

RIL/SEs/2020 May 25, 2020

The General Manager

Department of Corporate Services

**BSE** Limited

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai-400 001

The Manager

Listing Department

The National Stock Exchange of India Limited

Bandra Kurla Complex

Bandra East, Mumbai – 400 051

Dear Sir/ Madam,

Sub: 45th Annual Report of Rain Industries Limited ('Company').

Ref: i) Compliance with Regulation 34 (1) of SEBI (LODR) Regulations, 2015.

ii) Scrip Code: 500339 (BSE) and Scrip code: RAIN (NSE).

Pursuant to the applicable provisions of SEBI (LODR) Regulations, 2015, as amended from time to time ('Listing Regulations'), we wish to inform that the 45th Annual General Meeting ('AGM') of the Company will be held on Thursday, the August 13, 2020 at 11.00 A.M. at KLN Prasad Auditorium, The Federation of Chambers of Commerce & Industry (FTCCI), Red Hills, Hyderabad - 500 004, Telangana State, India.

In this connection, please find attached herewith 45<sup>th</sup> Annual Report of the Company for the Financial Year ended December 31, 2019 along with the Notice of AGM.

In terms of Regulation 46 of the Listing Regulations, the said Annual Report and Notice of Annual General Meeting and other relevant documents are also been uploaded on the website of the Company at www.rain-industries.com.

In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, the Company is providing the facility to its Members (holding shares either in physical or dematerialized form) to exercise their right to vote by electronic means i.e., e-voting. The Company is also offering the facility to the Members to cast their vote at the AGM.

This is for your information and record.

Thanking you,

Yours faithfully,

for Rain Industries Limited

S. Venkat Ramana Reddy

Company Secretary

CIN: L26942TG1974PLC001693

Fax: +91 (40) 40401214

Website: www.rain-industries.com







#### **COVER EXPLANATION**

Since our journey began at RAIN Industries
Limited (RAIN), we have been steadily expanding
the scale and scope of our business worldwide.
We have constantly innovated and expanded
capacities to build a better future for all our
stakeholders – employees, customers, investors,
vendors, communities and the environment. We are
making materials for today and tomorrow, and the
cover's iconography reflects our contributions for a
sustainable world.



#### **CARBON**

Calcined Petroleum Coke (CPC)
Coal Tar Pitch (CTP)
Other Carbon Products (OCP)

Energy



#### **ADVANCED MATERIALS**

Naphthalene Derivates
Petrochemical Intermediates
Engineered Products

Resins



#### **CEMENT**

Ordinary Portland Cement (OPC)
Portland Pozzolana Cement (PPC)

#### **FINANCIAL PERFORMANCE IN 2019**

₹ 122,873 million

Revenue

₹ 17,427 million

Operating Profit\*

₹5,211 million
Profit After Tax\*

₹ 15.49

Earnings Per Share\*

\*Adjusted with exceptional items

### SUSTAINABILITY AND SAFETY PERFORMANCE IN 2019

### 513 kilo tonnes

Saved CO<sub>2</sub> Emissions (Management estimate)

 $0.29^*/0.26^*$ 

Total Recordable Incident Rate (TRIR)/ Total Lost-Time Incident Rate (TLIR)

₹197 million

CSR and related expenditure

<sup>\*</sup> For the Carbon and Advanced Materials business segments

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#### **BOARD OF DIRECTORS**

#### **MR HL ZUTSHI**

Chairman (Independent Director)

#### **MR N RADHAKRISHNA REDDY**

Managing Director

#### MR JAGAN MOHAN REDDY NELLORE

Vice Chairman

#### **MR N SUJITH KUMAR REDDY**

Director

#### **MR VARUN BATRA**

Independent Director

#### MR BRIAN JUDE MCNAMARA

Independent Director

#### **MS NIRMALA REDDY**

Independent Director

#### MS RADHIKA VIJAY HARIBHAKTI

Independent Director

#### **CHIEF FINANCIAL OFFICER**

**MRTSRINIVASARAO** 

#### **COMPANY SECRETARY**

#### MR S VENKAT RAMANA REDDY

#### **STATUTORY AUDITORS**

B S R & Associates LLP Chartered Accountants, Salarpuria Knowledge City, Orwell, B Wing, 6th Floor, Unit 3, Sy. No. 83/1, Plot No.2, Raidurg, Hyderabad – 500 081, Telangana State, India.

#### **INTERNAL AUDITORS**

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

#### **SECRETARIAL AUDITORS**

DVM & Associates LLP
Practicing 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, NA

### REGISTRARS & SHARE TRANSFER AGENTS

KFin Technologies 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;

murthy.psrch@kfintech.com

Phone: +91 40 67161566 Email: einward.ris@kfintech.com/

## ACTING RESPONSIBLY. ADVANCING SUSTAINABLY.





Our focus is to constantly improve business performance every year through a prudent decision-making process, which is guided by years of research and specialised competencies in the markets where we operate. Despite business uncertainties and challenges, we are continuously growing our market share and remain an industry leader.

#### WE EXTRACT VALUE FROM INDUSTRIAL BY-PRODUCTS

We transform by-products from other industries into value-added materials, which contributes to resource efficiency and carbon productivity. By extracting more value from these industrial by-products, we are upcycling.

#### WE CARE FOR OUR PEOPLE, COMMUNITIES AND ASSETS

The safety and welfare of our employees and the communities where we operate is of crucial importance to us. We have two CSR arms—the RÜTGERS Foundation and the Pragnya Priya Foundation—to bring a positive change in the society. Through the RÜTGERS Foundation in Europe, we support scientific endeavours such as research, working groups and project days for students of all age groups. The Pragnya Priya Foundation in India focuses its efforts on improving the lives of people living in underprivileged and rural communities by providing them with health and education facilities, undertaking rural development and protecting the environment. We continue to pursue excellence in safety to better protect our employees and promote an environment where safe behaviour is supported and valued.

#### WE ACT RESPONSIBLY FOR THE PLANET

Our state-of-the-art waste-heat recovery (WHR) power plants supply the surrounding communities with electricity, indirectly reducing some of the greenhouse gas emissions from the generation of electricity by thermal power plants (coal and natural gas). Our flue-gas desulphurisation (FGD) plants reduce sulphur dioxide (SO2) emissions by up to 98%. We will continue to craft innovative, cost-effective solutions to reduce our environmental impact, helping us fulfil our responsibility towards the planet and society.

As a company committed to value creation, we will continue to work hard to live up to the expectations of our stakeholders. It is our endeavour to act responsibly for their wellbeing and advance sustainably while balancing profitability with environmental and societal commitments.

## Our expanding universe

RAIN is a worldwide producer of a diversified portfolio of products that are critical raw materials for staples of everyday life. We are vertically integrated and operate in three business segments: Carbon, Advanced Materials and Cement.

Headquartered in Hyderabad, India, we have 18 strategically positioned manufacturing facilities in eight countries across Asia, North America and Europe. Our 2,700-plus employees are go-getters helping to drive growth and sustainability.

We have long-standing relationships with most of our major customers, including several bellwethers in the global aluminium, graphite and specialty chemicals industries, as well as with most of our major raw material suppliers, including several of the world's largest oil refiners and steel producers.

Our scale and process sophistication provide us the flexibility to capitalise on market opportunities by selecting from a wide range of raw materials, adjusting the composition of our product mix and manufacturing products that meet customers' stringent specifications.

Our production facility locations and integrated global logistics network also strategically position us to capitalise on market opportunities by addressing raw material supply and product demand across developed and emerging markets.

### Materials for today and tomorrow



#### **CARBON**

Our Carbon business segment converts the by-products of oil refining and a liquid by-product derived from the conversion of coal into metallurgical coke used for pig iron and steel production into high-value carbon-based products that are critical raw materials for the aluminium, graphite, carbon black, wood preservation, titanium dioxide, refractory and other global industries. We are the world's largest producer of coal tar pitch (CTP) and second-largest producer of calcined petroleum coke (CPC).

#### **ADVANCED MATERIALS**

Our Advanced Materials business segment extends the value chain of our carbon processing through downstream refining of a portion of this output into high-value advanced material products that are critical raw materials for the specialty chemicals, coatings, construction, petroleum and other global industries.

#### **CEMENT**

Our Cement segment consists of two integrated cement plants that operate in the South Indian market and is self-sufficient in limestone, the critical raw material required for cement production.

#### **Building scale**

**2.1**MTPA

**1.3** MTPA

0.7 мтра

**4.0** MTPA

CALCINATION

COAL TAR DISTILLATION

**ADVANCED MATERIALS** 

#### **Nurturing excellence**

10

**CARBON PLANTS** 

2

CARBON & ADVANCED MATERIALS PLANTS

3

ADVANCED MATERIALS PLANTS

3

CEMENT

**CEMENT PLANTS** 

### **Growing sustainably**

5

**WHR POWER** 

**PLANTS** 

~116<sub>MW</sub> 4

WHR POWER
GENERATION CAPACITY

WHR STEAM PLANTS

~59 MW 4

WHR STEAM
GENERATION CAPACITY

**4** 

FLUE-GAS
DESULPHURISATION
PLANTS

#### **KEY PRODUCTS**

CALCINED PETROLEUM COKE (CPC)
COAL TAR PITCH (CTP)
OTHER CARBON PRODUCTS (OCP)
ENERGY

Refer Page 32 for additional information

#### **KEY PRODUCTS**

RESINS
NAPHTHALENE DERIVATES
PETROCHEMICAL INTERMEDIATES
ENGINEERED PRODUCTS

Refer Page 35 for additional information

#### **KEY PRODUCTS**

ORDINARY PORTLAND CEMENT (OPC)
PORTLAND POZZOLANA CEMENT (PPC)

Refer Page 38 for additional information

### Looking back with pride

Our remarkable journey, since our evolution from a regional cement producer into one of the world's largest suppliers of carbon-based materials, began at a very modest scale in 1998 in Visakhapatnam, India. Today, we operate across three continents, supported by our industry-leading production capacities and integrated teams.



RAIN Calcining Limited begins operations in Visakhapatnam, India, with a production capacity of 0.3 million tonnes per annum (MTPA) of CPC

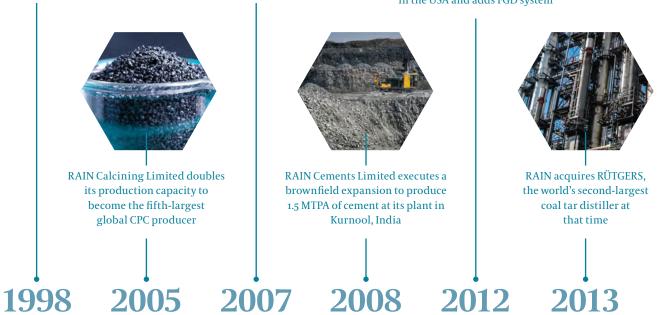


RAIN Calcining Limited merges with RAIN Commodities Limited

RAIN Calcining Limited acquires CII Carbon LLC, the world's second-largest CPC producer, giving rise to RAIN CII Carbon LLC



RAIN CII Carbon LLC installs fifth energy-producing WHR facility in the USA and adds FGD system





RAIN completes greenfield coal tar distillation facility with a 0.3 MTPA capacity in Cherepovets, Russia, through a joint venture with PAO Severstal

RAIN sets up a CPC blending facility with a capacity to blend up to 1 MTPA of CPC in Visakhapatnam, India

RAIN installs a 6.4 MW WHR plant at cement plant in Kurnool, India

RAIN commissions a third CARBORES® reactor with 17,000 TPA capacity in Castrop-Rauxel, Germany



RAIN breaks ground on a verticalshaft calciner in Andhra Pradesh Special Economic Zone in India and on a hydrogenated hydrocarbon resins (HHCR) production facility at its Castrop-Rauxel site in Germany



RAIN completes brownfield expansion of its phthalic anhydride project in Zelzate, Belgium



RAIN completes de-bottlenecking of distillation plant in Hamilton, Canada, increasing production capacity from 240,000 TPA to 263,000 TPA

RAIN refinances debt, resulting in reduction of interest cost, optimised mix of floating versus fixed-debt and currency mix between US Dollar and Euro



RAIN commissions 4.1 MW WHR plant at the cement plant in Suryapet, India

RAIN launches anhydrous carbon pellets (ACP), a new proprietary material that will address the shortage of anode-grade green petroleum coke

RAIN Empress, a new doublehulled vessel in Europe, completes its first commercial delivery of NOVARES® hydrocarbon resins

2014 2015 2016 2017 2018 2019

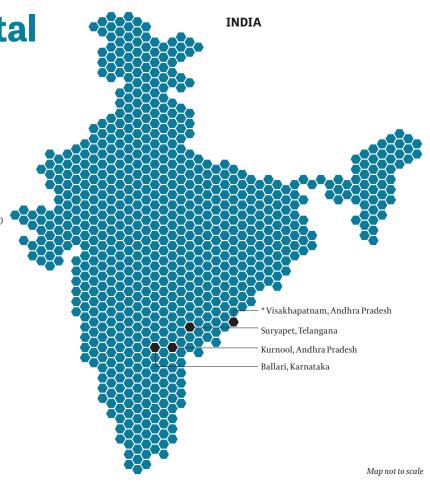
RAIN commissions FGD system

in Chalmette, Louisiana, USA

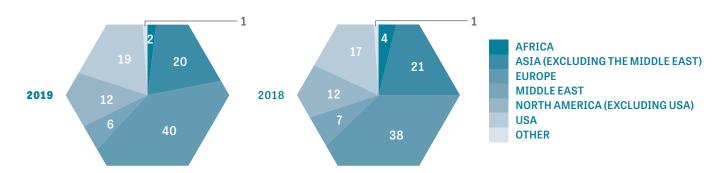
#### **OUR PRESENCE**

Transcontinental spectrum of operations

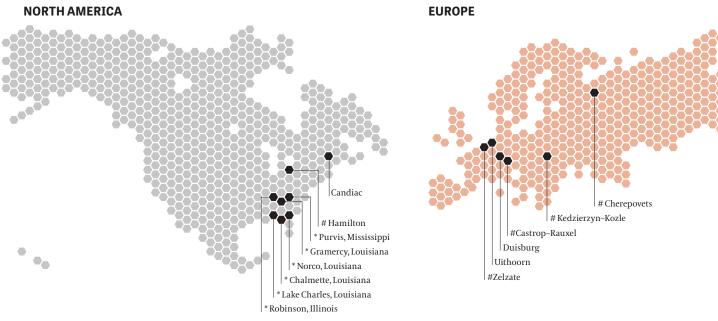
Our extensive network of 18 production facilities is the foundation of our global operations. They are strategically located close to raw material supplies and close to markets to meet the on-time demands of customers and to capitalise on emerging opportunities across the globe.



#### **REVENUE BY GEOGRAPHY** (%) \*



<sup>\*</sup> By location of customers



#### **CARBON**

INDIA	POLAND	USA			
Visakhapatnam, Andhra Pradesh	# Kedzierzyn–Kozle	* Lake Charles, Louisiana	* Gramercy, Louisiana		
GERMANY	RUSSIA	* Robinson, Illinois	* Norco, Louisiana		
# Castrop-Rauxel	# Cherepovets	* Chalmette, Louisiana	* Purvis, Mississippi		
BELGIUM	CANADA				
# Zelzate	# Hamilton		* CPC – Calcined Petroleum Coke Plant  # CTP – Coal Tar Pitch Plant		

#### **ADVANCED MATERIALS**

GERMANY	CANADA	
Duisburg •	Candiac	
Castrop–Rauxel ●		
THE NETHERLANDS	BELGIUM	
Uithoorn**	Zelzate •	

<sup>\*\*</sup> To close in March 2020

#### **CEMENT**

INDIA		
Suryapet, Telangana	Kurnool, Andhra Pradesh	
	Ballari, Karnataka	
Waste-heat Recovery Power Plant	• Waste-heat Recovery Steam Plant	

#### FROM THE VICE CHAIRMAN'S DESK



## Momentum. Profitability. High performance.

#### Dear Shareholders,

During the first six months of 2019, many of the challenges that impacted our businesses in late 2018 persisted, in particular: continued softness in the Chinese economy; reduced automotive sales in China, Europe, the UK and Japan, which impacted demand for raw materials that we produce for aluminium, automobile tyres and adhesives; and disruption to our calcination business due to India's restrictions on petroleum coke imports, resulting in high-cost inventories in a declining market that reduced profit margins.

The good news is that during the second half of 2019, earnings for our Carbon business segment began a slow but steady return to historically normal levels as we worked through our high-cost inventory of green petroleum coke (GPC). In addition, we saw an uptick in coal tar pitch sales volumes due in part to the resolution of US sanctions against Russia,

Looking ahead, we expect 2020 to be a milestone year from a projects perspective as we complete several important expansions that will enable us to produce essential 'materials for today and tomorrow'. And in doing so, these projects and the materials produced should generate new revenue streams that should positively impact our performance beginning in 2021, once we stabilise operations at the new facilities and gain customer acceptance of our new products.

thus fully restoring a market in which we have had a strong presence. On the Advanced Materials side of the business, we saw improved demand for our environment-friendly sealer-base products and PETRORES® specialty coatings, which are used in lithium-ion batteries, energy storage and other specialty applications. Performance by our Cement segment also improved during 2019, with an increase in volumes coupled with higher realisations. Also contributing to our Cement business' performance was a costoptimisation initiative and the generation of electricity from waste-heat recovery as we do in our calcination business.

As a result, our operating profit for the year was ₹ 17,427 million. Clearly, that is disappointing coming on the heels of exceptional earnings in 2017 and a relatively strong ₹ 21,411 million of operating profit in 2018. However, a comparison of earnings during the first and second half of 2019 leads us to believe that the business is returning to near-normal performance levels.

Looking ahead, we expect 2020 to be a milestone year from the projects perspective as we complete several important expansions that will enable us to produce essential 'materials for today and tomorrow'. And in doing so, these projects and the materials produced should generate new revenue streams that should positively impact our performance beginning in 2021, once we stabilise

operations at the new facilities and gain customer acceptance of our new products. Completion of these projects will further solidify our presence in existing markets and enable us to create new markets in the coming years. We believe these projects will also support our efforts to advance in a sustainable way.

In our Carbon segment, we will be commissioning our new vertical-shaft calciner in the Special Economic Zone (SEZ) near Visakhapatnam in the state of Andhra Pradesh, India. Once commissioned, the new plant will have a production capacity of 0.37 million tonnes per annum (MTPA)—adding to our current global capacity of 2.10 MTPA—and it will leverage technology that will enable us to produce high-density calcined petroleum coke (CPC), while cogenerating electricity from our waste gases. The new shaft calciner will also position the Company to meet the growing demand by anode producers in Asia and the Middle East, which are expected to be the largest-growing markets for aluminium outside of China over the next few years.

The plant's anticipated first quarter 2020 start-up was delayed due to the coronavirus (COVID-19) pandemic, while we also continue to seek resolution regarding our request to bring GPC feedstock into the SEZ.

In parallel, we have developed a new material called anhydrous carbon pellets (ACP) that will serve as a feedstock for calcination. ACP is a specially engineered, value-added material that we have been developing since 2011. After years of testing and refinement, we are confident of our ability to produce ACP on a commercial scale and are installing equipment to manufacture this proprietary carbon material at our Chalmette calcining plant in the US and near the new shaft calciner in India.

Just as important, the shaft calciner incorporates a state-of-the-art liquid ammonia FGD system that will remove ~99% of the plant's SO2 emissions – thus addressing the Government of India's ambitious clean-air goals, which were the basis of the Honourable Supreme Court's decision in July 2018 to restrict petroleum coke imports. In fact, the Company is the only calciner in India with installed SO2 scrubbing equipment since the commencement of operations, both at the new shaft calciner and our existing rotary calciner in Visakhapatnam. In addition to making the shaft calciner the most environment-friendly plant of its kind in the world, the liquid-ammonia scrubbing system will convert the gases into ammonium sulphate, which will be supplied to Indian farmers as fertiliser.

In our Advanced Materials segment, we will begin commercial operation of our new hydrogenated hydrocarbon resins (HHCR) plant at our Castrop-Rauxel facility in Germany in the first half of 2020. Once operational, the state-of-the-art plant—permitted for up to 50,000 TPA—will have an initial annual production capacity of 30,000 TPA and will serve as the cornerstone of our Advanced Materials segment.

This facility, with its patented process technology and product innovations, will enable us to produce 'materials for tomorrow'—including our new NOVARES® pure resins—that will help customers meet changing regulatory requirements and satisfy growing societal demand for cleaner, faster and lighter products. These

While we are in the business of creating essential raw materials that make possible so many of the everyday products that people around the world rely on, we have more than 2,700 employees in three continents who are equally committed to ensuring that we do what is right for the environment as a whole.

'water-white' resins will match the purity of any competing products available, and they will provide customers with a better alternative for such applications as food packaging and hygiene products.

The increasing popularity of electric vehicles (EVs) presents additional opportunities for our Advanced Materials business. Specifically, we are excited about the continued growth potential for PETRORES®, based on forecasts indicating that total consumption of carbon-based materials for EVs—including aluminium and lithium-ion batteries—is expected to grow 20% annually over the next few years. The Company is well positioned to serve those markets and help satisfy the world's growing appetite for more environment-friendly manufacturing processes and end products.

In India—the birthplace of the Company—the 'materials for today' produced by our subsidiary company RAIN Cements Limited under the brand "Priya Cement", are providing a solid foundation for many of the new housing and other infrastructure projects underway in the southern states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala, Maharashtra and Pondicherry. This led to an 11% increase in volume compared to the previous year.

Looking ahead, continued infrastructure and housing development should translate to strong demand for cement in the coming years. Coupled with a limited expansion of production capacity throughout the industry, we anticipate improved plant utilisation rates and increased earnings across the cement sector.

While we are in the business of creating essential materials that make possible so many of the everyday products that people around the world rely on, we have more than 2,700 employees on three continents who are equally committed to ensuring that we do what is right for the environment as a whole.

Corporate social responsibility is part of our DNA, and it is visible year-round in the communities where we operate.

Similarly, our commitment to sustainability and the environment is evident at our production facilities. In terms of our products, it begins with 'upcycling' industrial by-products—preventing them from being disposed of as waste or burned as a polluting fuel source—to make materials essential to the production of aluminium, EVs and many other every-day products. But that is just the tip of the iceberg. We also use fly ash from coal-fired power plants in the production of portland pozzolana cement, which reduces our limestone consumption and lowers the risk that toxic compounds in fly-ash slurry could leach into the ground from containment ponds. Elsewhere, our coal tar-based NOVARES® resins enhance the performance of automobile tyres, improving safety by providing better traction and increasing fuel efficiency by reducing rolling resistance.

Operationally, our use of waste heat to generate more than 175 MW of clean electricity and steam and the SO2 scrubbing equipment installed at our existing calciners that eliminate up to 98% of the SO2 from plant emissions are well documented. Less well known are similar waste-heat recovery efforts in Germany and the reduction of benzene emissions at our coal tar distillation facilities in Europe and Canada as a result of our leak-detection-and-repair initiative. And most recently, the development of anhydrous carbon pellets (ACP) gives us a raw material that we believe will reduce SO2 and CO2 emissions at our facilities during calcination – and help the aluminium industry attain its sustainability goals.

One other area where our employees are focused on acting responsibly is workplace safety. Last year, our Rain Carbon subsidiary launched Quest for Zero, an initiative to become an incident-free organisation. In fact, they completed 2019 with a total recordable incident rate of 0.29, making it the safest year in the Company's history, placing us among companies considered 'best-in-class' in safety performance and moving us closer to our long-term goal of zero incidents on an ongoing basis.

I am pleased to report that despite the disruption caused by the coronavirus (COVID-19) and oil price volatility, the first quarter was relatively good for our businesses. Looking at the second quarter, however, we anticipate that reduced global demand for aluminium due to the temporary closure of many automobile and airline-production facilities could have a cascading effect on our Carbon and Advanced Materials segments. Similarly, the recent crash in petroleum prices has impacted our business. It will take us a quarter to reset pricing and work through inventories.

We do believe, however, that once the HHCR facility and shaft calciner begin commercial operation and complete a period of customer product testing, they will provide new revenue streams and market opportunities. At the same time, we know that continued fiscal Across our organisation, we have been doing everything possible to keep our people safe and plants operating so that we remain a strong link in the global supply chain. ...We are cognisant that the continued operation of our plants is not only crucial for RAIN Group, but also for the industries we serve; if our production is impacted, it could have a negative effect on the broader global economy.

discipline is imperative — especially given the economic upheaval caused by coronavirus, which we anticipate will be a factor through the year.

