Responsibility

RAIN Group (Rain Industries Limited along with its subsidiaries) is committed to improve the quality of life of the work-force, their families as well as the communities where we operate and society at-large. As part of its commitment to corporate social responsibility ("CSR"), the Group undertakes initiatives that leads to overall development of all stakeholders and society. During CY 2017, Rain Group contributed ₹ 52.54 million for CSR activities in India. The activities undertaken are as follows:

### 1. Pragnya Priya Foundation:

Pragnya Priya Foundation ("the Foundation") was established in 2012, under Section 25 of the Companies Act, 1956 (referred to as Section 8 Company in Companies Act, 2013). The Foundation undertake various charitable activities of the RAIN Group as a non-profit organization: to grant donations to economically disadvantaged and the needy, for expenses related to education, medical treatment, to establish, run, support and grant aid and related financial assistance to schools, colleges, libraries, reading rooms, laboratories, etc. predominantly in rural areas. The key activities of Pragnya Priya Foundation are as follows:

#### 1.1 Health Care

The Foundation is operating and maintaining two primary health centers equipped with fully equipped pathology labs and in-patient beds, one each at Ramapuram Village, Nalgonda District, Telangana State and at Boincheruvupalli Village, Kurnool District, Andhra Pradesh. These two primary health centers provide basic medical assistance to communities living in the surrounding villages and medicines are given at free of cost to the patients. About 100,000 patients were provided medical treatment at these two health centers during 2017. Further, both the primary health centers have two ambulances each, including one ambulance fitted with life-saving equipment to take needy patients to district health centers. The Foundation provides counseling to alcohol and tobacco addicts, including health awareness. The Foundation also organizes free health camps and check-ups, and advises Parents on nutrition and health issues.

Due to increase in demand from surrounding areas, the Foundation is constructing a primary health center in Kagulapadu Village, Butchireddypalem, Nellore District, Andhra Pradesh.

#### 1.2 Education

The Foundation provides scholarships to economically disadvantaged students pursuing intermediate education (i.e., 11<sup>th</sup> and 12<sup>th</sup> Standard) in the states of Andhra Pradesh and Telangana. During the academic years 2015-2017 and 2016-2018, the Foundation provided scholarships to 504 and 431 students respectively for pursuing their intermediate education. In addition, the Foundation also runs two Higher Secondary Schools at Ramapuram Village, Nalgonda District, Telangana State and Boincheruvupalli Village, Kurnool District, Andhra Pradesh. Currently, 601 and 909 students respectively, are enrolled at these schools. Both the schools are recognized as English medium schools by the respective State governments. The Foundation has recruited a team of well qualified teachers and non-teaching staff with regular trainings conducted for them. Further, financial assistance and scholarships are offered to needy and meritorious students. There are consistent efforts to reduce the drop-out rate among rural students and to encourage them to continue with college education. The schools have successfully achieved 100% result in SSC examination and many students have pursued higher education.

In order to meet the rising demand from neighboring villages, the Foundation is undertaking to construct and set up two additional new schools in: Ramapuram Village, Nalgonda District and a Secondary School in Kagulapadu Village, Butchireddypalem, Nellore District, Andhra Pradesh.

## **2. Rural Development**

The Group has constructed bio toilets in certain Government Girls' Schools in Kurnool District and provided drinking water in rural areas in association with Social Awareness Newer Alternatives Trust (SANA Trust) in Visakhapatnam, Andhra Pradesh.

## **3. Environmental Sustainability**

The Company has participated in the "Green Visakha" program initiated by the Visakhapatnam Urban Development Authority and completed plantation of 80,000 saplings during last two years and is continuously maintaining such plantations for better survival. Green Visakha program has been initiated to improve the quality of air and bring down pollution levels in Visakhapatnam, Andhra Pradesh.

## **4. RÜTGERS Foundation**

The RÜTGERS Foundation in Germany was established in 1999 to commemorate the 150th anniversary of the RÜTGERS GmbH (a wholly owned subsidiary of the Company). The foundation's goal is to make science subjects more popular with children and adolescents in general education schools. It supports committed teachers financially in the implementation of extraordinary teaching projects. In this way, it helps to strengthen the natural sciences in general education schools, to bring the lessons to life and to promote young scientists. During 2017, the RÜTGERS Foundation funded 23 school projects with a total contribution of Euro 62,000.

## **5. United Way**

In the United States, employees at each of Group's locations support United Way, a global organization whose mission is to improve lives by mobilising the caring power of communities around the world to advance the common good, with a focus on education, health and training to help people attain financial stability. During 2017, the Group's US employees pledged donations to United Way agencies in their local communities. Combined with a 50% company match, the Group's US operations in 2017 pledged nearly US\$ 182,000 to United Way.

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**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: +91 040 23420814; Phone: +91 040 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:**

- Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.**
- 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.**

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## RAIN INDUSTRIES LIMITED

Regd.Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Telangana State.

CIN: L26942TG1974PLC001693

### ATTENDANCE SLIP

**43rd Annual General Meeting, Friday, the May 11, 2018 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 43rd Annual General Meeting of the members of the Company held on Friday, the May 11, 2018 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 43rd Annual General Meeting of the company, to be held on Friday, the May 11, 2018 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
<b>Ordinary Business</b>	
1.	To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the Financial Year ended December 31, 2017 and reports of Board and Auditors thereon.
2.	To receive, consider and adopt the Consolidated Audited Financial Statements for the Financial Year ended December 31, 2017 and Report of Auditors thereon.
3.	To declare final dividend @ 50% on the paid-up Equity Share Capital i.e., Rs.1 per equity share for the financial year ended December 31, 2017
4.	To approve and ratify interim dividend
5.	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.
6.	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.
7.	To re-appoint BSR & Associates LLP, as Statutory Auditors of the Company for a period of 5 years i.e., from the conclusion of this 43rd Annual General Meeting till the conclusion of 48th annual general meeting of the Company to be held in 2023 subject to ratification of shareholders at every annual general meeting.
<b>Special Business</b>	
8.	To appoint Mr. Jagan Mohan Reddy Nellore as Chief Executive Officer (CEO) of Rain Carbon Inc.
9.	To re-appoint Ms. Radhika Vijay Haribhakti (DIN: 02409519) as an Independent Director.
10.	To appoint Mr. Varun Batra (DIN: 00020526) as an Independent Director.

Signed this..... day of..... 2018

Please Affix  
Re.1/-  
Revenue  
Stamp and sign  
across

Signature of shareholder

Signature of Proxy holder(s)

**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.