Fewer vehicles on the roads, in the air and on the seas have impacted the production of all petroleum products, including those that directly touch our businesses. In response, we are actively managing the fluctuating global supply and demand for our raw materials and finished products. We are also leveraging our strategic logistical infrastructure advantages to maintain a firm competitive footing during this period of unprecedented global economic change.

Overall, we have been fortunate during the global pandemic. In every country in Europe and North America where stay-at-home orders have been implemented, our plants have been designated as 'essential businesses', because they support critical industries such as aluminium, steel, carbon black and petroleum refining. In India, we shut down operations at our cement plants in response to the lock-down orders issued by the central and state governments. Due to the nationwide lock-down, construction activities came to a halt, and our customers had to close their shops, resulting in lack of demand for cement. Later, upon receiving the requisite approvals from the state governments, we restarted our operations in our Cement Business in the last week of April, 2020. Further, our Vizag carbon plant was permitted to restart operations partially in the second week of April, in compliance with the operating permissions granted. This required minimising

contamination risks by reducing the number of employees and contractors moving into and out of the plant to half.

Across our organisation, we have been doing everything possible to keep our people safe and plants operating so that we remain a strong link in the global supply chain. For example, employees who are not directly involved in the production processes are working from home to reduce the risk of contaminating those working in our facilities. In addition, as a leading producer of active ingredients found in disinfectants, we are using our chemical knowhow to produce our own cleaning agents with disinfecting properties to wipe down frequently touched surfaces on a regular basis. We are cognisant that the continued operation of our plants is not only crucial for the RAIN Group, but also for the industries we serve; if our production is impacted, it could have a negative effect on the broader global economy. The protective measures have also helped us reach mechanical completion of our HHCR plant. We managed the final stage of construction with more than 250 contractors in full compliance with German COVID-19 regulations and without a single case of infection. Meanwhile, the startup sequence for the HHCR facility has been initiated.

At the RAIN Group, we always aim high and continue to improve and make our accomplishments sustainable. When it comes to our financial performance, we are aggressively managing our spending by focusing on activities that add value for the Company, customers or investors. We also have implemented rigorous cost-optimisation and management programmes.

At the same time, we are moving away from 'materials of yesterday'. Case in point is the closure of the Uithoorn resins production facility in the Netherlands that we announced last August. It was not an easy decision, since it did have an impact on employees, families and the surrounding community. However, the development of alternative products and technologies has reduced demand for many of the resins produced at Uithoorn and made some of the products nearly obsolete. The products that were profitable at Uithoorn have been successfully transitioned and are now being manufactured at our Duisburg facility in Germany. In fact, during the first quarter of FY20, we realised 90% of the combined volumes of both sites despite winding down production at Uithoorn.

Throughout 2020, we are committed to building on what we accomplished during the previous year: improved financial performance during the second half of 2019, the near-completion of our major capital projects, and the introduction of new products such as ACP and NOVARES® pure that could be real differentiators for us. By building on these achievements and managing our costs, we believe 2020 will be a year that positions the Company to advance sustainably.

Sincerely,

**Jagan Reddy Nellore** 

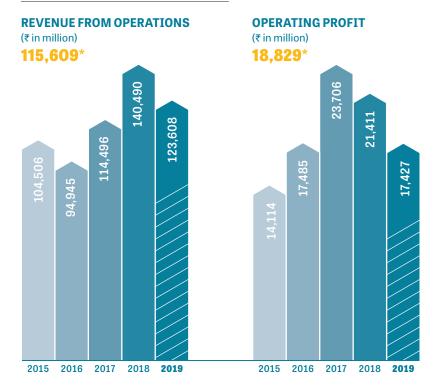
Vice Chairman

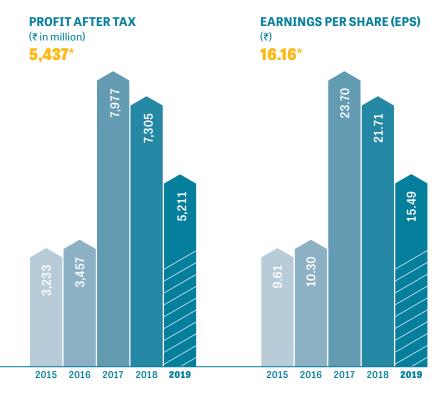
Date: April 28, 2020

# Fine balance of growth and sustainability

In a challenging and uncertain business environment, we were able to operate prudently and maintain our long-term growth strategy.

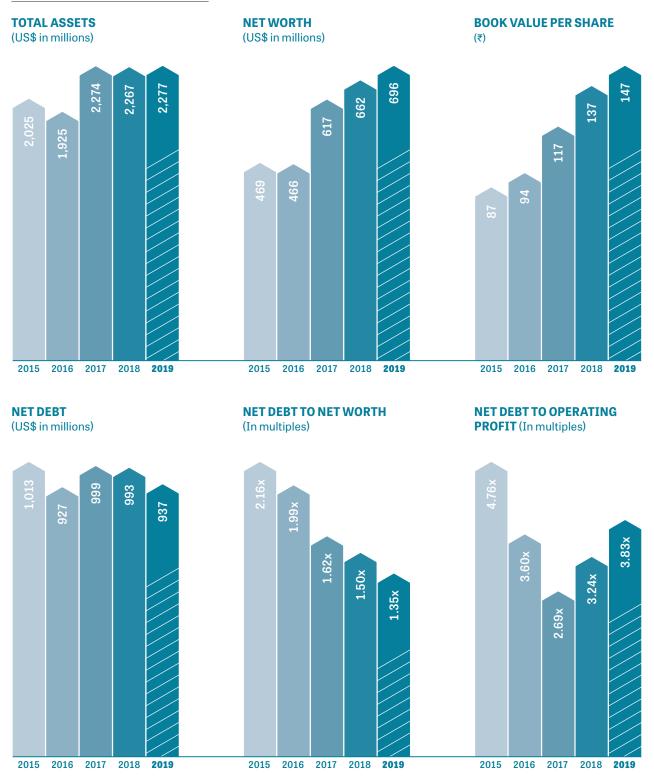
#### **PROFIT AND LOSS METRICS**



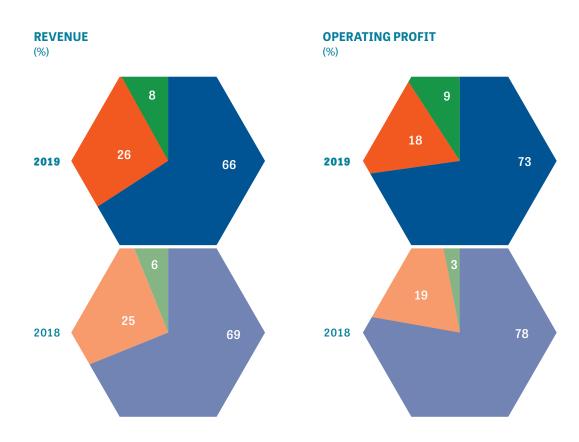


\* Average of five years

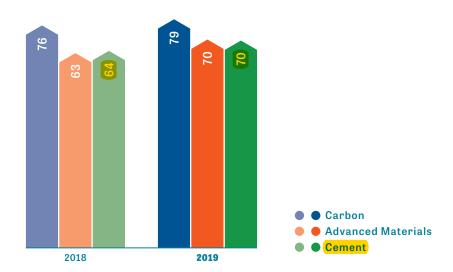
#### **BALANCE SHEET METRICS**



#### **BUSINESS SEGMENT-WISE METRICS**

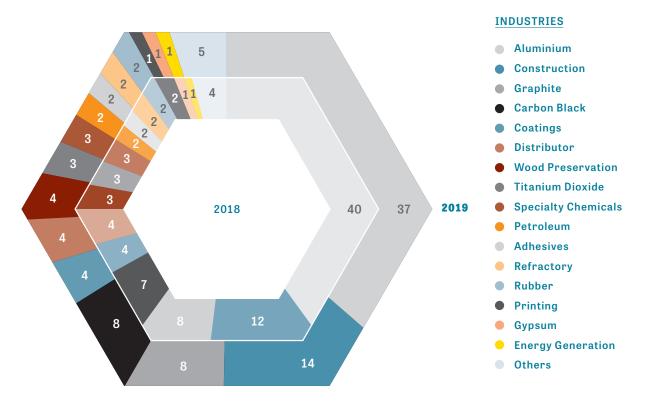


#### **CAPACITY UTILISATION**



#### **REVENUE BY END INDUSTRY**

(%)



	CY 2019		
	OPERATING PROFIT RECONCILIATION	PROFIT AFTER TAX RECONCILIATION	
Reported amount	15,968	3,914	
Adjustments:			
Inventory adjustments	206	160	
Reorganisation costs towards plant closure in the Netherlands	1,076	807	
Insurance claims related to prior periods	(326)	(258)	
Income from sale of land in Hanau, Germany	(156)	(101)	
Expenses towards strategic projects and other non-recurring items	789	572	
Reversal of provisions relating to environmental issues	(128)	(101)	
Accelerated depreciation due to plant closure in the Netherlands	-	806	
Tax adjustments	-	(588)	
Adjusted amount	17,427	5,211	

 $Operating \ profit = Profit \ before \ depreciation \ and \ amortisation, impairment \ loss, interest \ and \ taxes \ adjusted \ with \ exceptional \ items, if \ any.$ 





## BETTER ON-ROAD MOBILITY FOR ALL

Tyres play a crucial role in vehicle safety and fuel efficiency. Our products reduce the rolling and abrasion resistance of a tyre, which gives it a longer life and reduces a car's energy consumption. We also produce a product that improves a tyre's grip on wet surfaces, which enhances its safety performance.

Our NOVARES® resins help tyre manufacturers achieve an optimal balance between the grip required for safety and the rolling and abrasion resistance required for longer life of tyres and fuel efficiency.

NOVARES® resins are used as dispersing agents in the tyre rubber compounds to optimise the balance between grip and rolling as well as abrasion resistance at different rotational speeds. In lower-speed situations and during breaking, NOVARES® resins help to soften the tyre and improve traction. In high-speed situations, it hardens the tyre to reduce rolling and abrasion resistance.

## We sharpen our core competencies responsibly

#### **OUR LATENT STRENGTHS**

#### **WIDER REACH**

Our presence in high-demand end markets and our integrated low-cost logistics network provide access to global raw material sources. A hub-and-spoke production, blending and distribution model provides efficient utilisation of all processed materials and flexible selection of markets globally.

#### **SCALE AND SCOPE**

Sustainable large-scale operations with best-in-class technologies and sophisticated processes produce superior raw materials, enabling economies of scale.

#### **LONG-TERM RELATIONSHIPS**

We have enduring and long-term relationships with customers and suppliers.

#### **GROWING TALENT POOL**

We are building a diverse team, and our emphasis on meritocracy and responsible leadership serves to motivate our people to strive for excellence.

#### **FINANCIAL**

The generation of consistent, robust and free cashflow builds capital to fund our future growth strategies.

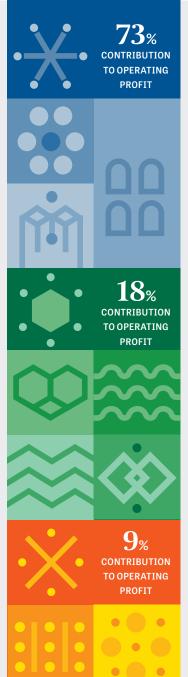
#### **COMPLIANCE**

We have embedded industry-defining standards of quality and compliance in our operations.

#### **MANAGEMENT**

Experienced and committed leadership team is focused on consistently seeking new growth opportunities.

#### **HOW WE OPERATE THE BUSINESS**



#### **CARBON**

Primarily serves the aluminium industry, along with the titanium dioxide and steel manufacturing industries globally

#### **ADVANCED MATERIALS**

Converts part of our carbon output, petrochemicals and other raw materials into high-value, environment-friendly raw materials that are critical to various industries globally

#### **CEMENT**

Under the brand name Priya Cement, we manufacture high-quality, high-performance cement to meet rising urbanisation and sustainable construction requirements in South India

Our objective is to optimise our resource utilisation and leverage our competencies to create sustainable value for our stakeholders. We serve fast-growing global markets and rely on deep market research and analytics.

#### **HOW WE CREATE VALUE**



#### **UPCYCLE**

We extract additional value from by-products of various industries including refining, steel and coal-fired power generation by responsibly transforming them for 21st-century applications. Find out more on pages 22-25.



#### **INNOVATION**

Innovation is a part of our DNA. We consistently focus on innovation and have a robust research-and-development arm that helps us anticipate, pursue and develop sustainable solutions, optimising product mix and conversion costs.

Find out more on pages 26-27.



#### **EXPANSIONS**

We are increasing our manufacturing capacity through brownfield and greenfield expansions, and consequently are growing our market reach. This enables us to leverage emerging sector-specific opportunities. Find out more on pages 28-29.

#### STAKEHOLDERS WE SERVE



#### **INVESTORS AND SHAREHOLDERS**

We deliver consistent financial returns to our shareholders.



#### **CUSTOMERS**

We manufacture critical raw materials for a range of industries.



#### **EMPLOYEES**

Our employees are go-getters who push the levers of our growth and transformation.



#### **SUPPLIERS**

Our suppliers are a critical component of our value-creation journey. \\



#### SOCIETY

Our sustainable practices and social responsibility strengthen our future-readiness. Operationally, we are introducing processes and systems to reduce our carbon footprint and help our customers attain their sustainability goals. We generate electricity and steam through the conversion of waste heat at nine of our facilities. Further, we have installed FGD technology at four plants to reduce our ecological impact. Our new vertical-shaft calciner nearing completion in India will also be equipped with cogeneration and FGD systems.

#### **END USER INDUSTRY**



**ALUMINIUM** 



**STEEL** 



**GRAPHITE** 



**REFRACTORY** 



**COATINGS** 



**AUTOMOTIVE** 



**CONSTRUCTION** 



**PRINTING** 



**WOOD TREATMENT** 



**TITANIUM DIOXIDE** 



ENERGY STORAGE/LITHIUM-ION BATTERIES



**SPECIALTY CHEMICALS** 



**ADHESIVE & PAINTS** 



**CARBON BLACK** 

## Extracting more from by-products

Resource efficiency and carbon productivity are foundations of our business model. Rather than entirely relying on a fresh supply of raw materials, we are upcycling industrial by-products and transforming them into critical raw materials for everyday products.

#### Deeper impact

The calcined petroleum coke and coal tar pitch manufactured by our Rain Carbon Inc. subsidiary are combined to produce anodes that are essential in aluminium smelting. In a world that is increasingly threatened by climate change, aluminium holds significant value, as a lightweight metal for the production of automobiles and energy-efficient buildings. A variety of products that we use daily are made up of lightweight, high-strength, corrosion-resistant and electrically conductive aluminium. Many companies use the aluminium made possible by our CPC and CTP for transportation, packaging and other applications as a weight-reducing metal to reduce greenhouse-gas impacts.

#### **Upcycling in Carbon through calcination**

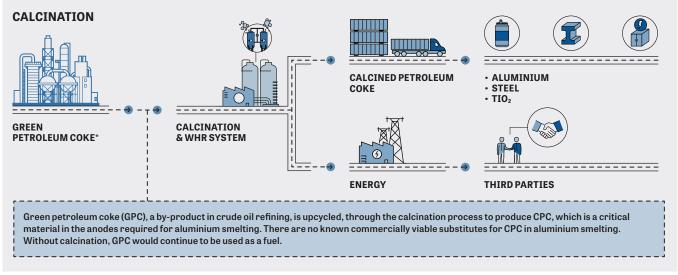
Green petroleum coke (GPC), which we transform to produce calcined petroleum coke (CPC), is a by-product of oil refining. Our calcination process yields a value-added material (CPC) that is an indispensable ingredient in the anodes required for aluminium smelting. Without CPC, aluminium smelters would not be able to produce this infinitely recyclable, strong, lightweight and versatile material that has become the metal of choice for innumerable applications and products.

Our ability to upcycle GPC to a source of carbon for aluminium production prevents the GPC from being burned as a low-cost fuel alternative to steam coal in power production. As such, we are not just upcycling and facilitating the production of environment-friendly aluminium; we're also helping mitigate the use of GPC in ways that adversely impact the environment and public health.

Beyond aluminium, our CPC is also used to produce high-strength steel to construct bridges, skyscrapers and other infrastructure, and it is an ingredient used in the production of titanium dioxide that is implemented by paint and pharmaceutical companies.

Our new anhydrous carbon pellets (see page 27) is another example of how we are using science and engineering to turn industrial by-products into value-added materials that also offer environmental benefits. We believe calcined anhydrous carbon pellets, used in the production of anodes, will enable aluminium smelters to reduce their energy consumption and emissions.

#### Carbon upcycling value-chain



\* refinery by-product

## Upcycling in Carbon through distillation

Coal tar is another industrial by-product that we upcycle through distillation. It is a liquid by-product derived from the conversion of coal into metallurgical coke used for pig iron and steel production that has no significant alternative use. Without distillation coal tar would be burned as a fuel or disposed as a hazardous waste to prevent it from contaminating waterways and groundwater. Moreover, our ability to distill coal tar into coal tar pitch and other carbon products makes possible a range of downstream products such as aluminium, creosote for wood treatment and preservation, carbon black oil for automobile tyres and much more.

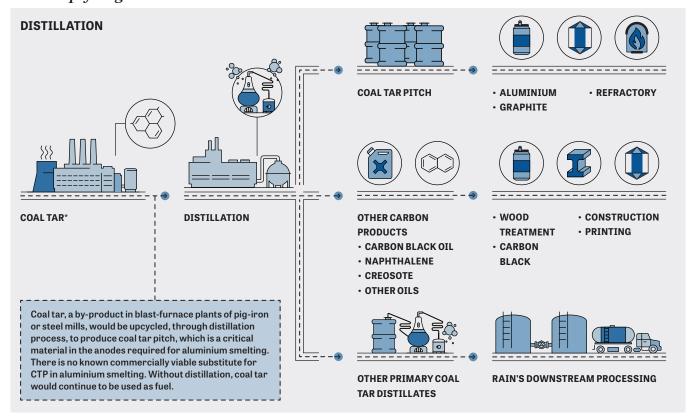
#### Developing an eco-friendly binder

Our proprietary CARBORES® binder is an innovative engineered pitch product that combines the advantages of coal tar pitch (CTP) and phenolic resins. CARBORES® is an environment-friendly alternative to CTP.

In 2001, we introduced CARBORES® to the market. It contains 90% less toxic substances than traditional electrode binder materials and has opened new markets and opportunities for the Company, especially in the refractory industry.

The property profile of CARBORES® also allows it to be used as a substitute for standard CTP in many applications. The product's market reach has encouraged us to further improve the environmental qualities of CARBORES®.

#### Carbon upcycling value-chain



<sup>\*</sup> By-product of metallurgical coke manufacturing process

## Making advanced materials by upcycling

Through distillation, the Company is creating a range of value-added materials such as coal tar pitch—another critical ingredient used in the production of anodes for aluminium smelting—as well as naphthalene, carbon black oil and creosote oil. These upcycled products from our coal tar distillation process are further refined to create advanced materials.

## 'CARBON LINKING' HEAVY INDUSTRIES AND DOWNSTREAM USERS

We deploy our technology and resources to convert by-products from various industries into value-added raw materials that are essential ingredients for everyday products. We create additional value from these by-products and prevent them from being disposed or burned.

As a global leader in the production of materials critical to users of carbon products, we connect heavy industries and downstream users by acting as a critical carbon link between them.

We touch lives by contributing to:

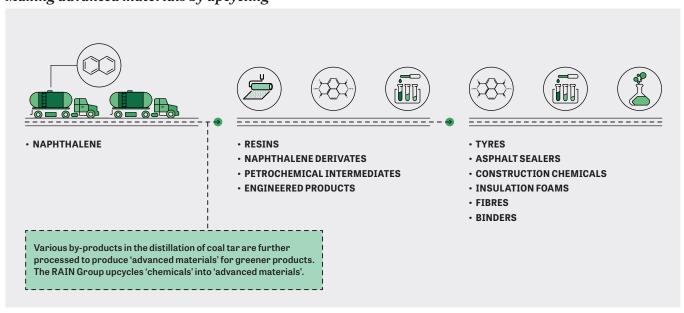
#### TRANSPORTATION AND COMMUNICATION

Creosote oil is one of the primary aromatic oils we distill from coal tar. It is used to preserve wood products, such as railway sleepers and utility and telephone poles, and can extend their useful life for up to 30 years. By prolonging the useful life of these products, our creosote oil reduces the need to harvest trees for these applications.

#### **BUILDING INSULATION**

Naphthalene oil is one of the primary distillates we produce from the distillation of coal tar. We refine naphthalene oil into naphthalene and further process naphthalene into phthalic anhydride, which is an essential raw material for high-tech polyurethane thermal-insulation solutions used in building construction. Insulating and sealing a building helps reduce greenhouse gas emissions associated with the burning of fossil fuels to generate electricity and heat in the buildings.

#### Making advanced materials by upcycling





#### **Upcycling in Cement**

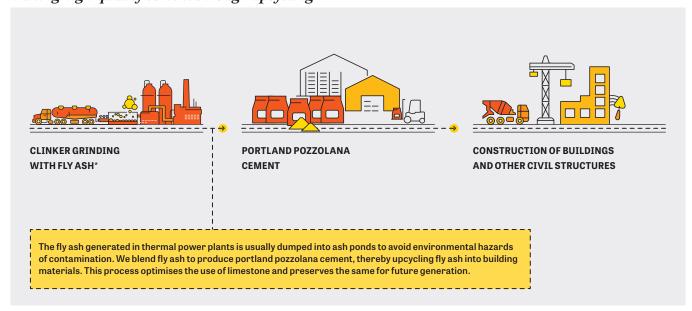
Our upcycling efforts also extend to the Cement business, where we blend fly ash produced as a scrap / waste-material of coal-fired power generation with clinker to produce our portland pozzolana cement (PPC), which is used in buildings and other construction applications that require high-strength concrete.

To avoid environmental hazards, power companies are required to isolate the fly ash in containment ponds that require vast land parcels and huge quantities of water to convert the ash into a manageable slurry.

Our ability to use fly ash in PPC reduces the risk of an environmental catastrophe that could occur in the event of a containment-pond failure. It also enables us to produce 50% more cement using the same amount of limestone, thus extending our reserves of this valuable raw material for use by future generations.

Over the last few years, we have significantly reduced our production of OPC, as we are gradually shifting to the more eco-friendly PPC. PPC accounted for nearly three-fourths (75%) of total cement production in 2019.

#### Making high-quality cement through upcycling



## Crafting sustainable solutions relentlessly



We think laterally, beyond the well-trodden path, with an objective of crafting innovative solutions that have transformed peoples' lives for the coming ages. Today, our R&D efforts are focused on sustainability—specifically, to proactively address global trends, challenges and the resulting changing regulatory requirements. In doing so, we continue to address societal expectations for the 21st century's cleaner, faster and lighter products and applications.

Our relentless R&D initiatives have enabled us to:

- Pioneer aromatic chemistry in Germany
- Develop anhydrous carbon pellets, PETRORES®, CARBORES® and our new NOVARES® pure 'water-white' resins

With the rise of mobile and cloud technologies, customers have become more empowered—and their expectations continue to evolve. Customers seek better products—those that are sustainable and help reduce environmental impact. Our focus revolves around customer aspirations, and we continue to develop products with reduced volatile organic emissions.

#### **Water-white resins**

As the European market leader for aromatic hydrocarbon resins and specialty modifiers, we expect to begin commercial production of a new generation of advanced hydrogenated hydrocarbon resins during the first half of 2020. These resins will be manufactured at our Castrop-Rauxel facility in Germany. These 'water-white' resins—including our new, proprietary NOVARES® pure resins—will offer industry-leading purity, which is increasingly important for food packaging and hygiene products.

Another key attribute of these advanced resins is their availability in both liquid and solid forms—and our ability to produce customised resins with varying softening points and partial hydration—which should enable us to expand an already strong customer base within the European adhesive industry.

#### Benefits of molten NOVARES® pure resins

- Significantly reduced production cycle time
- Reduced energy consumption
- Reduced labour time compared to handling of solid pastilles in bags
- No packaging scrap to handle and dispose

## **30** KTPA

ANNUAL INITIAL PRODUCTION CAPACITY OF WATER-WHITE RESINS IN EUROPE

#### Other types of resins

With our R&D expertise, we improved liquid resins through the optimisation of process technology at our Duisburg facility in Germany. This resulted in improved resin colour, from 6 (yellow brown) on the Gardner colour scale to 2 (nearly water-white).

During 2019, we introduced resins for water-based epoxy coatings. We expect them to produce sustainable sales in the coming years, given the growing customer demand for greener raw materials with reduced environmental impact.

For the adhesives and rubber industries, we developed solid resins using pure raw materials such as alpha methyl styrene. These resins are used in paper and packaging hotmelts for indirect food contact, and they should result in reduced product weight for the adhesives industry. For the rubber sector, these pure monomer-based solid resins can improve the rolling resistance of passenger car tyres, which will be one of the most desired properties in tyres in the years ahead—as manufacturers and consumers look for improved fuel economy and reduced environmental impact.

Upgraded technology and other improvements in the rubber lab at our Duisburg facility will enable us to better understand the effect of our products on physical rubber properties. This will help us improve the market for our products and our ability to sell them to the right customer segments.

#### **Custom-sized CPC**

In 2019, we commissioned new equipment at our Robinson, Illinois, calcination facility in the US. This has enabled us to create custom-sized CPC for customers who use this material in non-anode applications such as titanium dioxide production. We expect that this innovation—coupled with the plant's proximity to users of non-anode-grade CPC compared with alternative suppliers—should enable the Robinson plant to diversify and grow its traditional customer base.



#### **Anhydrous Carbon Pellet (ACP)**

Rain Carbon has developed proprietary technology to manufacture anhydrous carbon pellets (ACP) during the past decade. The manufactured spherical, highdensity, carbon pellets for calcination will ultimately be used in the production of anodes for aluminium smelting. We believe anode and aluminium producers will be attracted to ACP's potentially superior performance profile, including potential reduced energy consumption and emissions, which will enable our customers—as well as the Company—to advance sustainably.

#### Why do we need ACP?

- ACP improves the yield or production of calcined petroleum coke (CPC) per tonne of green petroleum coke (GPC) for anhydrous carbon pellets fed into our kilns. This has a direct economic benefit for Rain Carbon by reducing the cost of raw-materials.
- It reduces fine carbon particles from being carried over from our kilns that consequently are being combusted in our pyro-scrubbers. This reduces our SO2 and CO2 emissions per tonne of CPC produced.
- When calcined, ACP is a higher bulk-density product than CPC. This is due to a combination of lower porosity in calcined ACP and the spherical particle shape of the calcined pellets. A spherical product always packs to a higher bulk density relative to irregular-shaped CPC particles. This offers the potential for anode producers to make higher density anodes that last longer in the electrolysis process.
- A second potential performance benefit is reduction of anode electrical resistivity. This
  could ultimately reduce anode voltage drop, allowing smelter operation with lower
  power consumption.
- ACP also allows the production of higher bulk density CPC in a vertical-shaft calciner.
   An added benefit is the elimination of the dusting problem that typically comes with shaft CPC. The GPC fines normally stay with the shaft CPC product, but ACP will resolve this problem and improve product quality.

## Sustainability is also a matter of scale



During 2019, we continued to invest to leverage emerging opportunities as soon as green shoots of growth appear across our global footprint. The objective is to continue to create enhanced value for all stakeholders.

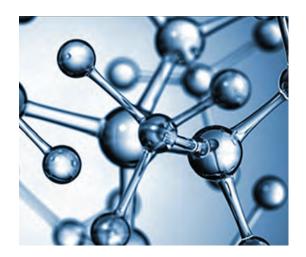
We are making strategic investments to increase our production capacities and optimise assets. During 2019, we announced several expansion projects, along with operational improvements.

#### Carbon - Ready for a lucrative market

Over the next few years, the demand for carbon products such as coal tar pitch (CTP) and calcined petroleum coke (CPC) is expected to grow significantly in India and the Middle East. To reinforce our market leadership as a provider of premium carbon products, we have undertaken several capacities expansions projects.

#### **VERTICAL-SHAFT KILN CPC PLANT**

A vertical-shaft kiln CPC plant with annual production capacity of 370,000 tonnes per annum is under construction in Andhra Pradesh Special Economic Zone (SEZ), Atchutapuram, Visakhapatnam, India. This plant is expected to add significant value to us as it is our first CPC plant using vertical-shaft kiln technology; our other CPC plants use rotary-kiln technology. Once operational in 2020, the plant will produce various CPC grades to be blended with the CPC produced in our rotary kilns to meet customers' demand for high-density CPC. This plant will utilise a state-of-the-art liquid-ammonia gas-scrubbing technology. While the introduction of this advanced FGD technology has increased the project costs of the shaft calciner, it will enable us to virtually eliminate the plant's SO2 emissions. The added benefit is the production of a valuable by-product, ammonium sulphate, which is widely used as a fertiliser in agricultural applications, making it a highly sustainable process.





## Advanced Materials - Ready for niche markets

An increasing number of customers are demanding products that cater to specialised applications and are eco-friendly, too. To meet this demand, we rely heavily on innovation and technology, and focus our efforts on setting up an advanced production facility.

## HYDROGENATED HYDROCARBON RESINS

Hydrogenated hydrocarbon resins (HHCR) are 'white-water' resins used as adhesives in food packaging and personal-hygiene products, as they are contaminant-free. They also serve as a backbone for polymers in new high-strength adhesives. To serve a growing market for these resins, we are constructing an HHCR manufacturing facility in Castrop-Rauxel in Germany, which is expected to begin commercial operations during the first half of 2020 and achieve stabilisation during 2020 and 2021.

## Cement - Ready for one of India's largest markets

Our Cement business caters to India's drive for rapid urbanisation by providing high-quality cement, while also working to mitigate our environmental impact. Therefore, we are upgrading our existing facilities and continuously monitoring our manufacturing processes to identify areas for further improvement.

#### WHR POWER PLANT

We commissioned a WHR power plant in Suryapet, Telangana, in January 2020. It is completely operational and is providing gross power generation per hour of ~4.1 MW when the kiln is operational. This facility will help us substantially save on electricity, augmenting the existing capacity of 6.4 MW at the Kurnool cement plant.

#### **UPGRADING THE LINE 1 CEMENT MILL**

We have initiated an upgrade of the line 1 cement mill at the Kurnool plant, which will facilitate an increase in production from 50 tonnes per hour to 155 tonnes per hour. The project is estimated to be completed before the second half of 2020 and is expected to help reduce consumption of electricity. With our existing manufacturing plants and capacity expansions, we are confident in our ability to meet current demand for high-quality cement and expected near-term growth.





## CIRCULAR ECONOMY SHOWS THE WAY FORWARD

Businesses face new challenges every day. On one hand, they deal with increasingly constrained resources; on the other hand, they grapple with demanding customers and markets. To satisfy both, the solution lies in decoupling growth from resource use, and evolving to create a new economic paradigm of 'reduce, reuse and recycle'. This circular economy is the logical outcome as it reconciles revenue growth and social impact.

Aluminium, with its diverse uses and sources, is one of the key components in the development of a circular economy. It is recyclable, and nearly 75% of the aluminium ever produced is still in use today. At the same time, it is lightweight, making it among the most sought-after materials on the planet for transportation, packaging and other applications. In fact, countless products that are staples in our lives today would not exist without the benefits of this versatile metal.

Aluminium is essential for the development of a low-carbon, energy-efficient economy. For example, automobile manufacturers worldwide are increasingly turning to aluminium as the key material in their vehicles and components to reduce weight, improve fuel efficiency and cut down emissions. Aluminium also enables energy-efficient buildings and low-carbon products, and it is a crucial metal for high-voltage power transmission lines and renewable power grids.

Due to its enormous range of applications, the growing demand for aluminium cannot be met with only recycled materials; primary aluminium production is essential to meet the world's evolving expectations. However, the industrial production of primary aluminium requires two carbon materials—calcined petroleum coke (CPC) and coal tar pitch (CTP)—and currently there are no commercially available substitutes for CPC or CTP in primary aluminium smelting.

With an annual capacity of 2.1 million tonnes of CPC, we are the world's second-largest CPC producer—and that will increase to 2.5 million tonnes later this year with the commissioning of our new vertical-shaft calciner in India. We are also the world's top producer of CTP and the only manufacturer of value-added ACP. In this way we indirectly contribute to the circular concept of aluminium recycling. Our products ensure the production of aluminium, which can later on be recycled and kept in a circular lifecycle.



# Manufacturing essential raw materials for critical industries



The RAIN Group is the world's largest producer of coal tar pitch (CTP) and the second-largest manufacturer of calcined petroleum coke (CPC). Rain Carbon Inc., a wholly owned subsidiary of the RAIN Group, manufactures CPC and CTP to serve as critical raw materials in the production of primary aluminium and other products.

2 616 MTDA

2,616 MTPA ₹81,225 Mn

**SALES VOLUME** 

**REVENUE** 

66%

16%

CONTRIBUTION TO CONSOLIDATED REVENUE

OPERATING MARGIN

CPC and CTP are high-value, carbon-based commodities produced by transforming the by-products of oil refining and metallurgical coke production, respectively. In addition to aluminium, they are vital for industries like graphite, carbon black, wood preservation, titanium dioxide and refractory.

With innovation as our cornerstone, we maximise the performance of our products to create value for our customers. We anticipate the future requirements of our customers and develop sustainable solutions to

improve their business performance. Recently, we developed a new material called anhydrous carbon pellets (ACP) to mitigate the potential global shortage of anode-grade GPC in future. We are developing facilities in India and the US for its commercial production. Elsewhere, working with one of the European aluminium smelters, we have developed a new environmentally friendly binder for reducing emissions at smelters.

Our commitment to sustainability in our Carbon segment is evidenced by our eco-friendly and energy-efficient practices, which include ~164 MW of power and steam cogeneration capacity at our calcination and distillation facilities using WHR technology and FGD systems in India and the US for recovery of SO2.

#### **Product review**

PRODUCTS	RAW MATERIALS USED	MANUFACTURING PROCESS	USES	RAIN'S CAPACITIES
CALCINED PETROLEUM COKE (CPC)	Green petroleum coke (GPC), a by-product of crude oil refining	CPC can be produced using rotary-kiln and vertical-shaft technologies utilising a high-temperature process—calcining—that removes moisture and volatile matter from GPC	Raw material in the production of primary aluminium, steel and titanium dioxide	Seven production units with an aggregate production capacity of ~2.1 million tonnes per annum (MTPA)
COAL TAR PITCH (CTP)	Coal tar, a by-product of metallurgical coke, used in the iron and steel industry	CTP is produced through the distillation of coal tar. Distillation is a process that separates components of a product based on different boiling points	Raw material used by the aluminium, graphite and refractory industries	Four coal tar distillation plants with a total capacity of 1.3 MTPA in Europe and North America
OTHER CARBON PRODUCTS (CREOSOTE OIL, CARBON BLACK OIL)	Same as CTP	Same as CTP	Used as raw materials by the wood treatment, carbon black, construction and other industries	Same as CTP

### **Analysing the trends**

Despite a disappointing performance during 2019, we see several emerging opportunities for our Carbon business.

### **INDUSTRIAL LANDSCAPE**

Aluminium is required for a variety of applications, including transportation and packaging. It is concurrently lightweight and durable, which contributes to enhanced fuel efficiency and reduced emissions when used for various purposes. Aluminium is also increasingly utilised for developing energy-efficient buildings, electric and hybrid vehicles, sustainable beverage packing, high-voltage power transmission lines and renewable power grids.

However, in 2019, the aluminium market was weak as London Metal Exchange prices fell following a surging supply. The glut occurred as a second large North American aluminium smelter restarted idled capacity, and a leading Brazilian producer resumed full-scale production of aluminium following a 50% curtailment in 2018.

Additionally, the cost diminished for alumina—a key raw material for aluminium production—following the resolution of Brazil's mining situation and the ramp-up of three facilities in Russia, after the resolution of potential US sanctions there. This oversupply led to curtailment of high-cost plants, especially in Europe and China, simultaneously benefiting cost-efficient facilities, which expanded capacities in places like the Middle East.

### REGULATORY LANDSCAPE

In October 2018, the Supreme Court of India restricted the import of GPC by Indian calciners to a maximum of 1.4 million tonnes per year and constrained the import of CPC to aluminium smelting companies only, and at a maximum of 0.5 million tonnes per year. This impacted our CPC production and blending capacities in India. Moreover, the inability to import the required amounts of CPC and GPC has affected our cost-effective strategy of importing GPC and CPC, blending CPC in India and selling to the world.

The Supreme Court also ordered the Ministry of Environment and Forest to develop emissions and environmental standards for calciners. At the RAIN Group, our calcining operations in India include FGD systems that remove  $\sim$ 98% of SO2 from our emissions, and thus we expect no challenges when these new standards are implemented.

During the year, we also realised major advances in the development of our proprietary, alternative raw material for calcination—anhydrous carbon pellets (ACP)—which has been under development by the RAIN Group since 2011. Beyond the environmental and performance advantages of ACP used in calcination, this engineered and value-added raw material will also help to derisk the Company's Indian calcination business, given the restrictions placed on the import of our traditional key raw materials, GPC and CPC, with an ability to use non-anode grade GPC, that available domestically.

### **Key highlights 2019**

- CPC revenue decreased primarily due to price decreases in North America and Asia markets
- Increase in pitch revenue driven by higher volumes, due to improved availability of raw material and sales to non-traditional markets
- Continued construction of vertical-shaft calciner in India
- Successfully imported first shipment of ACP into India
- Began construction of commercial-scale ACP production facilities in India and the US
- Shipped the largest single CTP cargo in the world with reduced transportation emissions due to the increased shipment size

### **Preparing for tomorrow**

As the world's second-leading manufacturer of CPC, our production capacity will increase from 2.1 MTPA to  $\sim$ 2.5 MPTA following the start of the new vertical-shaft calciner in India during the first half of 2020. This increased capacity will enable us to cater to the growing aluminium production in India and the Middle East.

Elsewhere, the commissioning of new production facilities in India and the US for our proprietary ACP in 2020 will ensure we have enough feedstock for the shaft calciner. Our ability to produce ACP on a commercial scale will also provide us with a revolutionary carbon material that we believe offers anode and aluminium customers a CPC alternative that can lower energy consumption, reduce emissions and help them achieve their sustainability goals.

We are also making additional investments at our Vizag facility to expand its warehouse capacity to store incremental volumes of GPC and CPC required for the vertical-shaft calciner and ACP production plant under construction in the Andhra Pradesh Special Economic Zone. Further, we are acquiring additional rail cars in Europe to transport incremental volumes of coal tar and coal tar pitch resulting from higher capacity utilisation of our joint-venture distillation plant in Russia.



# Transforming industrial by-products into a range of essential raw materials



The RAIN Group is a global leader in the production of advanced materials with a manufacturing capacity of 0.7 MTPA. We leverage innovative technology for the downstream transformation of a portion of our carbon output, petrochemicals and other raw materials. The advanced materials that we produce, serve as eco-friendly, high-value raw materials critical to various industries, including specialty chemicals, coatings, construction, automotive, petroleum and energy storage.

Our production facilities are in Germany, Canada, Belgium and the Netherlands. We have two parallel production processes: a) downstream processing and refining of aromatic distillates and b) using crude benzene and petroleum derivatives like C9 and C10 as raw materials.

### **CONTRIBUTION IN 2019**

**442** MTPA ₹ **31,348** Mn

**SALES VOLUME** 

**26**%

CONTRIBUTION TO CONSOLIDATED REVENUE

REVENUE

10%

OPERATING MARGIN

### **Product review**

PRODUCTS	RAW MATERIALS USED	MANUFACTURING PROCESS	USES	RAIN'S CAPACITIES
NAPHTHALENE DERIVATES	Naphthalene oil	Produced from our internal production of naphthalene oil, which is further processed into downstream products—PA and PNS/polycarboxylate ether (PCE) liquids—that serve as key raw materials in various industries	<ul> <li>Naphthalene</li> <li>Phthalic anhydride (PA)</li> <li>Polynaphthalene sulfonates (PNS)</li> <li>Modifiers</li> </ul>	Belgium, Canada and Germany
PETROCHEMICAL INTERMEDIATES	Crude benzene and Distillation of crude cracker residues benzene		• Benzene	Belgium and Germany
		Delizene	• Toluene	Germany
			• Xylene	
			<ul><li>Solvents</li><li>Fuel additives</li></ul>	
RESINS	Carboindene	Downstream refining of naphthalene and	• Carbon resins	Germany and the Netherlands*
	C9 feedstock	other inputs	<ul> <li>Hydrocarbon resins</li> </ul>	recitation
			• Pure resins	
			<ul> <li>Hydrogenated resins</li> </ul>	
			• Phenolics	
ENGINEERED	Pitch and petroleum tar		• CARBORES®	Belgium and Germany
PRODUCTS			• PETRORES®	
			• Sealer coatings	

<sup>\*</sup> Site in the Netherlands to close in Q1 2020.

### **RESINS AND MODIFIERS**

Our resins are sold under the following brand names:

- Coal tar- and petrochemical-based resins NOVARES®
- Low-cost petrochemical based resins MULTIRES®
- Low-cost petrochemical based resins NOVABOOST® & NOVADEST®

### Best-selling advanced materials

The eco-friendly CARBORES® and PETRORES® products are our top-selling engineered products to refractory and lithium-ion battery producers.

### ECO-FRIENDLY ENGINEERED PRODUCTS

CARBORES® is a substitute binder used in carbon-containing refractory and graphite products, manufactured from a highly reduced concentration of polycyclic aromatic hydrocarbons (PAHs). This proprietary pitch product combines the advantages of coal tar pitch products and phenolic resins.

PETRORES® is another engineered product used in specialty applications such as lithium-ion batteries and energy storage.

### **Analysing the trends**

The performance of our Advanced Materials segment fluctuates with market conditions. During 2019, we observed weakness in the pricing of our larger-volume products as a result of a tepid liquid-fuels market.

During 2019, our business segments were adversely affected by a sluggish automotive industry worldwide. In addition, falling demand for steel and its downstream impact on steel suppliers compressed the graphite and refractory markets, our other key customers.

However, with growing global emphasis on more efficient energy-storage and electric vehicles, industry demand for lithium-ion batteries has heightened, directly affecting the requirement for PETRORES®. Similarly, increasing focus on environmental stewardship has resulted in strong demand for our eco-friendly pavement sealer base, and the growing demand for cleaner end products should create strong market interest in our new NOVARES® pure 'water-white' resins.

### **Key highlights 2019**

- Revenue decreased due to decline in volumes, lower realisation and changes in foreign exchange rates
- Lower prices in engineered products and petrochemical intermediates driven by sluggish demand in steel and graphite industries coupled with lower oil-related prices
- Continued lower resins performance due to weakness in European automotive and adhesives industries
- Completed the first part of phased commissioning of our new European hydrogenated hydrocarbon resins facility
- Planned shutdown (March 2020) of the Netherlands resins facility is underway
- Continued strong demand for environment-friendly sealer-base products and PETRORES® specialty coatings

### **Preparing for tomorrow**

In 2018, we announced a realignment of business segments—conceptualised the Advanced Materials division—in recognition of the evolving regulatory requirements and universal demand for cleaner, lighter and more sustainable products. During the first half of 2020, our ability to provide 'raw materials for tomorrow' will be greatly enhanced when we begin commercial operation of our new HHCR production plant. Strategically located at our Castrop-Rauxel facility in Germany, the plant will offer our European customers a shorter and more cost-effective supply chain for 'water-white' resins currently imported from Asia.

Our Advanced Materials sector is also well positioned to serve a growing global electric-vehicle market, thanks to our PETRORES® product used in energy-storage applications such as lithium-ion batteries. In addition, we see 2020 as a year where the profitability of resins business improves, as we reap the benefits of enhanced product quality and economies of scale by transferring production from the Uithoorn plant in the Netherlands and consolidating it at the Duisburg facility in Germany.



# Helping cement the foundation of our aspiring nation



The RAIN Group is among the largest producers of cement in South India. Our wholly owned subsidiary, RAIN Cements Limited (RCL), manufactures and markets high-quality ordinary portland cement (OPC) and portland pozzolana cement (PPC) under the Priya Cement brand. With one manufacturing unit in Andhra Pradesh and Telangana each, and a packing facility in Karnataka, our total manufacturing capacity is 4 million tonnes per annum (MTPA). Our manufacturing base is strategically situated near our limestone mines (within a two-kilometre radius of our plants), and our mines have reserves for around 50 years.

### **CONTRIBUTION IN 2019**

2.47 MTPA ₹ 10,300 mn

**SALES VOLUME** 

REVENUE

8%

15%

CONTRIBUTION TO CONSOLIDATED REVENUE

OPERATING MARGIN

With ISO certifications like ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 for our quality management, environmental management, and occupational health and safety systems, respectively, we are reinforcing India's urbanisation resolve without compromising on quality or negatively affecting the environment. A prominent cement player in Andhra

Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala, Odisha, Maharashtra and Goa, we have more than 2,000 registered dealers.

We run educational and healthcare institutions in the vicinity of our plants under the aegis of the Pragnya Priya Foundation—our social responsibility and philanthropic arm—which benefit our people and families near our cement facilities.

### **Product review**

PRODUCTS	RAW MATERIALS USED	MANUFACTURING PROCESS	USES
ORDINARY PORTLAND CEMENT (OPC)	Limestone and gypsum	<ul> <li>A premium-quality cement that attains high strength and is known for its durability</li> <li>Rapid setting and fast strength development features make it a favourite among builders</li> </ul>	Load-bearing structural concrete works such as columns, beams and slabs in high-rise buildings, commercial and industrial complexes, and infrastructure projects, including roads, runways, bridges and flyovers
PORTLAND POZZOLANA CEMENT (PPC)	Fly ash, a by-product from thermal power plants	<ul> <li>Setting time and strength development of PPC is longer than OPC</li> <li>Eliminates surface cracks due to low heat of hydration</li> <li>Eco-friendly and consumes less production energy to manufacture, which reduces overall production costs</li> </ul>	Reinforced cement concrete for residential construction, most commonly used in plastering, brickwork and mass concrete work

### **Analysing the trends**

India is the second-largest cement producer after China, with installed production capacity of more than 500 MTPA. However, it continues to have the lowest per capita cement consumption at ~210 kilograms vis-à-vis the global average of ~575 kilograms, providing ample headroom for increased cement consumption in future.

India's cement demand is driven by the housing sector (~65%), followed by infrastructure (~25%), and the commercial and industrial sectors (~10%). This demand trend is expected to continue, helped by increased government spending and incentives in the housing industry, especially in the affordable-housing segment in both rural and urban India. Additionally, roads, urban infrastructure and commercial realty will continue to be key demand drivers for cement in the coming quarters. Over 500 million people in India are likely to be urban by 2025, and this reality opens a broad landscape of opportunities for the cement sector.

With the onset of a good monsoon and the subsequent harvest throughout the markets in India, we expect to see a strong impetus for development in the rural economy. This, combined with a strong focus by Modi Sarkar 2.0 towards housing and pending irrigation projects, should result in a robust demand for cement.





### **Key highlights 2019**

- Operating profit from the Cement business more than doubled from ₹ 714 million in 2018 to ₹ 1,562 million in 2019 due to higher volumes and better realisation
- Sales volumes increased across a majority of the markets
- Achieved highest-ever sales volume of 2,468,715 tonnes in a year
- Achieved highest-ever net sales of ₹ 10,300 million in a year
- Cement plants accredited by Bureau Veritas, an international certification agency
- Commissioned a 4.1 MW WHR plant at Suryapet, Telangana

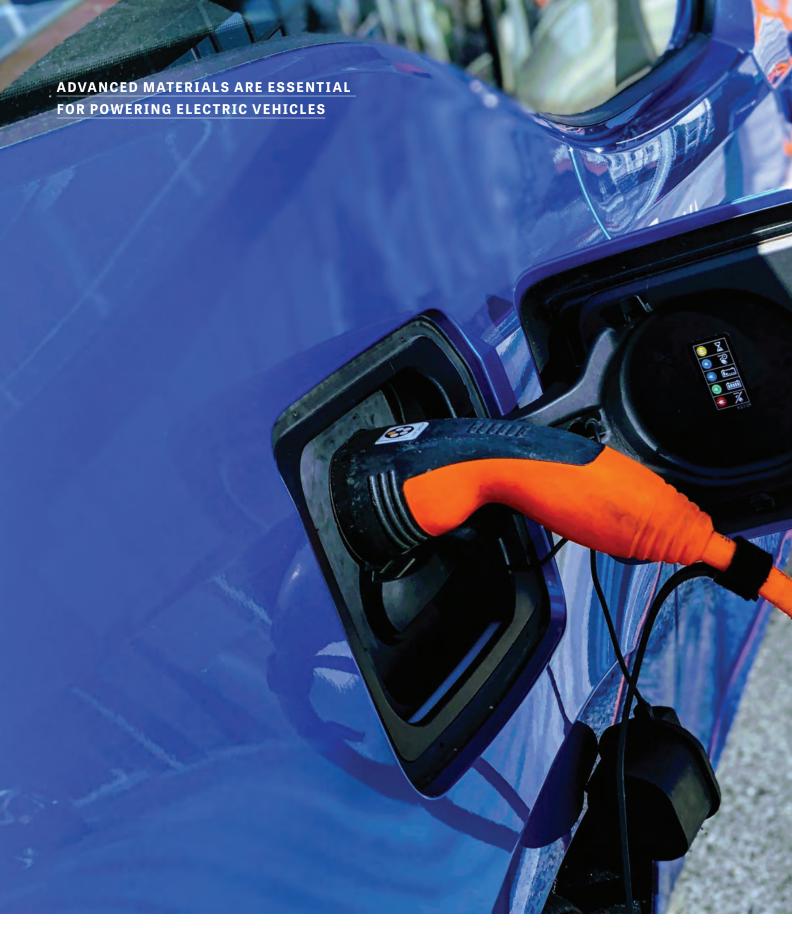
### **Preparing for tomorrow**

We are serving India's infrastructure development better by making our cements more accessible for customers and easier to handle. We support our small distributors and dealers who cannot afford to purchase and store large quantities of cement at once with two new services in collaboration with our freight transportation and logistics provider. These services include:

- Garuda, which refers to a legendary bird in Hindu mythology and symbolises agility, provides direct deliveries from our Suryapet cement plant to nearby towns.
- Free Door Delivery Service, known simply as FDDS, provides cement shipments from our Kondapur warehouse to customers in the developing areas of Hyderabad free of labour costs related to the unloading of cement bags from trucks.

In addition, we are preparing to introduce biaxially-oriented polypropylene (BOPP) packaging, which is more durable due to its high tensile strength and waterproof and tear-resistant properties. BOPP also allows for higher-quality printing, which will enhance the visual appeal of the packaging and is expected to improve the marketability of our cements for our dealers.

Finally, we are implementing additional improvements to our safety management systems, based on recommendations by the National Safety Council (NSC) to improve the effectiveness of our existing safety systems and procedures at both of our integrated cements plants.



OUR



### NEW-AGE TRANSPORTATION SOLUTIONS

The electromobility trend across the automotive and transport (trains, trucks, buses, ships) sectors is set to change, with an increasing number of hybrid and full electric vehicles (EVs) on the roads.

Growing electrification of cars, especially the complete switch from the internal combustion engine to the electric drive train, improves a vehicle's fuel economy. Lithium-ion batteries—with their high energy, relatively low weight and volume—enable this electrification. This is the energy-storage technology that powers most of today's consumer electronics, and its proliferation in mobile and battery applications has just begun.

A lithium-ion battery contains micronised graphite powder, and more than 90% of its negative electrode consists of this fine crystalline carbon. We are a supplier of carbon products to the traditional graphite market providing graphite electrodes for steel and aluminium production. Calcined coke and binder-grade coal tar pitch (CTP) are mixed, extruded, baked and graphitised to make the graphite electrodes. After graphitisation, the electrode blocks are further treated with impregnation-grade CTP, which optimises density, strength and conductivity.

In collaboration with the R&D teams of our clients, our specialists have developed ways to use our CTPs in the manufacture of graphite for the negative electrode of lithium-ion batteries. Our CARBORES® and PETRORES® products have become vital components in the manufacture of graphite-electrode materials for lithium-ion batteries and, thus, play a significant role in the trend towards a greener, cleaner and connected society.



## Broad-basing business excellence

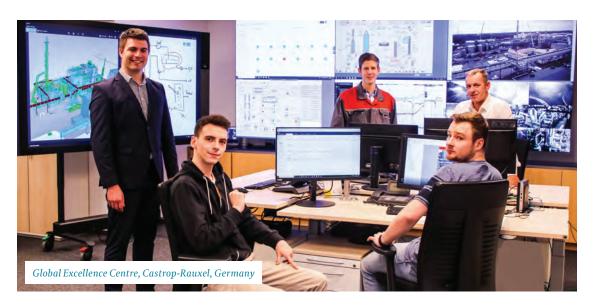
Our operational excellence programme is supported by our Global Excellence Centre. We follow a global approach supporting best-practice implementation for increased operability at reduced cost. The initiative involves sharing best practices of manufacturing and technology expertise worldwide via an online plant database that is available 24x7.

The operational excellence programme has helped us realise substantial savings with concentrated efforts on energy optimisation, reliability improvements, sustainable resources and capacity debottlenecking. Besides, we have incorporated global surveillance combined with artificial intelligence-based analysis, which has improved compliance at the plant level. Additionally, the programme facilitated the switch to more efficient modern technologies in plant operations in a few instances.

We have also accelerated the organisation's digital transformation with tools like electronic shift books, 'smart' drawings and an internally developed electronic work-permit system. The adoption of these digital instruments has contributed to leaner and more efficient processes and safer operations. Moreover, our state-of-the-art analytical software models help us predict cleaning routines and better monitor the altering of catalysts.

### Construction of K20 Plant in Castrop-Rauxel, Germany

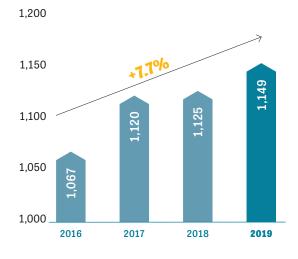
- Energy-saving initiative for lowering specific consumption
- Increased yield of the monomer indene, which is vital to our resin production in Duisburg
- Technology developed in-house consolidating best practices across all distillation facilities



### **Reliability**

- Implementation of root-cause analysis and tracking in global management system
- Application of best practices across all plants
- Allocation of funds for maintenance capital expenditure, based on reliability requirements
- Criticality analysis with maintenance spare-part management procedure
- Centralised experts supporting periodical maintenance shutdown to optimise loss-time and cost

#### IMPROVING COAL TAR THROUGHPUT (KT)



### **Operational efficiency**

- Technical support from central team
- Contractor management for uniform policies for engaging third parties, standardised SHE policies, periodical internal-audits
- Increase in throughput, with innovative ideas for de-bottlenecking and reducing maintenance time
- Reduction of consumables
- Energy optimisation and minimisation of emissions

### **KPI** monitoring

- 24/7 plant data availability over trendminer
- Unification of Plant Maintenance Module of SAP for monitoring of all KPIs
- Roll-out of shift connector for digital shift communication

### **SAFETY PRACTICES**



### Safety counts at every step

2019 was a momentous year in our safety journey, as our commitment to workplace safety resulted in the safest year ever for RAIN. During the reporting year, we achieved the lowest historical total recordable incident rate and an even lower total lost-time injury rate.

0.29\*

TOTAL RECORDABLE INCIDENT RATE (TRIR)

0.26\*

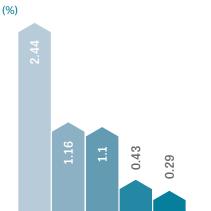
**TOTAL LOST-TIME INJURY RATE (TLIR)** 

2015

2016

**RECORDABLE INJURY RATES** 

instances



2017

2018

2019

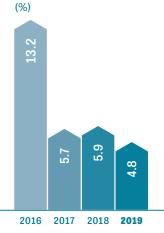
Reducing recordable and first-aid

With an intensive focus on safety, we have achieved an exponential decline in our total recordable injury rate (TRIR), which has resulted in the avoidance

significantly declined to 4.8 in 2019. Today, our safety performance exceeds the industry benchmark (US Bureau of Labor Statistics) and is comparable with

of ~163 recordable incidents between 2015 and 2019. The total first-aid rate

### **DECLINING RATE OF FIRST-AID INJURIES**



best-in-class companies.

DECREASING TOTAL

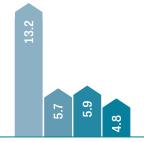
 $<sup>{}^*\,</sup>For\,the\,Carbon\,and\,Advanced\,Materials\,business\,segments.$ 

### Building a sustainable safety culture

At RAIN, we are establishing a proactive and independent safety culture that encourages everyone to act safely in each aspect of life—including away from work. We have reduced unsafe acts and conditions significantly in the past few years, while we strive to promote a culture of reporting for prompt implementation of corrective measures.

### UNSAFE ACTS AND CONDITIONS RATE

(%)



2016 2017 2018 2019

In 2019, we focused on reducing the severity of injuries and developing a robust unsafe acts and conditions reporting culture. While our process-safety initiatives are in the initial development stage, we have engaged an international team of highly competent process-safety experts to help us prioritise the activities for safe and reliable operations.

### 'Zero-incident' organisation

We firmly believe that we can progress only as fast as the successful implementation and acceptance of our safety programmes and initiatives. While our TRIR of 0.29 in 2019 was a company record, we will only be satisfied by becoming a zero-incidents organisation. Our aim is to build a more mature and sustainable safety culture that will allow us to increase our productivity and operational discipline and facilitate highly competitive organic growth. Our safety culture is centrally driven with a global Safety, Health and Environment organisation steering the company-wide programmes. Process safety is an integral part of our mission to operate in the safest manner possible by increasing the efficiency and reliability of our operations. In addition, occupational health is a key aspect of our safety activities. Currently, there are several health programmes initiated at each site and location, including global health days with dedicated initiatives.

### **ACHIEVEMENTS 2019**

- Company-best safety performance with ~9 million work hours and more than 1,000 contractors of different nationalities
- Completed ~300,000 work hours without any recordable incidents at Cherepovets facility in Russia and ~3 million work hours without any recordables at the vertical-shaft calciner project in India
- Celebrated two years without a recordable incident at the Lake Charles, Louisiana, plant in the US and one year without a recordable incident at the Hamilton facility in Ontario, Canada
- Received the Louisiana Chemical Association's Safety Award for the Lake Charles facility
- Won awards for Best Safe Mining Activities in the Cement business
- Implementation of a cloud-based methodology to conduct process-safety risk assessments in a structured and systematic way, including registration and follow-up of actions
- New Global SHE Policy according to ISO 45001

### Safety as a building block for success

### A TRANSFORMATION IN SAFETY CULTURE AT RAIN CARBON STARTING IN GERMANY

Our Rain Carbon subsidiary engaged DuPont Sustainable Solutions (DSS) to enhance operational safety and optimise our expertise and processes.

DSS first helped us identify the major challenges to safety, and the findings specified that our safety culture was highly dependent on discipline, controls and monitoring to prevent incidents. We also realised the need for a more independent mindset if we wanted to achieve sustainable changes in safety performance. Interaction with the consultant team made us realise the importance of taking ownership of the risks, because only then can we manage them. DSS helped us uncover unsafe activities and learn how to address them in a positive way.

Following the initial assessment period, we developed a two-year implementation plan with prioritised short- and medium-term goals in collaboration with DSS. The approach also identified several quick wins for us. We established a safety steering committee and a support structure to enable implementation of the action plan. DSS worked with us to develop a site culture-transformation strategy and determined the necessary actions. These initiatives have helped us bring structural changes in the way our employees view safety and how they pursue it. Overall, our initiatives have helped change the safety behaviour and attitude of our people and assisted us in building a proactive safety culture throughout the RAIN Group.

73%

DECREASE IN TOTAL INJURIES FROM 2015 TO JUNE 2019

90%

REDUCTION IN LOST WORKDAY CASES FROM 2015 TO JUNE 2019

### **PEOPLE**



## A formidable talent pool drives our progress

We achieve growth by motivating our people to leverage their abilities to the greatest extent possible by leading an active and fulfilling life. We invest in developing a strong performance-based culture that thrives on go-getters and incubates future leaders through:

### Global and regional leadership and training programmes

In February 2019, we completed the first global Rain Carbon Inc. leadership training programme. We trained 16 leaders from 10 locations during 2018 and 2019. We also continued our annual regional leadership-development programme, with 35 participants. Since 2017, 94 RAIN employees from Belgium, Canada, Germany, India, the Netherlands and the US have taken part in these

leadership-development programmes, and another 37 have been invited to participate in 2020. Our employee-development efforts also included the implementation of STOP™ (Safety Training Observation Programme), which focuses on ways to address unsafe acts and recognise people who act and work safe. Safety experts from DuPont Sustainable Solutions conducted

two train-the-trainer sessions—in Europe and the US—to enable employees to implement this behaviour-based safety programme globally.

Inter-cultural trainings play an important role in improving cooperation within an organisation. We implemented inter-cultural trainings during 2019 in the US, India and Germany, and we plan to conduct inter-cultural trainings in Canada in 2020.

PRODUCTS	TARGET	CONTENT	CRITERIA	FACTS
INTERNATIONAL				
LEADING LEADERS	<ul> <li>Succession planning/back-up for critical leadership positions</li> <li>Bring current leaders on senior manager positions to the next level of leadership</li> <li>Networking crossfunctional global</li> </ul>	<ul> <li>Advanced communication (world-class presentation)</li> <li>Strategic management</li> <li>Leading leaders/global leadership</li> <li>Developing oneself</li> </ul>	Managers who are leading other leaders and who have leadership experience	Initiated in 2018 Four three-day sessions annually Maximum participants: 12
REGIONAL*/ NATION	IAL			
GENERAL LEADERSHIP PROGRAMME	<ul> <li>Reflect and (further) develop their leadership style/ competence</li> <li>Understanding of a leader's position and role</li> </ul>	<ul> <li>Leading one-to-one (basic communucation, delegation, motivation, feedback)</li> <li>Leading teams (presentation, moderation, change)</li> <li>Development of others (development of teams, coaching, team building)</li> </ul>	Potentials for next/ further career steps	Initiated in 2017 Three two-day sessions annually Maximum participants: 12 peregion
LEADERSHIP PRACTICE	<ul> <li>Development of management behaviour</li> <li>Understanding of a leader's position and role</li> </ul>	<ul> <li>Effective and successful leading of production employees</li> <li>Functional positions description</li> <li>Basic labour law</li> </ul>	<ul> <li>Employees who are leading blue collar employees</li> <li>Foreman/ supervisor level or future foreman/ supervisor</li> </ul>	Initiated in 2017 Three one-day sessions annually



### One performance-evaluation system

Employees can only develop when they receive regular feedback. We understand that it is important for us to discuss the performance of our people and to show appreciation for their contribution to the success of the organisation. This why we have performance-evaluation discussions with our employees every year in January and February. We evaluate four different performance-based dimensions (conduct, knowledge and skills, management skills and work results) and agree on personal-development measures:

PERFORMANCE ASSESSMENT FIELDS	PERFORMANCE-ASSESSMENT CRITERIA	
CONDUCT	Occupational safety	
	Integrity	
	Motivation and commitment	
	Teamwork and respect	
	Customer and service orientation	
	Adaptability/flexibility	
KNOWLEDGE AND SKILLS	Professional expertise	
	Knowledge of the Company	
	IT proficiency	
	Communication	
	Foreign-language skills	
	Problem-solving skills	
	Judgment	
	Planning and organisation	
MANAGEMENT SKILLS	Communication with employees	
	Setting of goals and delegation of tasks	
	Ability to motivate	
	Personnel development/People management	
WORK RESULTS	Work efficiency	
	Quality of work	
	Goal orientation	

Our business focuses on creating a more sustainable world through our stateof-the-art products, and it is because of our talented workforce that we are steadily marching towards our goal.

### Further targets of our performanceevaluation system

- Assess performance, regardless of the location, using the same parameters
- $\bullet \ Make\ expectations\ transparent$
- Recognise and promote potential for further responsibilities at an early stage
- Ensure goal-oriented personnel deployment and proactive succession planning
- Create a uniform understanding of leadership and performance
- Ensure market- and performance-based remuneration

### AN INTEGRATED LEARNING MANAGEMENT SYSTEM

Our learning management system (LMS) plays an active role in standardising and digitising various processes that are crucial to various work functions, such as administration, documentation, tracking and reporting of the various learning-and-development and training programmes for employees. In other words, LMS is a platform that:

- Helps us publish global policies like our Code of Conduct
- Provides e-learning trainings
- Standardises and digitalises processes in the field of personnel development, reducing administrative workload
- Consolidates all data in one place
- · Allows superiors to track employee participation in trainings
- Allows for a global approval process for trainings via a global workflow
- Provides KPIs for future trainings



# A business that respects the environment

We are committed to environmental stewardship and materials that support lighter, faster and cleaner products. Our overarching guiding principle is to help create a world in which environmental protection is not an imposed reality, but a way of life.

Over the years, we have steadily invested in minimising our environmental footprint. We are also focused on technically upgrading our plants and processes to enhance their performance, which in turn helps us contribute to the health of our environment.

Our sustainability efforts begin with 'upcycling', where we transform by-products of other industries into value-added materials required for countless products and manufacturing applications. Efforts continue with FGD systems that remove up to 98% of SO2 from emissions in our calcination units; blending fly ash with clinker to produce portland pozzolana cement to reduce our consumption of limestone and safely repurpose this scrap of coal-fired power plants; and cogeneration of electricity and steam with an aggregate capacity of  $\sim$ 175MW, which we either add to local power grids or captively consume by converting waste heat from our production processes into clean energy.



At the RAIN Group, our sustainability endeavours include the following undertakings:

### **Reducing emissions**

In 2010, we initiated a leak-detection-and-repair (LDAR) project to reduce benzene, toluene and xylene (BTX) emissions at our facility in Zelzate, Belgium. Each year, an external company performs a complete measurement campaign to identify BTX leaks. In total, more than 6,000 emission points are measured. Detected leaks are then repaired as soon as possible. Due to the success of the LDAR project at Zelzate, a similar project was implemented in 2013 at our Castrop-Rauxel facility in Germany, and the project is currently being rolled out to our Hamilton and Cherepovets distillation facilities in Canada and Russia, respectively.

The LDAR project enables us to constantly monitor and reduce benzene emissions at our facilities and is a major element of our continuous activities to minimise our environmental impact.

### CO<sub>2</sub> EMISSIONS

Our Zelzate site also implemented an extensive environmental programme, including various activities to reduce air emissions. Between 2013 and 2018, the plant was able to eliminate 103,028 tonnes of CO2 emissions.

### **FLUE-GAS DESULPHURISATION SYSTEMS**

The reduction of sulphur dioxide (SO2) emissions in flue gas has a significant capital- and operating-cost impact for a calciner. At RAIN, we minimise SO2 emissions at our calcination facilities by utilising state-of-the-art FGD systems.

We have operated our Vizag calciner with a high-efficiency lime-based FGD system since its establishment in 1998. During the past decade, we have also incorporated lime-based FGD systems at three of our US calciners in Chalmette, Lake Charles and Norco.

### **INTRODUCING AMMONIA (NH3) SCRUBBER**

Our new vertical-shaft calciner plant in the Andhra Pradesh Special Economic Zone will be fitted with an ammonia-based FGD system, which allows for a better control in scrubbing and lower SO2 emissions in comparison to conventional lime-scrubber technology, achieving reduction of SO2 emissions of ~99%. An added benefit of this type of FGD system is production of a valuable by-product—ammonium sulphate—that will be provided to local farmers as a fertiliser for agricultural applications.

99%

REDUCTION OF SO2 EMISSIONS WITH AMMONIA-BASED SCRUBBER

### 656,200 MWh

TOTAL ELECTRICITY GENERATED BYWASTE-HEAT RECOVERY SYSTEMS DURING 2019

367,483 MWh"

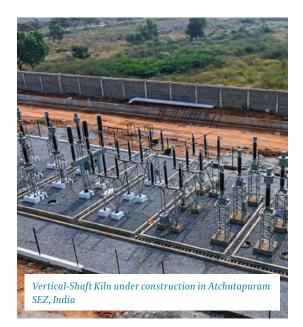
TOTAL STEAM GENERATED BY WASTE-HEAT RECOVERY SYSTEMS DURING 2019

514,171 Tonnes

SAVED CO2 EMISSIONS

~8,000 mwh

OPTIMISATION OF OUR NOVABOOST® AND NOVADEST® PRODUCTION PROCESSES THAT WAS COMPLETED DURING 2019 IS EXPECTED TO RESULT IN ANNUAL ENERGY SAVINGS OF 8,000 MWH/YEAR



### **WASTE-HEAT UTILISATION FOR POWER**

The high-temperature flue gas generated by the calcining process provides significant opportunity for energy conservation and recycling.

We have WHR systems at our US calcination facilities at Lake Charles, Chalmette and Norco as well at the Visakhapatnam plant (and our two integrated cement facilities) in India, and the new vertical-shaft calciner nearing completion in India will also be so equipped. These WHR projects co-generate electric power or steam from waste heat recovered in the calcining process. Energy recycling is accomplished by first enabling the complete combustion of residual hydrocarbons and any carbon dust carried over from the calcination process, and then capturing this thermal energy in a heat-recovery steam generator. The resulting high-pressure steam is used to generate electricity (Lake Charles, Chalmette and Visakhapatnam) or to provide thermal heating for other industrial processes (Norco). This reduces the need for the use of additional fossil fuels to generate that same amount of energy, as well as the resulting in reduction of carbon dioxide emissions. The combination of carbon calcination and energy recycling achieves simultaneous benefits of CPC production and energy conservation. Furthermore, we have WHR systems at our European distillation and advanced materials facilities in Castrop-Rauxel, Duisburg and Zelzate. We also generate steam from waste heat that is consumed captively.

### **ENERGY MANAGEMENT**

At our Castrop-Rauxel and Duisburg sites in Germany, we have had a systematic energy-management system certified to ISO 50001 since 2014. Various projects have enabled us to optimise and improve our production processes, including identification of untapped energy-efficiency potential and energy costs that have an environmental impact. Our energy-management system has been the basis for optimizing the production of our NOVABOOST® and NOVADEST® in terms of fewer production steps while maintaining the same product quality. These optimizations are expected to result in annual savings of 8,000 MWh/year.

A new process has been under development since 2017 that will optimise the production of carboindene, a precursor for the manufacture of adhesives and an additive in the manufacture of car tyres. The process is expected to result in energy savings of up to 53,000 MWh per year.

During 2019, we took the following measures to enhance our environmentally conscious operations:

- Collected data and key-performance indicators on our business operations' impact on the environment through inspections
- Strengthened the adoption of pollution-control technology such as FGD systems to reduce our environmental impact
- Integrated a compliance tracker to ensure all requirements are met
- Reinforced our environmental corrective-action system
- Consolidated waste-management controls and auditing of our environmental practices

# Based on gross electricity generation at WHR power plants in Vizag, Lake Charles, Chalmette, Suryapet and Kurnool.

## Based on gross steam generation from WHR systems at Norco, Castrop-Rauxel, Duisburg and Zelzate.

### Based on gross electricity generation at WHR plants in Vizag, Lake Charles, Chalmette, Suryapet and Kurnool and steam generation at Norco, Castrop-Rauxel, Duisburg and Zelzate. CO2 emissions calculated from megawatts based on emission factors of local electricity grids.

# A greater sense of purpose and engagement



2,118

**TOTAL STUDENTS IN DECEMBER 2019** 

### Pragnya Priya Foundation

Established in 2012, the foundation was born of our desire to empower underprivileged and underserved communities in India with a focused, hands-on and grassroots approach towards education and health. It helps rural communities to join the mainstream and reap the benefits of sustainable development.

We are aware of how our operations impact our stakeholders, especially the local communities where we have offices and manufacturing facilities. Our CSR initiatives are an important catalyst in our broader commitment to enhance value for our entire stakeholder fraternity.

As an organisation with production bases in Asia, Europe and North America, we have CSR programmes in each of these regions. Our intervention areas comprise education, healthcare and community development.

### **EcoVadis CSR Rating**

EcoVadis is among the world's leading rating agencies for sustainability. The EcoVadis corporate social responsibility (CSR) assessment is an evaluation of how well a company has integrated the principles of CSR into its business and management system (environmental, labour practices and human rights, health and safety, fair business practices and sustainable procurement issues).

### 2019 ratings

- Gold rating for Rain Carbon byba (Zelzate)
- Silver rating for RÜTGERS Germany GmbH (Castrop-Rauxel, Duisburg)

### **India**

### **EDUCATION**

Education offers emancipation from oppression and allows people to flourish and grow. At the RAIN Group, we believe education is the right of every individual, and we work towards providing quality education for the under served communities near our production facilities and in another village in the state of Andhra Pradesh.

We have established three schools under the Pragnya Priya Foundation (www.pragnyapriya.org) in rural Telangana and Andhra Pradesh. The schools serve students within its vicinity and those from economically challenged families. Our schools have digitally enabled classrooms and use world-class academic content from one of the top digital education providers in India. We train the teachers with the latest trends in education and the use of digital equipment. The schools also have laboratories for various subjects like physics, chemistry and biology, along with libraries and playgrounds. We also ensure good hygiene is maintained in the school premises. Due to high-quality education provided by the Pragnya Priya Foundation, a larger proportion of students than those in similar rural areas secured higher grades, gained admission to institutions of higher learning such as premier engineering colleges and completed professional examinations such as chartered accountancy. We expect to see further improvement in the students' grades as a result of the 100% implementation of digital classes during the 2018-19 academic year.

### **HEALTHCARE**

The availability of proper healthcare is integral to the physical and economic health of every Indian. We established three hospitals in the rural areas of Telangana and Andhra Pradesh under the Pragnya Priya Foundation. Our hospitals are in the remotest regions, as is evident from the fact that there are no other medical facilities available in a 30-kilometre radius of our hospitals. These medical centres are equipped with test laboratories and other specialised equipment. All our hospitals are National Accreditation Board for Hospitals & Healthcare Providers (NABH) compliant and have been issued certifications accordingly.

### 103,386

#### PATIENTS TREATED IN OUR HOSPITALS IN 2019

During 2019, we conducted several medical camps in association with other hospitals in the regions. We provide free consultancy, medicines, medical tests and ambulance services.

#### **MEDICAL CAMPS DURING 2019**

MEDICAL CAMP ON	NUMBER OF PATIENTS TREATED
Kidney	405
Eye	345
Mega*	481
Cardiology	41

<sup>\*</sup> Gynaecology, Paediatrics, Skin, General Medicine, General Surgery, ENT, Orthopedics





### **COMMUNITY DEVELOPMENT**

### **India**

We undertake projects that contribute to overall development of communities around our production facilities. We cooperate with our communities to promote and support growth initiatives undertaken by local authorities. Some of our key activities in this regard have been:

- Providing financial and material support towards building and maintaining community-based infrastructure in villages such as roads, bridges, culverts, drains and community centres
- Contributing to local welfare activities
- Donating building material for the construction of local government offices
- Supporting the repair work of hostels
- Contributing to Green Visakha for planting and maintaining a large number of trees to create "social forests" and improve the air-quality in Vizag

### **North America**

In North America, we participate in different CSR activities including partnering with local schools to help drive STEM (science, technology, engineering, mathematics) education.

During 2019, our employees donated ~1,000 hours to support local food banks, serve as volunteer coaches, help construct Habitat for Humanity homes and more.

In addition, for more than two decades through a matching programme with our employees, we have contributed ~\$1.5 million to the United Way, supporting a range of initiatives for those in need in local communities.

### **Europe**

The RÜTGERS Foundation (www.ruetgers-stiftung.de) based in Germany is the epicentre of our CSR activities in Europe. We support scientific research and working groups through the foundation. We also encourage project days designed to create excitement and enhanced understanding about science and technology. Our efforts have inspired more than 10,000 students and teachers in 300-plus schools since 2005 and represent a contribution in excess of €1.25 million.

At RAIN, these initiatives are part of our moral commitment to taking responsible actions that enable our communities and stakeholders to advance in a meaningful and sustainable way.





## IN STEP WITH INDIA'S MEGA 'INFRAVANTAGE'

The cement sector has an important correlation with a country's economic growth. It plays a critical role in the development of roads, bridges, ports, hospitals, factories, offices, housing, schools, entertainment centres and other constructions that reflect a growing economy.

Since RAIN Group's inception in 1986, we have embraced a 'service-to-the-nation' approach to business so that our high-quality products are key drivers of India's development. Over the last three decades, the Priya Cement brand has been synonymous with strength and longevity, as we have gradually evolved into one of the most highly reputed cement brands in South India.

Our products (43-grade ordinary portland cement (OPC), 53-grade OPC and portland pozzolana cement) find widespread acceptance in India.

### **Delivering with sound business ethics**

Corporate governance is integral to our core purpose and values, and we have built the enterprise on a sturdy foundation of effective corporate governance practices.

Our philosophy on corporate governance is underpinned by a rich legacy of transparent governance and disclosure practices, respect for human values and individual dignity, and adherence to the norms of ethical and professional conduct. It ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and society at large.

We are committed to customer satisfaction and enhancement of stakeholder value. Accountability to stakeholders is a key tenet of our corporate-governance philosophy, and it helps ensure transparency in our operations and fairness in our business processes.

We have in place the necessary safeguards to avoid any conflict of interest, and our Code of Conduct extends to our subsidiaries. Our Board of Directors and Senior Management confirm their compliance with the Code of Conduct annually.

### Our governance architecture

Our robust governance framework allows us to sustain a culture of integrity, along with a high-performance orientation and an adaptive management style in a dynamic business environment. At the RAIN Group, we have a multi-tiered governance structure, comprising the interlinking of governing bodies and Board management at various levels:

- At the apex are the Board of Directors and various committees, which collectively direct the highest standards of corporate governance and transparency across the operations of the organisation. The Board plays a vital role in the oversight and management of the RAIN Group and exercises independent judgment in overseeing management performance on behalf of shareholders and other stakeholders. It is chaired by an Independent Director and is responsible for overall strategy development, alliances, leadership development, international opportunities, strengthening governance practices and enhancing brand value, along with our global image and reputation.
- Our governance structure helps in clearly determining the responsibilities of each business entity and entrusting them with powers that enable them to fulfil those responsibilities in the most effective manner. It also allows us to retain our organisational DNA, while facilitating effective delegation of authority and empowerment at all levels.
- The three-tier governance architecture helps ensure greater management accountability and credibility, while facilitating enhanced business autonomy, performance discipline and development of business leaders—all of which contribute to increased public confidence.



### **BOARD OF DIRECTORS**

EXECUTIVE DIRECTORS NON-EXE

NON-EXECUTIVE DIRECTORS

INDEPENDENT DIRECTORS



### **COMMITTEES TO THE BOARD**

**AUDIT** 

NOMINATION & REMUNERATION

STAKEHOLDERS RELATIONSHIP CORPORATE SOCIAL RESPONSIBILITY

RISK MANAGEMENT

### MANAGEMENT REPORTING TO THE BOARD

### **EXECUTIVE DIRECTORS**

**OPERATIONS** 

**HUMAN RESOURCES** 

COMMERCIAL

LEGAL & COMPLIANCE

**SALES & MARKETING** 

FINANCE

### **KEY BOARD COMMITTEES**

#### **AUDIT COMMITTEE**

The Audit Committee is a sub-committee of the Board of Directors and comprises the Independent Directors. It regularly reviews financial statements, internal audit reports, audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards and more.

Chairperson: Ms Nirmala Reddy

### NOMINATION & REMUNERATION COMMITTEE

This committee regularly reviews remuneration of Directors (Executive, Non-Executive and Independent) and persons who may be appointed to senior management and key managerial positions.

Chairperson: Ms Radhika Vijay Haribhakti

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee periodically determines and reviews CSR expenditure and social projects as well as their implementation.

Chairperson: Mr Jagan Mohan Reddy Nellore

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

This committee periodically investigates the functioning of the shareholder/investor grievance redressal system and oversees improvements in the same, besides reporting serious concerns, if any.

Chairperson: Mr N. Sujith Kumar Reddy

#### **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee periodically reviews risk assessment and minimisation procedures that ensure that Executive Management controls risk by means of a properly defined framework, besides reviewing major risks and proposed action plans.

Chairperson: Mr N. Radhakrishna Reddy

### Mapping and mitigating potential risks

We carefully analyse potential risks in our business environment to sustain and grow our competitive advantage and ensure our sustainable progress. Our global operations have always focused on a culture of innovation and high performance.

At RAIN, the Board and leadership team work tirelessly to mitigate potential risks with the help of our robust risk management infrastructure, which focuses on strategic, legal, financial, operational and environmental risks. We have a reliable practice to identify crucial risks across the group and map out germane action plans for mitigation.

### Three-tier risk management infrastructure

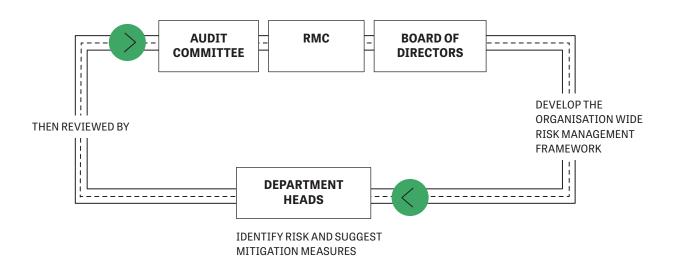
At the Board level, our risk management architecture is evaluated frequently by the Risk Management Committee (RMC). The RMC supports the Audit Committee and the Board in developing an organisation-wide risk management framework. The Board of Directors annually evaluates the framework, focusing on discussions regarding management submissions on risks, identifying crucial risks and approving relevant action plans to mitigate such risks based on priority.

The responsibility of assisting the RMC on an independent basis lies with the internal audit function armed with the full status of risk assessments and management. Other activities of the RMC include obtaining frequent updates on certain identified risks depending upon the nature, significance and likely impact on the business.

At the Management level, senior managers are responsible for managing risks across their respective departments. Strategic-risk registers capture the risks identified by the operating teams as well as the functional leadership teams.

At the Operating level, managers are entrusted with the responsibility of managing the risks at ground level. They are also authorised to identify risks and escalate them to their respective senior managers for creating mitigation plans. Operational risks are evaluated at functional review meetings and mitigation plans agreed and implemented.

#### **RISK MANAGEMENT PROCESS**



STRATEGIC RISKS		
RISK TYPE	STRATEGIC RESPONSE	STAKEHOLDERS IMPACTED
Inability to sell higher sales volumes	<ul> <li>Expand market share and customer retention</li> <li>Leverage channel financing to provide additional liquidity</li> <li>Focus on cost across cycles consistently</li> </ul>	<ul><li>Customers</li><li>Suppliers</li><li>Employees</li><li>Investors</li></ul>
Safeguarding against fluctuation in exchange and interest rates	<ul> <li>Board-approved foreign-exchange policy</li> <li>Monitor the foreign-exchange open exposure and cover the open exposure, if any, from time to time to mitigate the foreign-exchange risk</li> </ul>	• Government • Investors
OPERATIONAL RISI	KS	
Environment protection	<ul> <li>Comply with all applicable norms using best-in-class technology</li> <li>Enhance readiness to comply with future norms</li> <li>Embed the concept of a circular economy in operations</li> <li>Develop products that are safe and have better environmental performance throughout their lifecycle</li> </ul>	<ul><li>Communities and society</li><li>Suppliers</li><li>Customers</li></ul>
Risk of contamination of green petroleum coke (GPC) and calcined petroleum coke (CPC) during stevedoring, transit and storage	<ul> <li>Visit refineries, study logistic chain and storage places</li> <li>Initiate measures with the Indian refineries and stevedores to minimise contamination at load port/rake loading</li> <li>Standardise operating procedures and pre-inspection prior to transit and storage</li> <li>Monitor the load port by RAIN team</li> <li>Appoint independent surveyors and train them to take preventive measures, especially for GPC</li> <li>Change CPC-loading mechanism from coir-mat sling to bin-and-grab</li> <li>Train and supervision by surveyors</li> </ul>	• Suppliers • Government
Talent management	<ul> <li>Continue people-friendly policies to become a preferred employer</li> <li>Provide strong performance-management and reward systems</li> <li>Offer opportunities for skill enhancement and career development at all levels</li> <li>Enhance gender diversity</li> <li>Deliver platforms for greater interaction between employees and senior leaders</li> <li>Focus on long-term succession planning</li> </ul>	• Employees
Information technology	<ul> <li>Secure SAP application with a disaster-recovery site with recovery-point objective of one hour and recovery-time objective of two hours</li> <li>Follow a stringent change-management procedure to make configuration changes for hardware and software</li> <li>Conduct half-yearly review of authorisations and review by the business team to ensure that sanctity of authorisations is maintained</li> <li>Use the change-management policy to govern the creation of and changes to the authorisations</li> </ul>	• Investors • Employees
COMPLIANCE RISK	is	
Occupational health and safety	<ul> <li>Achieve incident-free safety performance based on detailed action plan initiated under STOP™ programme of DuPont Sustainable Solutions (DDS)</li> <li>Train employees by DDS-approved trainers</li> <li>Provide medical facilities and health insurance for all employees</li> <li>Ensure compliance with all legal and regulatory requirements</li> </ul>	• Employees • Community
Process safety	<ul> <li>Make sure that all process-related risks are well described and controlled</li> <li>Emphasise on proper maintenance to ensure facilities are compliant with all right-to-operate requirements</li> </ul>	• Employees • Communities

## Leadership supporting responsible growth

### **MR HL ZUTSHI**

#### **CHAIRMAN**

Mr Zutshi (77 years) is the Managing Trustee of the Energy Research and Social Advancement Foundation and Ishwar Charitable Trust Eye Hospital - ICARE. He is also a member of India International Centre.

He served as the Chairman & Managing Director of Hindustan Petroleum Corporation Ltd (HPCL and the Chairman of South Asia LPG Ltd., HINCOL, Prize Petroleum and others. He was also the Chairman of the Petroleum, Coal, Fertiliser and Related Products Division Council of the Bureau of Indian Standards (BIS); Convener of the Financial Services Sector Taskforce of the Department of Public Enterprises; and Advisor to Energy & Hydrocarbon, Mittal S.a.r.l, Luxemburg and ABN Amro Investments.

He provided inputs to the Government of India's Hydro-Carbon Vision 2025 and served as an Independent Director on the Boards of MECON Ltd., IDBI Bank Ltd. and others. He was also a Special Director of the Board for Industrial and Financial Reconstruction (BIFR).

He specialised 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 a Fellow of Energy Institute, UK.

### **MR N RADHAKRISHNA REDDY**

#### **MANAGING DIRECTOR**

Mr Reddy (77 years) is the Managing Director of RAIN Industries Limited. He has more than 51 years of experience in the construction and cement industries. He has been a Director of the Company since 1984. Currently, he is also on the Board of RAIN Cements Limited, Renuka Cement Limited and several other organisations, along with the Pragnya Priya Foundation.

### MR JAGAN MOHAN REDDY NELLORE

#### VICE CHAIRMAN

Mr Nellore (53 years) is the Vice Chairman of RAIN Industries Limited and has 27 years of experience in finance, commercial and operations. He is also the CEO of the Rain Carbon Inc. subsidiary.

He is the founder of RAIN CII Carbon (Vizag) Limited, which had been originally incorporated as RAIN Calcining Limited. He spearheaded the vision, strategy and execution of the globalisation of the entity's business model through various acquisitions and their subsequent integration to create the world's leading industrial carbon producer.

A member of the Boards for several of RAIN organisations and other enterprises, he is also a member of the Audit Committee and Nomination and Remuneration Committee of RAIN Cements Limited and RAIN CII Carbon (Vizag) Limited.

Mr Nellore holds a bachelor of science degree in industrial engineering from Purdue University, USA.

### **MR N SUJITH KUMAR REDDY**

### **DIRECTOR**

Mr Reddy (48 years) is the Managing Director of RAIN Cements Limited. He is also a Director at various other organisations, including Pragnya Priya Foundation. He has a bachelor's degree in commerce, and more than 25 years of experience in manufacturing and construction industries.

### MR BRIAN JUDE MCNAMARA

#### INDEPENDENT DIRECTOR

Mr McNamara (57 years) is an Independent Director and Chairman of the Audit Committee of the Company's wholly owned subsidiary Rain Carbon Inc.

He is a former banker with 31 years of experience in project finance, corporate finance and investment management. He worked in investment operations at International Finance Corporation (IFC) in Washington, DC, from 1991 to 2015 with responsibility for investment strategy, business development and project financing for a range of sectors across emerging markets, including chemicals, textiles, general manufacturing and mining. He has extensive investment experience in project evaluation, financial structuring and investment management across the chemicals, fertilisers, carbon black, plastics, fibres, specialty chemicals and primary metals industries.

Prior to joining IFC, he worked in the corporate finance division of Solvay Chemicals (Belgium) and in banking and investment management in Brussels, Belgium, and Dublin, Ireland. He has bachelor's degrees in economics and philosophy from Bristol University, UK and a master's degree in finance and banking from University College Dublin, Ireland.

### MR VARUN BATRA

#### INDEPENDENT DIRECTOR

Mr Batra (53 years) is a senior finance professional with more than 29 years of experience in private equity, special situations, corporate finance and capital markets, credit and relationship management across various corporate and financial institutional customers. He has relevant experience in relationship, risk and product management, and debt and equity investing across the capital structure.

Currently, he serves as a Senior Partner and heads the Mumbai office for Baring Private Equity Partners India Pvt. Ltd. He is a member of the Board of Starkarma Realty Holdings India Private Limited. He is a graduate in mathematics from St. Xavier's College, Mumbai and postgraduate from the Indian Institute of Management (IIM), Ahmedabad.

### **MS RADHIKA VIJAY HARIBHAKTI**

#### INDEPENDENT DIRECTOR

Ms Haribhakti (62 years) has over 32 years of experience in commercial and investment banking with Bank of America, JM Morgan Stanley and DSP Merrill Lynch.

She serves as an Independent Director on the Boards of Adani Ports & Special Economic Zone Ltd., EIH Associated Hotels Ltd., ICRA Ltd. and others. She is also a member of several Board committees in these enterprises.

She has advised several large corporations 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 has also been closely involved with issues of women empowerment, financial inclusion and CSR and has served on the Boards of non-profits. She has also served on the Governing Council of Citi group Micro Enterprise Award and CII's National Committee on Women Empowerment. She is a graduate in commerce from Gujarat University and postgraduate from the Indian Institute of Management (IIM), Ahmedabad.

### **MS NIRMALA REDDY**

#### INDEPENDENT DIRECTOR

Ms Nirmala Reddy worked as a Financial Sector consultant for the World Bank, Washington, DC, during 1995-2006. Her assignments were on credit intermediation, sustainability, privatisation, appraisal of development banks and financial institutions in projects located in Mongolia, Guyana, Egypt, and Jordan. She also worked on projects for the Asian Development Bank in Thailand and the African Development Bank in Cote de I'vore.

Earlier, she was a career banker having joined the State Bank as a probationary officer in 1969. She has 22 years of experience in banking operations, foreign exchange as head of merchant banking in her career with Vijaya Bank and served as Director correspondent banking with American Express Bank Ltd. Bombay. She was trained in the Bank's branches in New York, London, and Frankfurt.

Ms Reddy holds a master's degree in political science from Osmania University, Hyderabad. She has studied French and Japanese.

She is currently a Director on the Board of RAIN Industries Limited and is also a Director on the Board of its two subsidiaries: RAIN Cements Ltd. and RAIN CII Carbon (Vizag) Limited.

### Recognition for excellence



#### **SURYAPET. INDIA. CEMENT PLANT**

**MINES SAFETY WEEK CELEBRATIONS 2019** 

- Safety for Sustainability, 1st Prize
- Environment, Health & Skill Management, 1st Prize
- Overall Performance, 3rd Prize

#### **KURNOOL, INDIA, CEMENT PLANT**

MINES SAFETY OBSERVANCE & CONTROL OF RESPIRABLE DUST AWARENESS WEEK CELEBRATIONS 2019

- Mine Workings, 1st Prize
- Contractual Work Vis Safety & Safety Is My Responsibility Card, 2nd Prize
- Loading & Transportation, 3rd Prize
- Safety Management System, 3rd Prize
- Publicity, Propaganda & Innovation, 3rd Prize

### MINES ENVIRONMENT & MINERAL CONSERVATION WEEK CELEBRATIONS 2019-20

- Waste Dump Management, 1st Prize
- Mineral Conservation, 3rd Prize

### ZELZATE, BELGIUM, CARBON DISTILLATION AND ADVANCED MATERIALS FACILITY

ECOVADIS CORPORATE SOCIAL RESPONSIBILITY ASSESSMENT

Gold CSR Rating

### CASTROP-RAUXEL, GERMANY, CARBON DISTILLATION AND ADVANCED MATERIALS FACILITY

ECOVADIS CORPORATE SOCIAL RESPONSIBILITY ASSESSMENT

Silver CSR Rating

#### **DUISBURG, GERMANY, ADVANCED MATERIALS FACILITY**

ECOVADIS CORPORATE SOCIAL RESPONSIBILITY ASSESSMENT

Silver CSR Rating

### LAKE CHARLES, LOUISIANA, US, CARBON CALCINATION AND R&D FACILITY

LOUISIANA CHEMICAL ASSOCIATION 2019 SAFE AWARDS

• Most Improved Performance, Class 1 Division

### **UNITED WAY OF SOUTHWEST LOUISIANA**

- President's Award for employee giving
- Spirit of Southwest Louisiana Award

### CARBON DISTILLATION AND ADVANCED MATERIALS BUSINESS UNIT

**ANNUAL SUPPLIER RATINGS** 

 'A' rating from 19 customers, based on goods quality, on-time delivery, claim management and customer service



### STATUTORY REPORTS AND FINANCIAL STATEMENTS

### **STATUTORY REPORTS**

- 66 Notice
- 72 Board's report
- 151 Management discussion and analysis
- **155** Report on corporate governance

### **FINANCIAL STATEMENTS**

- 180 Standalone financial statements
- 228 Consolidated financial statements

### **RAIN INDUSTRIES LIMITED**

Registered Office: Rain Center, 34, Srinagar Colony, Hyderabad- 500073, Telangana State, India CIN: L26942TG1974PLC001693 Phone No: 040-40401234 Email: secretarial@rain-industries.com Website: www.rain-industries.com

### **NOTICE**

Notice is hereby given that the 45th Annual General Meeting of the Members of Rain Industries Limited (the Company) will be held on Thursday, the August 13, 2020 at 11 A.M. at KLN Prasad Auditorium, The Federation of Telangana Chambers of Commerce & Industry (FTCCI), Red Hills, Hyderabad - 500 004, Telangana State, India to transact the following business:

### **ORDINARY BUSINESS:**

- To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the Financial Year ended December 31, 2019 and reports of Board and Auditors thereon.
- To receive, consider and adopt the Consolidated Audited Financial Statements of the Company for the Financial Year ended December 31, 2019 and Report of Auditors thereon.
- 3. To approve and ratify interim dividend.
- 4. 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.
- 5. To appoint a Director in place of Mr. Jagan Mohan Reddy Nellore (DIN: 00017633) who retires by rotation and being eligible offers himself for re-appointment.

By order of the Board for Rain Industries Limited

Place: Hyderabad Date: April 28, 2020 Company Secretary M. No. A14143

S. Venkat Ramana Reddy

### 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.

- The Register of Members and Share Transfer Books of the Company will remain closed from May 7, 2020 to May 12, 2020 (both days inclusive).
- Profile of Mr. Jagan Mohan Reddy Nellore and Mr. N. Sujith Kumar Reddy who are being appointed/ re-appointed as Directors is given in the Annexure and Report on Corporate Governance.
- 4. Pursuant to the provisions of Section 124 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, unclaimed dividend amount of ₹ 46,85,496 of the Company for the Financial Year ended December 31, 2011 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.
- 5. 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 8, 2019 (date of last Annual General Meeting) on the website of the Company (www.rainindustries.com) and also on the website of Ministry of Corporate Affairs.
- Information in respect of such unclaimed dividend when due for transfer to the Investor Education and Protection Fund (IEPF) are given below:

### **NOTES:**

A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead

SI. 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, 2012	55%	April 27, 2013	May 26, 2020
2	December 31, 2013 (Interim dividend)	50%	November 14, 2013	December 13, 2020
3	December 31, 2014 (Interim dividend)	50%	November 6, 2014	December 7, 2021
4	December 31, 2015(Interim dividend)	50%	August 14, 2015	September 15, 2022
5	December 31, 2016 (Interim dividend)	50%	August 13, 2016	September 14, 2023
6	December 31, 2017 (Interim dividend)	50%	August 11, 2017	September 10, 2024
7	December 31, 2017 (Final dividend)	50%	May 11, 2018	June 10, 2025
8	December 31, 2018 (Interim dividend)	50%	November 14, 2018	December 13, 2025
9	December 31, 2019 (Interim dividend)	50%	November 13, 2019	December 12, 2026

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

- Unclaimed Equity shares held in the suspense account are maintained with Stock Holding Corporation of India Limited, G6-G10, East Block, Swarna, Jayanthi Commercial Comp Next, Ameerpet, Hyderabad, Telangana 500002 vide DP ID: IN301330 and Client ID: 40195702.
- 8. The Company's Statutory Auditors, BSR and Associates LLP, Chartered Accountants (ICAI Regn. No.116231W/W-100024), were appointed as the Statutory Auditors of the Company for a period of 5 years at the 43rd Annual General Meeting of the Company, i.e., up to the conclusion of the 48th Annual General Meeting of the Company on the remuneration to be determined by the Board of Directors. Pursuant to the amendment made by the Companies (Amendment) Act, 2017, effective from May 7, 2018, it is no longer necessary to seek the ratification of the shareholders for continuance of the above appointment. Hence, the Company is not seeking the ratification of the shareholders for the appointment of the Statutory Auditors.
- 9. 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.

The Company has transferred 2,12,196 equity shares to Investor Education and Protection Fund during the financial year ended December 31, 2019.

To Claim the equity shares and dividend which were transferred to the Investor Education and Protection Fund, the shareholders are requested to visit the website of the Company i.e., www.rain-industries.com to know the procedure for claiming Shares and Dividend transferred to the Investor Education and Protection Fund Authority.

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

 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"), NEFT, RTGS 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 KFIN Technologies Private Limited, (Unit: Rain Industries Limited), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032, Telangana State, India.
- (ii) Shareholders holding shares in Dematerialized Form are requested to provide the Bank details to their Depository Participants for updation in their records.
- 11. The Company's equity shares are Listed at (i) BSE Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai- 400001, Maharashtra, India; and (ii) National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot No. C/1, Bandra (East), Mumbai 400051, Maharashtra, India and the Company has paid the Annual Listing Fees to the said Stock Exchanges for the year 2019 -20.
- 12. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market for transaction of transfer, transmission/transposition and deletion of name of deceased holder. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agents of the Company i.e., KFIN Technologies Private Limited.
- 13. Route Map showing directions to reach to the venue of the 45th 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 and the venue of the Annual General Meeting is situated at FTPCCI Building, Red hills, Hyderabad.
- 14. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Registrar and Share Transfer Agent at KFIN Technologies Private Limited (Unit: Rain Industries Limited), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032, Telangana State, India.

- 15. Register of Directors and Key Managerial Personnel (KMP) 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 Companies Act, 2013 and the rules made thereunder are available for inspection at the registered office of the Company.
- 16. 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.
- 17. 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 on 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.
- 18. As required under Listing Regulations and Secretarial Standard 2 on General Meetings, details in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, is separately annexed hereto. Directors seeking appointment/re-appointment have furnished requisite declarations under Section 164(2) and other applicable provisions of the Companies Act, 2013 including rules framed thereunder.

### 19. 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 August 06, 2020 (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.

#### 20. The instructions for voting are as under

- A. Procedure and instructions for e-voting
  The procedure and instructions for e-voting
  are as follows:
  - Open your web browser during the voting period and navigate to 'https:// evoting.karvy.com'.

2. Enter the login credentials (i.e., user-id & password). Your folio/DP and Client ID will be your User-ID.

User - ID for Members holding shares in Demat Form:

- For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
- For CDSL: 16 digits beneficiary ID.
- For Members holding shares in Physical Form:
- EVENT No. followed by Folio Number registered with the Company.
- Password: Your Unique password is printed on 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 August 09, 2020 to 5.00 P.M. (IST) on August 12, 2020.
- After entering these details appropriately, click on "LOGIN".
- 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 KFIN Technologies 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'.
- 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 KFIN Technologies 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

- 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 August 09, 2020 to 5.00 P.M. (IST) on August 12, 2020. 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 August 06, 2020 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. F6280 and CP No.6798) failing him/ Ms. Ansu Thomas, Practising Company Secretary (Membership No. F8994 and CP No. 16696)

- having address at 6/3/154-159, Flat No. 303, 3rd Floor, Royal Majestic, Prem Nagar Colony, Near Banjara Hills Care Hospital, Khairtabad, Hyderabad 500004, Telangana, India as the Scrutiniser to conduct 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 containing the details with respect to votes cast in favour, against, neutral/abstained, shall 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 resolutions shall be deemed to be passed at the 45th Annual General Meeting of the Company scheduled to be held on August 13, 2020, the results declared along with the Scrutinizer's Report shall be placed on the Company's website www.rain-industries.com and on the website of Karvy, www.evoting.karvy.com, within 48 hours of conclusion of the Annual General Meeting.
- (viii) Voting at AGM: The Members who have not cast their vote(s) through remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting, however, these Members are not entitled to cast their vote again in the Meeting. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM
  - (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. With respect to shares held in physical form, members are advised to register their e-mail address with KFIN Technologies Private Limited on einward.ris@kfintech.com or contact Ms. C Shobha Anand, Dy. General Manager, Contact No. 040-67162222,

at [Unit: Rain Industries Limited] KFIN Technologies Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana State, India.

By order of the Board for Rain Industries Limited

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

Place: Hyderabad Date: April 28, 2020

### **ANNEXURE TO THE NOTICE DATED APRIL 28, 2020**

### Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting on August 13, 2020

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

S. No. Particulars		Name of the Director	
5. N	o. Particulars	Mr. Jagan Mohan Reddy Nellore	Mr. N. Sujith Kumar Reddy
1	DIN	00017633	00022383
2	Date of birth and Age	January 17, 1967 53 Years	July 26, 1971 48 Years
3	Qualification	Bachelor of Science degree in Industrial Engineering from Purdue University, USA	Graduate in Commerce
4	Experience and expertise in specific functional areas	More than 27 years of experience in finance, commercial and operations areas.	More than 25 years of experience in manufacturing and Construction Industry.
5	Brief resume	Resume is given in the Corporate Governance Report forming part of Annual Report.	Resume is given in the Corporate Governance Report forming part of Annual Report.
6	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Son of Mr. N. Radhakrishna Reddy, Managing Director and brother of Mr. N. Sujith Kumar Reddy, Director.	Son of Mr. N. Radhakrishna Reddy, Managing Director and brother of Mr. Jagan Mohan Reddy Nellore, Director.
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.
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.

S. No. Particulars		Name of the Director		
5. N	o. Particulars	Mr. Jagan Mohan Reddy Nellore	Mr. N. Sujith Kumar Reddy	
9	Remuneration last drawn by such person, if applicable and remuneration sought to be paid	Remuneration paid to Mr. Jagan Mohan Reddy Nellore till March 30, 2019 is given in the Corporate Governance Report.	Nil	
10	Date of first appointment on the Board	June 13, 1997	March 22, 1992	
11	Shareholding in the company	Holds 100 equity shares	Holds 10,028,770 equity shares	
12	The number of Meetings of the Board attended during the year	4 out of 4	4 out of 4	
13	Directorship Details of the Board	<ol> <li>Rain Cements Limited</li> <li>Rain CII Carbon (Vizag) Limited</li> <li>Renuka Cement Limited</li> <li>Pragnya Priya Foundation</li> <li>Rain Entertainments Private Limited</li> <li>Sujala Investments Private Limited</li> <li>Rain Enterprises Private Limited</li> <li>Rain Commodities (USA) Inc.</li> <li>Rain CII Carbon LLC</li> <li>CII Carbon Corp</li> <li>Handy Chemicals (USA) Ltd</li> <li>Rain Carbon Inc.</li> </ol>	<ol> <li>Rain Cements Limited</li> <li>Renuka Cement Limited</li> <li>PCL Financial Services Private         Limited</li> <li>Arunachala Holdings Private Limited</li> <li>Apeetha Enterprises Private Limited</li> <li>Nivee Holdings Private Limited</li> <li>Nivee Property Developers Private         Limited</li> <li>Rain Entertainments Private Limited</li> <li>Pragnya Priya Foundation</li> </ol>	
14	Membership/ Chairmanship of Committees of other Boards	I) Member: A. Audit and Nomination and Remuneration Committee of 1. Rain Cements Limited 2. Rain CII Carbon (Vizag) Limited B. Corporate Social Responsibility Committee of 1. Rain Cements Limited II) Chairman A. Corporate Social Responsibility Committee of 1. Rain CII Carbon (Vizag) Limited	I) Member: A. Corporate Social Responsibility Committee of 1. Rain Cements Limited	

Place: Hyderabad Date: April 28, 2020 By order of the Board for Rain Industries Limited

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

### **BOARD'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the  $45^{th}$  Annual Report and the Audited Financial Statements (standalone and consolidated) for the Financial Year ended December 31, 2019.

### **FINANCIAL RESULTS**

### A) Standalone

The Standalone performance for the Financial Year ended December 31, 2019 is as under:

### The financial summary

(In ₹ Million)

S. No.	Particulars	December 31, 2019	December 31, 2018
1	Revenue from operations	637.91	1,053.53
2	Profit before finance cost, depreciation and tax expense	579.73	974.62
3	Finance Cost	186.70	196.08
4	Profit before depreciation and tax expense	393.03	778.54
5	Depreciation	5.86	5.20
6	Profit before Tax Expense	387.17	773.34
7	Tax Expense	32.78	168.68
8	Profit After Tax Expense	354.39	604.66
9	Add: Surplus at the beginning of the year	617.15	745.65
10	Total Available for appropriation	971.54	1,350.31
	Appropriations:		
11	Dividend including taxes	336.35	672.69
12	Transfer to general reserve	35.44	60.47
13	Surplus carried to Balance Sheet	599.75	617.15

### B) Consolidated

The Consolidated performance for the Financial Year ended December 31, 2019 is as under:

### The financial summary

(In ₹ Million)

S. No.	Particulars	December 31, 2019	December 31, 2018
1	Revenue from operations	123,607.97	140,489.93
2	Profit before finance cost, depreciation, share of (loss)/profit of associates and tax	16,371.47	20,063.72
	expense		
3	Finance cost	4,524.01	4,565.13
4	Profit before depreciation, share of (loss)/profit of associates and tax expense	11,847.46	15,498.59
5	Depreciation	5,940.15	5,550.86
6	Profit before share of (loss)/profit of associates and tax expenses	5,907.31	9,947.73
7	Share of (loss)/profit of associates (net of income tax)	(0.21)	8.80
8	Profit before tax expense	5,907.10	9,956.53
9	Tax expense	1,282.76	3,643.22
10	Profit after tax expense	4,624.34	6,313.31
11	Non-controlling interests	710.50	497.05
12	Profit after tax expense after non-controlling interests	3,913.84	5,816.26
13	Add: Surplus at the beginning of the year	43,103.64	38,020.54
14	Total Available for appropriation	47,017.48	43,836.80
	Appropriations:		
15	Dividend including taxes	382.30	672.69
16	Transfer to general reserve	121.28	60.47
17	Surplus carried to the Balance Sheet	46,513.90	43,103.64

### State of the Company's Affairs

During the year under review, the Company achieved revenue of ₹ 637.91 million and net profit of ₹ 354.39 million on a standalone basis. During the same period, the consolidated revenue was ₹ 123,607.97 million and net profit after non-controlling interests was ₹ 3,913.84 million.

The Company continues with its rigorous cost-optimisation initiatives and efficiency improvements, which have resulted in significant savings through continued focus on cost controls, process efficiencies and product innovations that exceed customer expectations in all areas, enabling the Company to maintain profitable growth in the a healthy economic scenario.

However, since the closure of the financial year ended December 31, 2019, the global coronavirus (COVID-19) pandemic has caused significant economic and social disruption worldwide. In Europe and North America, our production facilities continue to operate in areas where "stay-at-home" orders have been issued, as they are considered "essential" businesses that serve other critical industries such as aluminium and steel. As of this date, we anticipate that coronavirus could have a material impact on the Company's performance at least through the first half of financial year 2020.

### **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 is one of the world's largest producers of calcined petroleum coke, coal tar pitch, other carbon products and advanced materials. RAIN Group operates in three key business

verticals: Carbon, Advanced Materials and Cement. RAIN Group has eighteen manufacturing facilities in eight countries across three continents and continues to grow through capacity expansions and mergers and acquisitions throughout the world.

Our Carbon business segment converts the by-products of oil refining (i.e., green petroleum coke or "GPC") and a by-product of metallurgical coke 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 other global industries.

Our Advanced Materials business segment carries out the innovative downstream transformation of a portion of our carbon output, petrochemicals and other raw materials into high-value materials that are critical to the specialty chemicals, coatings, construction, automotive, petroleum, energy storage and other global industries.

Our Cement business segment produces and markets highquality ordinary portland cement (or "OPC") and portland pozzolana cement (or "PPC") consumed largely by the civil construction and infrastructure industries within South India.

Our scale and process sophistication provide us the flexibility to capitalise 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 global manufacturing footprint and our integrated worldwide logistics network have strategically positioned us to capitalise 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).

Revenue and operating profit contributions from our three business segments for the year 2019 are as follows:



### 1. Carbon

Carbon consists of calcined petroleum coke ("CPC"), coal tar pitch ("CTP"), and derivatives of coal tar distillation including carbon black oil, creosote oil, naphthalene oil, other aromatic oils and co-generated energy from waste-heat recovery. This segment contributed approximately 66% of the consolidated revenue of RAIN Group for CY 2019.

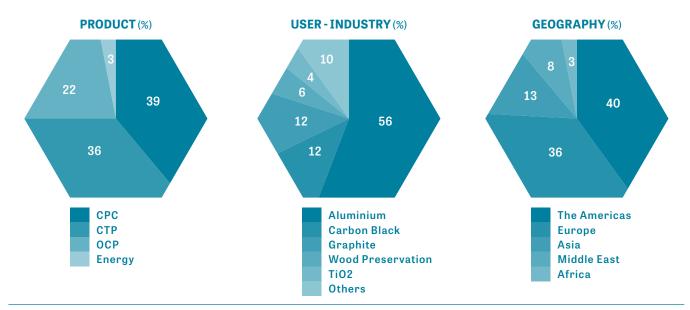
The Carbon business converts the by-products of oil refining and a by-product of metallurgical coke production into high-value carbon-based products that are crucial for the manufacturing of aluminium, graphite,

carbon black, wood preservation, titanium dioxide, refractory and other global industries.

Environment-friendly and energy-efficient practices have made RAIN Group's Carbon business highly efficient and sustainable. The Carbon business co-generates energy at four calcined petroleum coke plants with a combined power generation capacity of approximately 125 MW. The Company has made substantial investments in flue-gas desulphurisation ("FGD") to reduce emissions at its plants in India and in the United States. These strategic investments give the Carbon business a competitive advantage in the CPC industry.

### Carbon Segment - Revenue Mix

Revenue-mix from Carbon segment by Product, User-Industry and Geography for the year 2019 are as follows:

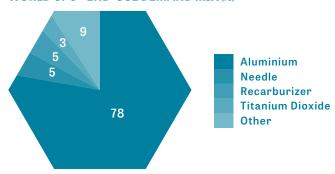


### 1.1. Calcined Petroleum Coke ("CPC")

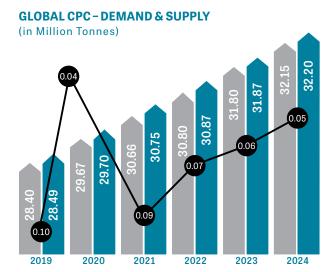
RAIN Group carries on the business of manufacturing and selling of CPC through its wholly owned subsidiaries in India and the USA. RAIN Group has six CPC manufacturing plants in the United States and one CPC plant in India with an aggregate production capacity of approximately 2.1 million tonnes per annum. In addition, RAIN Group is setting up a greenfield CPC plant with a capacity of 0.37 million tonnes per annum, using vertical-shaft technology in the Andhra Pradesh Special Economic Zone, Visakhapatnam, India. We expect the vertical-shaft CPC plant to commence operations during the first half of CY 2020. Adding this vertical-shaft technology to the portfolio will allow the CPC business to offer its customers a wider range of quality options to meet their CPC requirements.

CPC is produced from GPC, a porous black solid that is a by-product of the crude-oil refining process, through a process known as "calcining". This process removes moisture and volatile matter from the GPC at a very high temperature. CPC is produced in two primary qualities: (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). Anodegrade CPC represents approximately 78% of global CPC production, and industrial-grade CPC represents the remaining 22%. For every tonne of primary aluminium produced, approximately 0.4 tonnes of CPC is consumed.

### **WORLD CPC - END-USE DEMAND MIX (%)**



Source: Management Estimate and Industry



Source: Management Estimate and Industry

Production

Demand

Worldwide CPC production for CY 2019 was about 28.5 million tonnes, 75% of which was produced in China and North America, comprising 75% 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 56 - 59% in the near term. China and North America will maintain a positive surplus. Due to a large gap between production and demand in the Middle East, Asian calciners are expected to increase their focus on the region for the surplus capacity.

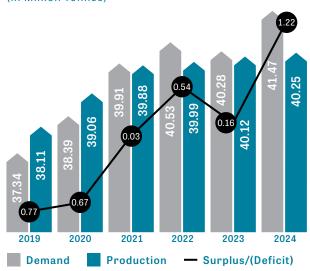
As per recent industry estimates, worldwide demand for CPC aggregated to approximately 28.4 million tonnes in CY 2019. The demand is expected to grow to approximately 31.9 million tonnes by CY 2024, representing a CAGR of +2.3%. Worldwide production of CPC aggregated to approximately 28.5 million tonnes in CY 2019 and is expected to grow to approximately 31.9 million tonnes by CY 2024, representing a CAGR of +2.3%.

RAIN Group estimates that more than 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 oil being refined. Manufacturers of CPC blend various grades of GPC (and CPC) to meet the stringent quality specifications of their customers.

The price of GPC varies depending on the quality and the market in which it is utilised. The price of GPC is largely driven by prevailing demand and supply conditions. A refinery typically realises 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.

— Surplus/(Deficit)

### WORLD ANODE-GRADE GPC - DEMAND & SUPPLY (in Million Tonnes)



Source: Management Estimate and Industry

### WORLD ANODE-GRADE GPC - BALANCE IN 2019 (SURPLUS / (DEFICIT) (in Million Tonnes)



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 price 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. Nonetheless, 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 limitations of their refinery configuration. However, a few refineries process sweet crudes based on logistical advantages to those locations.

In general, CPC and GPC prices move in parallel. Hence, CPC producers are converters with an 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 CPC prices to reflect changes in GPC costs. During this time lag, CPC producers will realise lower or higher convertor margin.

The availability of low-sulphur GPC is expected to be negatively affected due to regulations implemented by the International Convention for the Prevention of Pollution from Ships ("MARPOL"), which went into effect at the beginning of 2020 and is expected to cause oil-refining companies to shift to heavier or high-sulphur crudes. The regulation aims to reduce the amount of sulphurous gasses emitted at sea by reducing the allowable level of sulphur in marine fuel used for operating ships from 3% to 0.5%. It is expected that larger vessels will use scrubbers to meet this requirement. The freight cost is estimated to increase in all perspectives. Refineries may also find

it reasonable to process the high-sulphur feedstock in their cokers to get a premium rather than selling high-sulphur fuel oil (HSFO) at a discount. Hence, there is a limited possibility of a petroleum coke shortage due to the implementation of new regulations by MARPOL.

Threats & Challenges - CPC The main threat for the CPC industry is the availability of suitable-quality GPC. GPC is a byproduct 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 sour 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, a 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 aluminium industry's demand for consistent quality of anode-grade CPC, 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 utilising grades of GPC previously not considered acceptable to produce anode-grade CPC. Additionally, strategic investments in flue-gas desulphurisation at the Chalmette, Lake Charles and Norco plants in Louisiana, USA as well as the existing Vizag calciner and the new vertical-shaft calciner in India have enabled RAIN Group to unlock an unmatched advantage of utilising high-sulphur GPC more efficiently to serve the growing demand from aluminium smelters without compromising on quality.

During CY 2019, RAIN Group announced plans to produce anhydrous carbon pellets ("ACP"), a proprietary product developed through years of research and development, to mitigate the risk of reduced anode-grade GPC supply. ACP would be produced by using carbon fines and other non-anode grade GPC, which are abundantly available to meet the ever-increasing demand for anode-grade GPC from calciners.

It is expected that India will continue to lead CPC demand growth in the world (ex-China) as a result of

capacity expansions by major aluminium producers in the country over next few years.

With the restrictions on the import of GPC by calciners and the import of CPC by aluminium smelters, capped at 1.40 million tonnes per annum and 0.50 million tonnes per annum respectively by the Hon'ble Supreme Court of India, the additional requirement of both calciners and smelters will have to be met from domestic supplies within India. Further, the Hon'ble Supreme Court of India has also directed the Ministry of Environment to finalise the standards of emissions from calciners by March 2020. RAIN Group, with its FGD scrubbing facilities at its existing calciner in Visakhapatnam and the new vertical-shaft calciner nearing completion, is well prepared to meet the emission standards to be announced by the Ministry of Environment.

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

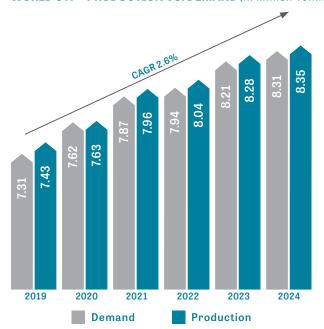
RAIN Group operates four coal tar distillation facilities in Belgium, Canada, Germany and Russia, with an aggregate primary coal tar distillation capacity of approximately 1.3 million tonnes per annum. Coal tar distillation is carried out in Belgium, Canada and Germany through wholly owned subsidiaries, and coal tar distillation is carried out in Russia through a joint venture with PAO Severstal, Russia.

Coal tar is a liquid by-product derived from the conversion of coal into metallurgical coke. During this conversion, approximately 80% of the coal volume is processed into metallurgical coke.

Metallurgical coke is an important reducing agent and energy source in blast furnaces that 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 54% from China) contributes approximately 76% of total global pig iron production and Europe (including 4% from Russia) contributes about 13%.

Every tonne of metallurgical coke produced yields on average 0.04 tonnes of coal tar. Coal tar is the main raw material in the coal tar distillation process. The coal tar distillation process can be categorised 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"). With a distillation yield of approximately 48%, CTP is the main end-product in the coal tar distillation business and therefore crucial for its growth. Coal tar distillation also yields naphthalene oil (approximately 12%) and aromatic oils (approximately 40%).

### WORLD CTP-PRODUCTION VS. DEMAND (in Million Tonnes)



Source: Management Estimate and Industry

### WORLD CTP - BALANCE IN 2019 (in Million Tonnes)



Source: Management Estimate and Industry

As per recent industry estimates, global demand for CTP aggregated to approximately 7.3 million tonnes in CY 2019. This is expected to grow to approximately 8.3 million tonnes by CY 2024, representing a CAGR of +2.6%. Global production of CTP aggregated to approximately 7.4 million tonnes in CY 2019 and is expected to grow to approximately 8.3 million tonnes by CY 2024, representing a CAGR of +2.4%.

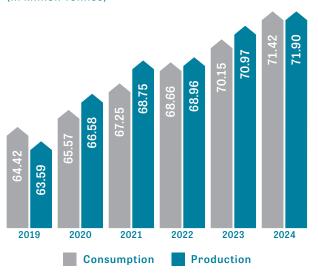
Geographically, CTP production is led by China, followed by Europe and Asia with these three markets

having an aggregate share of 90% in CY 2019. China, Europe and Asia (excluding China) currently have surplus production. While China will maintain this surplus through CY 2024 with a CAGR of 2.9%, the levels of surplus production over demand for CTP in Europe should decline through CY 2024. The levels of surplus production over demand for CTP in other regions are expected to remain negative in future years.

Seventy-eight percent of the world's CTP production is used to produce carbon anodes for aluminium

smelting. For every tonne of primary aluminium produced, approximately 0.1 tonne of CTP is consumed. Therefore, production of primary aluminium is an important determinant 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. Elsewhere, demand for CTP is increasing as a key component in the production of solar panels, LED lights and in materials such as carbon fiber.

### WORLD ALUMINIUM - PRODUCTION & DEMAND (in Million Tonnes)



Source: Management Estimate and Industry

The aluminium industry is the largest consumer of calcined petroleum coke and coal tar pitch. Global demand for primary aluminium aggregated to approximately 63.4 million tonnes in CY 2019 and is expected to grow to approximately 70.0 million tonnes by CY 2024, representing a CAGR of +2.0%. Global production of primary aluminium aggregated to 63.6 million tonnes in CY 2019 and is expected to grow to approximately to 71.2 million tonnes by CY 2024. Of the total production in CY 2019, 56% was from China, 11.9% from Europe (including Russia) and 6% from North America. Production of primary aluminium is growing in Asia (excluding China) and the Middle East, and these two markets contributed 6.9% and 8.9% of global primary aluminium production during CY 2019. The expected demand will be driven by electrical conductors, increased usage in automobiles and significant growth in

### WORLD ALUMINIUM – GREENFIELD & BROWNFIELD EXPANSION (%)



Source: Management Estimate and Industry

the packaging industry. India is expected to see an increase in aluminium consumption, which mainly will be driven by the construction, automobile and packaging industries.

Aluminium continues to chip away steel's previously unassailable position as the metal of choice for the automotive industry. Due to more stringent regulations and societal pressure to improve fuel economy, automobile manufacturers are increasing their use of lighter materials such as aluminium for the structural shell of vehicles as well as closing panels such as the hood, trunk and doors. Aluminium producers will continue to innovate with new alloys and production processes to meet the automotive industry's demand.

By 2024, more than 6.0 million tonnes of aluminum smelting capacity additions are expected through various greenfield and brownfield projects announced across the world. Approximately 62% of the additional capacity will take place in China and 38% in Asia (excluding China), Europe and the Middle East.

Other Carbon Products from Tar Distillation
Naphthalene, as a chemical intermediate, is used
mainly as a precursor to other chemicals or as a
solvent for chemical reaction. Naphthalene is used
both in the production of dispersants and by the
construction industry, and as superplasticizers
to produce concrete and gypsum. Therefore,
demand for naphthalene is correlated to the
construction industry.

Naphthalene is also used in the production of phthalic anhydride as a substitute for ortho-xylene as it is more cost-effective. Phthalic anhydride is used in the manufacturing of plastics, polyester resins and alkyd resins. Additionally, phthalate esters made from phthalic anhydride are used as plasticisers in the production of several PVC products. RAIN's Advanced Materials segment produces phthalic anhydride, and a majority of the raw material (naphthalene) is supplied internally.

Aromatic oils, such as creosote oil and carbon back oil, are sold to a variety of industries. Creosote oil is used by the wood-treatment industry for the impregnation of wood. The majority of this production is sold to the North American market as the European market has seen decreased demand due to environmental restrictions.

Carbon black oil is primarily sold to the carbon black industry, which produces carbon black for the tyre and rubber industries. Therefore, demand for our carbon black oil is dependent on these end industries.

After industrial processing, the downstream products made from naphthalene and aromatic oils, such as phthalic anhydride and toluene, form indispensable constituents of many articles of daily life. For example, they are used as key raw materials in the leather, construction, car tyres and pharmaceutical industries.

Threats & Challenges - CTP and Other Carbon Products

The main threat to the supply of CTP is the availability of reliable quantities of coal tar from the steel industry. With approximately 10% 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. Steel production using electric arc furnaces is becoming more prevalent due to various factors including its superior technology and lower emissions compared to traditional blast furnaces. As a result, coal tar production is limited to the existing capacities of metallurgical coke ovens. RAIN Group strengthened its coal tar sourcing through its Russian joint venture. With approximately 5% of global coal tar production, Russia contributes 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.

Research and development is being conducted by certain smelters to produce carbon-free aluminium for reducing emission of greenhouse gases through the use of inert anodes, which would replace traditional carbon anodes. However, the ability to retrofit such technology by existing aluminium smelters and the cost of producing aluminium using inert anodes are yet to be established. The energy consumption for an inert anode cell will increase by 15-20% compared to a carbon anode cell, for example. Given that substantial quantities of greenhouse gases are released in the generation of electricity consumed in aluminium smelting, anything that increases energy consumption has the potential to significantly increase greenhouse gas emissions. More than 60% of aluminium smelters across the world today use electricity generated from coal-fired power plants, and such smelters do not aim to produce carbon-free aluminium, as it would be difficult for them to find alternative sources of carbon-free electricity.

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

Increasing demand from traditional end customers as well as demand from more recent applications such as lithium-ion batteries, solar panels and LED light bulbs are gradually tightening the global balance for supply of CTP. In the event of future coal tar and CTP shortages, petroleum pitch would be the most reliable alternative for the aluminium industry, as it can be blended with coal tar pitch for preparing the carbon anodes.

Naphthalene and aromatic oils (other by-products in primary distillation) are subject to the demand and supply forces of the construction and automotive industries and 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 all of its facilities. As part of this commitment, RAIN Group has made significant investments in waste-heat recovery ("WHR") systems to generate steam or electricity in all three business verticals of Carbon, Advanced Materials and Cement. Currently, RAIN Group has co-generation power plants at five plants, with an aggregate capacity of 116 MW. Further, RAIN Group has co-generation steam plants at four plants, with an aggregate capacity of 59 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.

As further evidence of RAIN Group's commitment to the environment, it has made substantial investments in flue-gas desulfurisation at its CPC plants in India and USA to substantially reduce the emission of sulphur-dioxide to meet all regulatory requirements for 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 utilisations in calcination or change in raw material quality will directly influence the generation of energy. A substantial part of the 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 the future could cause a reduction in sales of energy by RAIN Group.

A trend of declining tariffs in India continues to impact revenues from the sale of energy. Part of the energy generated at our CPC plants, as well as our cement operations, is captively used to power those operations, mitigating the risk of declining energy tariffs. Energy revenues in the United States are less subject to fluctuations as much of these sales are under long-term agreements with fixed prices.

### 2. Advanced Materials

RAIN Group is a global leader in the production of advanced materials through the innovative downstream transformation of a portion of our carbon output, petrochemicals and other raw materials into high-value materials that are critical to the specialty chemicals, coatings, construction, automotive, petroleum and other global industries. RAIN Group operates advanced materials production facilities in Belgium, Canada, Germany and the Netherlands.

RAIN Group produces 0.65 million tonnes of advanced materials product per annum. Its products have applications ranging from rubber tyres to printing inks, and from energy storage to pharmaceutical products. To expand and diversify the segment, RAIN Group is setting up a hydrogenated hydrocarbon resins ("HHCR") plant at its integrated coal and petrochemical site in Castrop-Rauxel, Germany with an initial capacity of 30,000 tonnes. This plant will produce various HHCR products with full flexibility of operations using special proprietary and patented technology of RAIN Group.

RAIN Group produces advanced materials in two parallel production processes:

- Downstream processing and refining of aromatic distillates
- Petroleum derivatives, such as C9 and C10, which serve as raw materials for the production of a range of advanced material products

About 26% of RAIN Group's consolidated revenue for CY 2019 is from this segment. The Advanced Materials business can be classified broadly into four sub-product categories: engineered products, petrochemical intermediates, naphthalene derivates and resins.

### 2.1. Engineered Products

RAIN Group's innovative CARBORES® binder, an engineered pitch product, combines the advantages of coal tar pitch products and phenolic resins. Coal tar pitch contains polycyclic aromatic hydrocarbons (PAHs) that require special safety precautions during its use. CARBORES® is a substitute binder used in carbon-containing refractory products and graphite products, created with reduced concentration of PAHs. While designed for refractory products, the property profile of CARBORES® also allows it to be substituted for standard coal tar pitch in other applications.

The Company's portfolio of engineered products also includes PETRORES®, which is used in

specialty applications such as lithium-ion batteries and energy storage. PETRORES® is produced by further processing petroleum tar, which we procure from refineries.

### 2.2. Petrochemical Intermediates

RAIN Group produces benzene, toluene and xylene from the secondary distillation of crude benzene, a liquid by-product derived from conversion of coal into metallurgical coke used for pig iron and steel production. Benzene, toluene and xylene are critical inputs for several chemicals-based substances. Applications of toluene and xylene include use as solvents for inks and paints.

### 2.3. Naphthalene Derivatives

RAIN Group produces phthalic anhydride, polynaphthalene sulfonates and modifiers from the downstream refining of naphthalene and from other inputs procured externally.

The Company also produces specialty polymers called superplasticisers from the downstream refining, polymerisation and purification of naphthalene

oil and naphthalene. Superplasticisers are used as in-process aids in the manufacture of concrete and gypsum wallboard and have widespread use for a variety of industrial and agricultural applications.

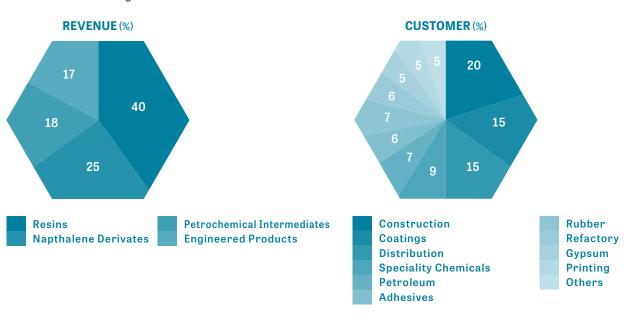
In addition, RAIN Group produces a wide range of differentiated naphthalene and melamine superplasticisers in liquid and powder form, as well as carboxylate dispersants in liquid form.

### 2.4. Resins

RAIN Group manufactures hydrocarbon resins based on coal tar distillates produced during the downstream refining of carboindene and from C9 and C10, which are liquid by-products derived from the steam cracking of petroleum substances. Coal tar-based resins are used primarily for applications in coatings and rubber tyres while petrochemical-based resins are used primarily for applications in adhesives and printing inks. The Company recently introduced a family of colourless resins used in colour-sensitive applications such as tape and book bindings.

The Company also produces phenolics, which are used for applications in leather treatment, electric wire enamels and pharmaceuticals.

### Advanced Materials Segment - Revenue Mix



### Outlook

Based on slowing GDP growth in key markets, mainly Europe, political uncertainties like the USA-China trade dispute and the return of volatility of rawmaterial markets, we expect more challenging and uncertain business conditions in the near future.

Europe is the main market for our resins, modifiers and petrochemicals. Lower demand by the coatings and adhesive industries will be offset by improving demand from tyre industry resulting in an overall stable volume in resins and modifiers business. This segment will benefit from our new product, NOVARES® pure hydrogenated hydrocarbon resins ("HHCR"), produced at our new HHCR plant in Germany. Carbonless copy paper and coatings are some of our end customers for products manufactured by our modifiers group. The majority of these customers are from Asia. Demand for these products shall remain moderate due to intense competition from China. Our 3.5 DMP product, although a small contributor, is used in disinfectants and has a strong market in Asia with an expected increase in demand.

Among petrochemicals, phthalic anhydride ("PA") is highly competitive since the primary raw material naphthalene is available in-house from our distillation business. Further, the naphthalene-based process is cost advantaged compared to ortho xylene-based production. In coming years, the overall outlook of petrochemicals is stable due to the partial offset of benzene, toluene, xylene performance with PA.

North America is our main market for polymers, superplasticisers and naphthalene. The products are mainly used in producing gypsum as well as in concrete mixture for construction. Delays in infrastructure projects have affected the performance of this business. Investment in infrastructure, industrial and residential projects shall maintain the overall outlook stable in coming years. Oversupply will continue to impact naphthalene business.

Our engineered products business shall benefit from the sealer market in North America with our new sealer, ULTRASEAL, and growing demand in Asia for PETRORES® in lithium-ion anode applications. With stable demand from refractories in Asia, the performance of our CARBORES® products shall be moderate. Overall, the outlook for this business is positive.

Due to falling demand for certain advanced materials, we announced the shutdown of our Uithoorn production facility in the Netherlands by March 2020. The products from that plant that were profitable have been transitioned to our existing plant in Duisburg, Germany. With higher capacity utilisation

of the Duisburg plant, and the elimination of costs related to the operation of the Uithoorn facility, the performance of this part of our business is expected to improve from CY 2020.

To meet growing demand for white-water resins, we are constructing the HHCR production facility in Castrop-Rauxel, Germany, which is expected to commence commercial operations in the first-half of CY 2020.

Threats & Challenges – Advanced Materials
Key threats to RAIN Group's Advanced Materials
business are volatility in commodity prices and
Chinese competition. The price of benzene, C9 and
C10 fractions largely depend on the price of crude
and fuel oil. Tariffs implemented by the United States
have caused Chinese products to compete in the
European market. We expect this to continue until
a comprehensive trade agreement between the two
countries is finalised.

RAIN Group tries to mitigate its pricing and procurement risks through an integrated global management of sales and procurement, optimised 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, India with an aggregate installed capacity of 4 million tonnes per annum. RAIN Group also has a fly-ash handling and cement-packaging unit in the state of Karnataka, India. About 8% of the consolidated revenue of RAIN Group for CY 2019 is from the Cement business segment.

RAIN Group's cement plants manufacture two grades of cement: ordinary portland cement ("OPC") and portland pozzolana cement ("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 bags and supplies neighboring areas. Of the total cement produced, PPC grade accounts for about 75% and OPC grade about 25%.

RAIN Group has been constantly reducing the output cost by introducing efficient energy measures, such as wasteheat recovery power plants and the use of fuel-grade green petroleum coke to heat its furnaces. Stringent standards stipulated by Bureau of Indian Standards (BIS) are applied in cement production to attain consistency in quality.

The major costs in the production of cement are (a) freight and transportation and (b) power and fuel, each constituting 25 - 30% of the total cost of manufacturing. RAIN Group constantly works to improve efficiencies in logistics, such as entering into long-term contracts with transport agencies for transportation of cement to all dealers spread across various states. The downside risk is that any increase in fuel prices could adversely affect freight costs.

The Cement business segment consumes up to 29MW of electricity. RAIN Group supplements this segment's power requirements with electricity generated at its CPC plant in Visakhapatnam and from two waste-heat recovery power plants with an aggregate capacity of 11MW in the Kurnool and Suryapet cement plants.

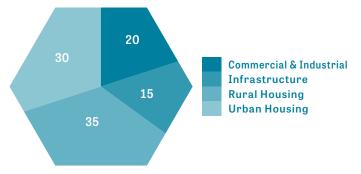
### Cement Industry Growth in India

The Indian cement industry is estimated to have a total production capacity of 485 million tonnes during CY

2019, with an additional capacity of 23 million tonnes under construction. Total capacity is expected to increase to approximately 550 million tonnes by CY 2024. 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 65% of total consumption. The other major consumers of cement include infrastructure (15%) and commercial and industrial construction (20%). During the last few years, low capacity utilisation, 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.

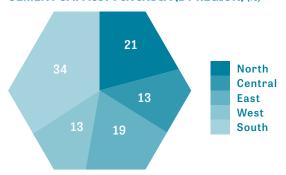
With increased demand by the infrastructure and housing sectors, coupled with limited capacity additions, cement capacity utilisation on a pan-India basis is expected to improve steadily over next few years. In particular, demand is expected to be boosted by infrastructure development in tier-2 and tier-3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

### **CEMENT CONSUMPTION BY SECTOR IN 2019 (%)**



Source: Management Estimate and Industry

### **CEMENT CAPACITY IN INDIA (BY REGION) (%)**



Source: Management Estimate and Industry

Cement, being a bulk commodity, is freight-intensive, 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 34% of the country's total installed capacity.

### **Current Position**

With increased in infrastructure spending and improved construction of housing projects, Indian cement industry

witnessed a double-digit growth during CY 2019. A lack of available sand and uncertainty regarding the capital for the state of Andhra Pradesh has resulted in weaker demand in Andhra Pradesh. There is an increase in demand for cement in other southern states.

### **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 new plans for housing and infrastructure development, cement demand is expected to increase. Historically, positive incremental demand over supply, as well as high levels of capacity utilisation, have led to increases in cement prices. A rebound in demand growth from CY 2020 is expected to support prices in the southern region. Cement demand across India is expected to increase at a CAGR of 8%.

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

The real estate sector is a crucial contributor to demand growth in the southern region. Major cities like Bengaluru, Chennai and Hyderabad have emerged as promising commercial destinations, which boosts demand for commercial and office space within these cities. In addition, these cities are some of the biggest hospitality markets in southern India, with Hyderabad reporting year-over-year growth of 7.6%, followed by 4.3% in Bengaluru and 1.4% in Chennai.

Further, the 2020 Union Budget of India highlighted a stimulus package of ₹ 103 trillion for developing the infrastructure sector over the next five years, consisting of more than 6,500 projects across a range of sectors. The government's spending push in the infrastructure sector should help to expand aggregate demand and the level of economic activity, thereby cushioning a weakening in cement consumption.

### Threats & Challenges - Cement

The Indian cement industry has witnessed a massive capacity addition of more than 250 million tonnes during the last decade. This capacity addition is disproportionately high when compared to the growth in demand and concentrated in southern India, with more than 80 million tonnes of new capacity during this period. This has resulted in significant pressure on capacity utilisation and price realisation among the region's producers.

The Indian cement industry's average utilisation has increased to approximately 70% in CY 2019, led by improvement in demand and lower capacity additions during CY 2019. Pan-India utilisation is expected to reach 75% in CY 2020 while the utilisation levels in the southern region are expected to remain stable at 60% in CY 2020. Cement demand and capacity utilisation are expected to improve, as a result of a slower pace in capacity additions and better demand prospects.

### Coronavirus Update

RAIN Group is closely monitoring the global outbreak of coronavirus (COVID-19), and the Company has implemented

a number of measures to protect our employees, communities and operations so the supply and movement of materials as well as the services that customers and society depend on from the Company are not impacted.

Beyond basic actions like encouraging employees to intensify their personal hygiene practices and instituting significant travel restrictions, here is a sample of the steps we are taking to ensure business continuity during this challenging and unpredictable period:

- Permitting some non-critical operations employees to work from home offices and to conduct meetings electronically to avoid the spread of germs during face-to-face interaction
- Implementing a social-distancing program at our sites in which people are encouraged to maintain a distance of 2 meters from co-workers, contractors and others such as truck drivers transporting materials to and from our sites
- Limiting the number of outside contractors, vendors and visitors at our sites, as well as face-to-face interactions between RAIN Group employees and outsiders
- Maintaining safety inventories that would allow us to continue production, in the event of a supply-chain interruption
- Working closely with our suppliers, vendors and customers and identifying alternative raw material and logistics sources and routes – to minimise the risk of supply-chain disruptions
- Relocating finished goods closer to our customers where feasible, including to other RAIN Group facilities with rail and water access and infrastructure to reduce our exposure to truck transportation – particularly in Europe, where the closing of highway border-crossings is a possibility
- Utilising our chemical know-how to produce cleaning agents with disinfecting properties to wipe down handrails, door handles and other surfaces at our facilities and to reduce our consumption of commercial disinfectants so there is ample supply for others

Growing fears and uncertainty surrounding the pandemic are expected to cause a temporary slowdown in economic activity. In our Carbon and Advanced Materials business segments, our current expectation is that coronavirus will be a factor for at least the first half of 2020. We also anticipate that our Cement business segment will be similarly impacted by a near-term reduction in construction projects in India, possibly resulting in muted demand for cement. With the rapidly changing conditions, the impact on volumes growth and financials cannot be reasonably estimated at this time, as the duration and scope of disruptions to industry remain largely unclear.

### **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, Maharashtra, India; 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, Maharashtra, India.

The Company has paid the Annual Listing Fees to the said Stock Exchanges for the Financial Year 2019-20.

### **Subsidiary Companies**

The Subsidiary Companies situated in India and Outside India continue to contribute to the overall growth in revenues and overall performance of the Company.

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).

The detailed policy for determining material subsidiaries as approved by the Board is uploaded on the Company's website and can be accessed at the Web-link: https://rain-industries.com/investors/#policies

### Performance and contribution of each of the Subsidiaries, Associates and Joint Ventures

As per Rule 8 of Companies (Accounts) Rules, 2014, a Report on the Financial performance of Subsidiaries, Associates and Joint Venture Companies along with their contribution to the overall performance of the Company during the Financial Year ended December 31, 2019 is annexed to this Board's report (Annexure – 2).

### **Consolidated Financial Statements**

The Consolidated Financial Statements are 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.

The Consolidated Financial Statements for the financial year ended December 31, 2019 forms part of the Annual Report.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate Audited accounts of its Subsidiaries on its website www.rain-industries.com and 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, 2019 is ₹ 672,691,358 divided into 336,345,679 Equity Shares of ₹ 2 each fully paid up.

### Variations in Net worth

The Standalone Net worth of the Company for the Financial Year ended December 31, 2019 is ₹ 9,176.74 Million as compared to ₹ 9,158.61 Million for the previous Financial year ended December 31, 2018 and the Consolidated Net worth of the Company for the Financial Year ended December 31, 2019 is ₹ 49,599.05 Million as compared to ₹ 46,227.41 Million for the previous Financial year ended December 31, 2018.

### Number of Meetings of the Board of Directors

During the year, four Board meetings were held.

The dates on which the Board meetings were held are: February 27, 2019, May 8, 2019, August 13, 2019 and November 13, 2019.

Details of the attendance of the Directors at the Board meetings held during the year ended December 31, 2019 are as follows:

Name of the Director	Number of Boar	d Meetings
Name of the Director	Held	Attended
Mr. N. Radhakrishna Reddy	4	4
Mr. Jagan Mohan Reddy Nellore	4	4
Mr. N. Sujith Kumar Reddy	4	4
Mr. H. L. Zutshi	4	4
Ms. Radhika Vijay Haribhakti	4	4
Ms. Nirmala Reddy	4	4
Mr. Varun Batra	4	4
Mr. Brian McNamara¹	3	3
Mr. S. L. Rao <sup>2</sup>	1	1

<sup>&</sup>lt;sup>1</sup> Mr. Brian McNamara was appointed as an Independent Director of the Company w.e.f. February 28, 2019.

### **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, Advanced Materials, Cement along with internal controls and their adequacy, Risk Management Systems and other material developments during the Financial Year.

<sup>&</sup>lt;sup>2</sup> Mr. S. L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019

### 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:

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) 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 on December 31, 2019 and of Profit and Loss Account of the Company for that period;
- iii) 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;
- iv) that the Directors have prepared the Annual Accounts for the Financial Year ended December 31, 2019 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
- vi) 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 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 Independent Directors:

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

### 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 Committee meetings**

During the period from January 1, 2019 to December 31, 2019, Nomination and Remuneration Committee Meetings were held on February 26, 2019 and November 12, 2019.

### Attendance at the Nomination and Remuneration Committee Meetings

Name of the Director	Designation	Number o	f Meetings
Name of the Director	Designation	Held	Attended
Ms. Radhika Vijay Haribhakti	Chairperson	2	1
Mr. H. L. Zutshi	Member	2	2
Ms. Nirmala Reddy	Member	2	2
Mr. Varun Batra	Member	2	2
Mr. Brian McNamara¹	Member	1	1
Mr. S. L. Rao <sup>2</sup>	Member	1	1

<sup>&</sup>lt;sup>1</sup> Mr. Brian McNamara was appointed as member of the Nomination and Remuneration Committee with effect from February 28, 2019

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

There are no Loans, Guarantees, Investments and Security made during the Financial Year ended December 31, 2019 as per the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

### Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in sub section (1) of Section 188 entered by the Company during the Financial Year ended December 31, 2019 in prescribed Form AOC-2 is annexed to this Board's Report (Annexure – 4).

### **Transfer of Amount to Reserves**

The Company has transferred ₹ 35.44 Million to the General Reserve for the Financial Year ended December 31, 2019.

### Dividend

The Board of Directors at their meeting held on November 13, 2019 declared an Interim Dividend @ 50% on the paid-up Equity Share Capital i.e., ₹ 1.00 per equity share for the Financial Year ended December 31, 2019 and same was paid to the shareholders and no further dividend has been recommended for the Financial Year ended December 31, 2019.

The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

<sup>&</sup>lt;sup>2</sup> Mr. S. L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019.

### **Dividend Distribution Policy**

The Dividend Distribution Policy containing the requirements mentioned in Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. (**Annexure 3**) and the policy is also available on the Company's website at: https://rain-industries.com/investors/#policies.

### **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 Board's Report (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 (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 – 6).

### **Risk Management Committee**

The Risk Management Committee consists of the following Directors:

Mr. N. Radhakrishna Reddy, Chairman, Mr. Jagan Mohan Reddy Nellore, Member and Mr. N. Sujith Kumar Reddy, Member.

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 12, 2019.

### Attendance at the Risk Management Committee Meeting:

Name of the Director	Designation	Number of Meetings		
Name of the Director	Designation	Held Attende		
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 of 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 Corporate Social Responsibility Committee.

During the last three years, the Company has spent ₹ 7 Million on CSR activities.

The Company along with its subsidiaries in India has spent an amount of  $\stackrel{?}{\underset{?}{?}}$  231.09 Million towards CSR activities during last 3 years.

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 – 7).

During the Financial Year, Corporate Social Responsibility Committee Meeting was held on November 11, 2019.

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

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

### **Stakeholders Relationship Committee**

The Stakeholders Relationship Committee consists of following Directors:

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

During the Financial Year, Stakeholders Relationship Committee Meeting was held on February 25, 2019.

### Attendance at Stakeholders Relationship Committee Meeting:

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

### **Terms of Reference**

- Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, nonreceipt of annual report, non-receipt of declared dividends, non-receipt of new/duplicate certificates, etc.
- (ii) Review of measures taken for effective exercise of voting rights by shareholders.
- (iii) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (iv) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

### **Share Transfer Committee**

The Share Transfer Committee consists of following Directors:

Mr. N. Sujith Kumar Reddy, Chairman, Mr. N. Radhakrishna Reddy, Member and Mr. Jagan Mohan Reddy Nellore, Member.

The Committee meets every week/15 days to oversee and review all matters connected with the securities transfers and review the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.

### Mechanism for Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

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 SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004, dated January 5, 2017, the Company adopted the criteria recommended by the SEBI.

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 has 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.

### Familiarization programmes imparted to Independent Directors

The Members of the Board of the Company have provided many opportunities to familiarize themselves with the Company, its Management and its operations. The Directors are provided with all the documents to enable them to have a better

understanding of the Company, its various operations and the industry in which it operates.

All the Independent Directors of the Company are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

Executive Directors and Senior Management provide an overview of the operations and familiarize the new Non-Executive Directors on matters related to the Company's values and commitments. They are also introduced to the organization structure, constitution of various committees, board procedures, risk management strategies, etc.

Strategic Presentations are made to the Board where Directors get an opportunity to interact with Senior Management. Directors are also informed of the various developments in the Company through Press Releases, emails, etc.

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.

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.

The Independent Directors have attended the Master class for Directors organized by Institute of Directors, New Delhi.

The details of the familiarisation programme is available on the website: http://www.rain-industries.com

### Directors

Mr. Jagan Mohan Reddy Nellore, Vice Chairman of the Company, also serves as the Chief Executive Officer of Rain Carbon Inc., a step-down wholly owned Subsidiary of the Company.

To ensure that the Company's Carbon business receives the attention necessary to navigate changing raw material trends, tax laws and other issues; manage organic expansions; and ensure the ongoing success of this crucial business segment, Mr. Nellore has decided to dedicate more time to Rain Carbon Inc.

As per the provisions of the Companies Act, 2013, the Whole Time Director/Chief Executive Officer/Managing Director of the Companies incorporated under the Companies Act, 1956 or Companies Act, 2013, shall be a Resident in India. With Mr. Nellore also being the Chief Executive Officer of Rain Carbon

Inc., it is difficult for him to be in India for a defined period of time every year.

In view of the above, Mr. Nellore has submitted his resignation from the position of Managing Director with effect from March 31, 2019, but continues to be the Director & Vice Chairman of the Company.

Consequent to the resignation of Mr. Jagan Mohan Reddy Nellore from the position of Managing Director, Mr. N. Radhakrishna Reddy has been appointed as Managing Director of the Company for a period of three years (i.e., from March 31, 2019 to March 30, 2022).

During the year under review, Mr. S. L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019 due to advancing age and falling health and Mr. Brian McNamara was appointed as an Independent Director of the Company w.e.f. February 28, 2019.

### Justification for Appointing Mr. Brian McNamara as an Independent Director.

Mr. Brian McNamara is a former banker with 31 years of experience in project finance, corporate finance and investment management. He worked in investment operations at International Finance Corporation (IFC) in Washington D.C. from 1991 to 2015 with responsibility for investment strategy, business development and project financing for a range of sectors across emerging markets including chemicals, textiles, general manufacturing and mining. He has extensive investment experience in project evaluation, financial structuring and investment management across the chemicals, fertilizers, carbon black, plastics, fibers, specialty chemicals and primary metals industries.

In the opinion of the Board, the appointment of Mr. Brian McNamara as Independent Director will be value addition to the Board and would be beneficial for the Company.

### Re-appointment

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

### **Key Managerial Personnel**

The following have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Mr. N. Radhakrishna Reddy - Managing Director
Mr. T. Srinivasa Rao - Chief Financial Officer

Mr. S. Venkat Ramana Reddy - Company Secretary

During the year under review, there has been a change in the Key managerial personnel. Mr. Jagan Mohan Reddy Nellore resigned from the position of Managing Director of the Company but continues to be Director of the Company and Mr. N. Radhakrishna Reddy was appointed as a Managing Director who is a Key Managerial Personnel as per Section 203 of the Companies Act, 2013.

### **Meeting of Independent Directors**

A separate meeting of the Independent Directors was held under the Chairmanship of Mr. Varun Batra, Independent Director on November 12, 2019, 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 timeliness 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.

### Registration of Independent Directors in Independent Directors Databank

All the Independent Directors of the Company have been registered and are members of Independent Directors Databank maintained by Indian Institute of Corporate Affairs.

### **Confirmation from the Board**

All the Independent Directors of the Company have given their respective declaration/disclosures under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations and have confirmed that they fulfill the independence criteria as specified under section 149(6) of the Act and Regulation 16 of the Listing Regulations and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Further, the Board after taking these declaration/disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

### **Opinion of the Board**

The Board opines that all the Independent Directors of the Company strictly adhere to corporate integrity, possesses requisite expertise, experience and qualifications to discharge the assigned duties and responsibilities as mandated by Companies Act, 2013 and Listing Regulations diligently.

### **Deposits**

The Company has not accepted any deposits from the public in terms of Chapter V of the Companies Act, 2013. Hence, 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, BSR and Associates LLP, Chartered Accountants (ICAI Regn. No.116231W/W-100024), were appointed as the Statutory Auditors of the Company for a period of 5 years at the 43rd Annual General Meeting of the Company, i.e., up to the conclusion of the 48th Annual General Meeting of the Company.

Accordingly, BSR and Associates LLP, Chartered Accountants, Statutory Auditors of the Company will continue till the conclusion of Annual General Meeting to be held in 2023. In this regard, the Company has received a Certificate from the Auditors to the effect that their continuation as Statutory Auditors, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

### **Auditors Report**

There are no qualifications, reservations or adverse remarks or disclaimer made by BSR & Associates LLP, Chartered Accountants (ICAI Regn. No.116231W/W-100024), Statutory Auditors in their report for the Financial Year ended December 31, 2019.

### **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 & Associates LLP, Company Secretaries as Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year ended December 31, 2019.

The Secretarial Auditors Report issued by DVM & Associates LLP, Company Secretaries in Form MR-3 is annexed to this Board's Report (Annexure – 8).

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

### Secretarial Audit of Material Unlisted Indian Subsidiaries

The Material Unlisted Indian Subsidiaries of the company (i.e., Rain Cements Limited (RCL) and Rain CII Carbon (Vizag) Limited (RCCVL)) undertake Secretarial Audit every year under Section 204 of the Companies Act, 2013. The Secretarial Audit of RCL and RCCVL for the Financial Year ended December 31, 2019 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report of RCL issued by Mr. M.B. Suneel,

Practicing Company Secretary, partner, P.S Rao and Associates and Secretarial Audit Report of RCCVL issued by Mr. DVM Gopal, Partner, DVM & Associates LLP, Company Secretaries does not contain any qualification, reservation or adverse remark or disclaimer.

The Secretarial Auditors Report of RCL and RCCVL in Form MR-3 are annexed to this Board's Report (Annexure – 8A and 8B).

### **Annual Secretarial Compliance Report**

The Company has undertaken an audit for the Financial Year ended December 31, 2019 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report issued by Mr. DVM Gopal, practicing Company Secretary has been submitted to the Stock Exchanges within 60 days of the end of the Financial Year and same is annexed to this Board's Report. (Annexure – 8C)

### 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 Practicing Company Secretary in the Secretarial Audit Report for the year.

### **Internal Auditors**

The Board of Directors of the Company has appointed Ernst & Young LLP as Internal Auditors to conduct Internal Audit of the Company for the Financial Year ended December 31, 2019. Further, the Company has an in-house internal audit department to carry-out extensive internal audits and special management reviews of all operating subsidiary companies in India, Europe and North America.

### Maintenance of Cost Records specified by the Central Government under Section 148 of the Companies Act, 2013

The provisions relating to maintenance of Cost Records as specified by the Central Government under Section 148 of the Companies Act, 2013 is not applicable to the Company.

### **Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors, Internal Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

### **Audit Committee**

The Audit Committee consists of the following Members (all are Independent Directors):

Ms. Nirmala Reddy, Chairperson, Mr. H.L. Zutshi, Member, Mr. Varun Batra, Member, Ms. Radhika Vijay Haribhakti, Member and Mr. Brian McNamara, Member.

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, 2019. 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 26, 2019, May 7, 2019, August 13, 2019 and November 12, 2019.

### **Attendance at the Audit Committee Meetings**

Name of the Director	Designation	Number o	f Meetings
Name of the Director	Designation	Held	Attended
Ms. Nirmala Reddy	Chairperson	4	4
Mr. H. L. Zutshi	Member	4	4
Mr. S. L. Rao <sup>1</sup>	Member	1	1
Ms. Radhika Vijay Haribhakti	Member	4	3
Mr. Varun Batra	Member	4	4
Mr. Brian McNamara <sup>2</sup>	Member	3	3

<sup>&</sup>lt;sup>1</sup> Mr. S. L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019.

### **Corporate Governance**

The Company has a rich legacy of ethical governance practices and committed to implement sound corporate governance practices with a view to bring about transparency in its operations and maximize shareholder value.

A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

### Vigil Mechanism (Whistle Blower Policy)

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy.

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 have been denied

<sup>&</sup>lt;sup>2</sup> Mr. Brian McNamara was appointed as member of Audit Committee w.e.f. February 28, 2019.

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 – 9).

### **Investor Education and Protection Fund (IEPF)**

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 ₹ 4,685,496 of the Company for the Financial Year ended December 31, 2011 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 on May 28, 2019.

During the year, 212,196 equity shares have been transferred to IEPF.

The Company has transferred an amount of ₹ 2,873,436 towards dividend to IEPF on the shares which were already transferred to IEPF.

Information in respect of unclaimed dividend and due dates for transfer to the IEPF are given below:

SI. No	For the Financial year ended	Percentage of Dividend	Date of Declaration	Due date for transfer to IEPF
1	December 31, 2012	55%	April 27, 2013	May 26, 2020
2	December 31, 2013 (Interim dividend)	50%	November 14, 2013	December 13, 2020
3	December 31, 2014 (Interim dividend)	50%	November 6, 2014	December 7, 2021
4	December 31, 2015 (Interim dividend)	50%	August 14, 2015	September 15, 2022
5	December 31, 2016 (Interim dividend)	50%	August 13, 2016	September 14, 2023
6	December 31, 2017 (Interim dividend)	50%	August 11, 2017	September 10, 2024
7	December 31, 2017 (Final dividend)	50%	May 11, 2018	June 10, 2025
8	December 31, 2018 (Interim dividend)	50%	November 14, 2018	December 13, 2025
9	December 31, 2019 (Interim dividend)	50%	November 13, 2019	December 12, 2026

### **Insurance**

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

### Adequacy of Internal Financial Controls with reference to the Financial Statements

The Corporate Governance Policies guide the conduct of affairs of the Company and clearly delineates the roles, responsibilities and authorities at each level of its governance structure and key functionaries involved in governance. The Code of Conduct for Senior Management and Employees of the Company (the Code of Conduct) commits Management to financial and accounting policies, systems and processes. The Corporate Governance Policies and the Code of Conduct stand widely communicated across the Company at all times.

The Company's Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by Management and approved by the Audit Committee and the Board. These Accounting policies are reviewed and updated from time to time.

The Company maintains all its records in ERP (SAP) System and the work flow and approvals are routed through ERP (SAP).

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, while approval of Financial Statements, the Internal Auditors present to the Audit Committee, the Internal Audit Report and Management Comments on the Internal Audit observations. The reports of in-house internal auditors are reviewed by the audit committees of respective subsidiary companies, and the minutes of the meetings and key observations of the in-house internal audit team are reported to the Audit Committee of the Company on a quarterly basis.

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 Internal Financial Control Policy 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.

The Company recognises Internal Financial Controls cannot provide absolute assurance of achieving financial, operational and compliance reporting objectives because of its inherent limitations. Also, projections of any evaluation of the Internal Financial Controls to future periods are subject to the risk that the Internal Financial Control may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

### 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, no Company has become or ceased to be Company's Subsidiary, Joint Venture or Associate Company.

### 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, 2019 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 January 1 to December 31 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 the 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 January 1 to December 31.

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.

### **Business Responsibility Report**

The 'Business Responsibility Report' (BRR) of the Company for the year ended December 31, 2019 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Annexure - 10).

### **Nomination and Remuneration policy**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 as amended from time to time, the policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated.

Nomination and Remuneration policy of the Company forms part of this Annual Report. (Annexure - 11) and the policy is also available on the Company's website at: https://rainindustries.com/investors/#policies.

### **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.

### **Prevention of 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:

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

### Constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has not received any complaints during the year.

### **Initiatives for Stakeholder and Customer Relationship**

The Company has an effective Investor Relations programme ("IR") through which the company continuously interacts with the investor community across various channels (Periodic Earnings Calls, Individual Meetings, Participation in one-on-one interactions and group meetings). The Company ensures that critical information about the Company is available to all the investors by submitting all such information to the Stock Exchanges and also uploading the information on the Company's website under the Investors section.

The company strives to adopt emerging best practices in IR and building a relationship of mutual understanding with investors and analysts.

We place our customers at the center of everything we do, aiming to provide relevant products effortlessly through the channels they choose. Development and investment of robust customer relationship management structures can be very costly. RAIN has, therefore, taken great care in recognizing the processes and frameworks that require attention to meet the targets of greater efficiency. It requires us to spend significant management time but at the same time, leads to better business and a better brand.

Customer satisfaction is the most important measure of success in our industry. All the effort we put in everyday gets translated into our high Customer retention and repeat customer volume. We reach out to key influencers from our customers to get their feedback about our products. In addition, we seek inputs on their future roadmap and priorities. This helps us measure the health of our relationships with our customers, and what we can do to add value.

### **Environment, Health and Safety**

The Company considers it is essential to protect the Earth and limited natural resources as well as the health and wellbeing 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.

In line with the 'Go Green' philosophy, the Company is continuously adopting new techniques to eliminate and minimize the environmental impact. Various projects have been implemented by the Company to use alternate sources of energy wherever possible.

The Company does not just talk about 'sustainability'; it follows in true letter and spirit. Sustainability is about how RAIN operates. RAIN strives to promote circular economy and deliver societal value. RAIN's approach is to innovate, collaborate and educate communities.

With an intensive focus on safety, we have achieved an exponential decline in our total recordable injury rate (TRIR), which has resulted in the avoidance of approximately 163 recordable incidents between 2015 and 2019. The total first-aid rate has significantly declined to 0.48 in 2019. Today, our safety performance exceeds the industry benchmark (US Bureau of Labor Statistics) to be comparable with best-in-class companies.

We firmly believe that we can progress only as fast as the successful implementation and acceptance of our safety programmes and initiatives. While our TRIR of 0.29 in 2019 was a company record, we will only be satisfied by becoming a zero-incidents organisation.

Our aim is to build a more mature and sustainable safety culture that will allow us to increase our productivity and operational discipline and facilitate highly competitive organic growth. Our safety culture is centrally driven with a global Safety, Health and Environment (SHE) organisation steering the company-wide programmes.

Occupational health is a key aspect of RAIN's safety activities. Currently, there are several health programmes initiated at each site and location, including global health days with dedicated initiatives.

Process safety is an integral part of our mission to operate in the safest manner possible by increasing the efficiency and reliability of our operations.

### **Compliance with Secretarial Standards**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

### **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 implementing of the code for trading in the 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

N. Radhakrishna Reddy Managing Director DIN: 00021052 Jagan Mohan Reddy Nellore Director DIN: 00017633

Place: Hyderabad Date: February 28, 2020

**ANNEXURE-1** 

**FORM NO. AOC-1** 

Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

# PART- A-SUBSIDIARIES

₹ in Millions	Contribu- tion to the overall per- formance of the Company	12%	-1%	%0	2%	2%	3%	%	-22%	%0	%	17%	%0	23%	%0	7%	%0
₹in	% of share-holding	100	100	100	100	100	100	100	100	100	100	100	100	100	100	94.9	100
	Proposed	269.49	142.90	•	282.11	461.07	•		461.11		•	•	53.38	2,373.00		•	•
	lotal Comprehensive Income / (Loss)	69'696	(110.61)	4.91	433.39	462.53	230.91	559.34	(1,690.06)		533.57	1,885.19	38.35	1,893.06	24.23	88.30	•
	Other Comprehensive Income / (Loss)	(15.09)	(46.22)	ı	(30.82)		0.04	0.85	178.56		178.26	399.72	2.96	(93.28)	09:0	(0.03)	•
-	Profit/ (Loss) after Taxation	984.78	(6439)	4.91	464.21	462.53	230.87	558.49	(1,868.62)		355.31	1,485.47	35.39	1,986.34	23.63	88.33	•
•	lax Expense/ (Benefit)	177.82	(27.00)	2.00	1.30		•	328.54	(742.20)		128.89	519.40	8.97	936.96	•	•	•
	Profit/ (Loss) before Taxation	1,162.60	(91.39)	6.63	465.51	462.53	230.87	887.03	(2,610.82)		484.20	2,004.87	44.36	2,923.30	23.63	88.33	•
	Turnover	10,385.80	,	,	•		•	14,635.38	21,255.81		2,588.98	17,105.69	2,231.96	28,343.38	156.49	(4.75)	
	Invest- ments (Refer Note 4 below)	276.16	•		•		'	'	•		1	•		•	'	•	1
	lotal	8,573.53	22,594.90	294.50	20,854.27	19,668.10	•	14,271.10	68,957.94		3,251.05	11,008.95	330.43	20,915.62	1,132.28	1,390.48	
	Total Assets	8,573.53	22,594.90	294.50	20,854.27	19,668.10	•	14,271.10	68,957.94		3,251.05	11,008.95	330.43	20,915.62	1,132.28	1,390.48	
•	Reserves & Surplus	4,529.21	11,738.56	218.26	3,274.45	4,839.79	(0.91)	12,484.29	11,721.22		2,251.16	5,026.77	70.60	16,502.88	328.74	(1.87)	•
•	Share Capital	298.05	29.906	74.98	16,270.47	14,828.28	0.25	81.80	13,639.83		638.40	2,027.94	0.01	724.80	797.28	•	,
	Reporting Currency and Ex- change rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note	INK	\$SO	INR	\$SO	\$SO	\$SO	INR	\$SO	\$SO	CAD	CAD	\$sn	EURO	EURO	EURO	EURO
-	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
-	The date since when subsequence when subsidiary was acquired	19.11.2003	13.01.2006	14.01.2011	15.09.2010	12.04.2010	27.03.2008	23.04.2008	19.07.2007	18.08.2009	04.01.2013	04.01.2013	04.01.2013	04.01.2013	04.01.2013	04.01.2013	04.01.2013
-	S. Name of the No Subsidiary	1 Rain Cements Limited	2 Rain Commodities (USA) Inc.	3 Renuka Cement Limited	4 Rain Carbon Inc.	5 Rain Carbon Holdings, LLC	6 Rain Global Services LLC	7 Rain CII Carbon (Vizag) Limited			10 RUTGERS Polymers Ltd.	11 RÜTGERS Canada Inc.	<ul><li>12 Handy Chemicals</li><li>(U.S.A.) Ltd.</li></ul>	13 Rain Carbon BVBA	14 VFT France S.A	15 Rumba Invest BVBA & Co. KG (6)	16 RÜTGERSHolding Germany GmbH(5)

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₹ in Millions	Contribu- tion to the overall per- formance of the Company	-3%	18%	13%	26%	%0	%0	%0	%0	%	-11%
₹iı	%of share-	99.7	100	65.3	65.3	100	100	100	100	100	100
	Proposed Dividend	'	•	1,072.60	1,271.56	•	35.97	•	1	•	'
	Total Comprehensive Income / (Loss)	(1,282.31)	1,534.20	1,100.45	2,744.44	18.42	26.72	5.28	(7.22)	93.95	(1,032.24)
	Other Comprehensive Income / (Loss)	(1,007.66)	69.9	3.58	519.16	11.25	3.81	99:0	0.32	1.67	(83.90)
	Profit/ (Loss) after Taxation	(274.65)	1,527.51	1,096.87	2,225.28	7.17	22.91	4.62	(7.54)	92.28	(948.34)
	Tax Expense/ (Benefit)	(1,118.86)	1.92	191.18	556.85	1.80	2:90	0.38	(2.59)	19.18	190.79
	Profit/ (Loss) before Taxation	(1,393.51)	1,529.43	1,288.05	2,782.13	8.97	28.81	2.00	(10.13)	111.46	(757.55)
	Титлочег	43,869.16	6,134.76	•	8,474.92	1.25	1,866.86	340.21	97.98	176.75	458.84
	Invest- ments (Refer Note 4 below)	110.20	•		•		•	ı	•	•	'
	Total Liabilities	27,548.98	2,791.64	2,797.84	5,983.09	664.00	392.55	214.73	241.27	837.56	54,267.26
	Total Assets	27,548.98	2,791.64	2,797.84	5,983.09	664.00	392.55	214.73	241.27	837.56	54,267.26
	Reserves & Surplus	5,030.79	1,475.58	2,786.07	4,087.92	203.05	153.34	51.61	194.62	546.46	11,788.39
	Share Capital	2,226.59	74.20	10.31	296.44	0.01	195.70	31.12	0.14	0.14	3.62
	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note	EURO	EURO	EURO	RUB	RUB	PLN	CNY	EURO	EURO	EURO
	Reporting period for the seriod for the seriod for the concerned if different from the holding company's reporting period	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
	The date since when subsidiary was acquired	04.01.2013	04.01.2013	04.01.2013	04.01.2013	26.05.2017	04.01.2013	06.01.2014	20.08.2015	21.08.2015	27.11.2015
	S. Name of the No Subsidiary	17 RÜTGERS Germany GmbH (6)	18 RÜTGERS Resins BV	19 Severtar Holding Ltd.	20 OOO RÜTGERS Severtar	21 Rain RÜTGERS LLC	22 RÜTGERS Poland Sp. z o.o	23 RÜTGERS (Shanghai) Trading Co.Ltd.	24 RÜTGERS Wohnimmobilien GmbH & Co (6)	25 RÜTGERS Gewerbeimmobilien GmbH & Co (6)	26 Rain Carbon GmbH (5&6)

Notes:

<sup>.</sup> 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, 2019. Exchange rates as on the last date of the financial year are INR/USD - 71.27; INR/EURO - 79.88; INR/RUB - 1.14; INR/CNY - 10.21; INR/PLN - 18.77; INR/CAD - 54.72.

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.

<sup>&</sup>lt;sup>3</sup> Financial information is based on Audited Results of the subsidiaries. The reporting period of the subsidiary is same as that of holding Company.

<sup>4.</sup> Investments except in case of investments in subsidiaries

<sup>5.</sup> Merged with Rain Carbon GmbH retrospectively with effect from January 1 2019.

<sup>6</sup> Controlled companies in German fiscal unity, income according to local GAAP transferred to Rain Carbon GmbH and taxed on consolidated basis.

# PART B- ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Profit/Loss for the year	ii. Not Considered in Consolidation	(0.49)	•							
Profit/Los	i. Considered in Consolidation	(0.21)								
Networth attributable to	Shareholding as per latest audited	82.97								
Reason why the	associate/ joint venture is not		has only	ability to	exercise	significant	influence but	not control	over these	investees
Description	of how there is significant influence	Bas	percentage	of holding	over these	investees				
/entures year end	Extent of Holding	30								
Shares of Associate /Joint Ventures held by the company on the year end	Amount of Extent Investment in of Associates/ Holding	82.97								
Shares of Asheld by the c	No.	7,500								
Latest	Balance Sheet Date	04.01.2013 31.12.2018								
Date on which the Associate	or Joint venture was associated or	04.01.2013								
S. Name of No. Associates/	Joint Ventures	InfraTec	Duisburg	GmbH	(IDGmbH)					
_										

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

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Ň.		Name of the Company and Address	ldress		
		- NII -			
7	Names of associates o	or joint ventures which have b	Names of associates or joint ventures which have been liquidated or sold during the year.	year.	
S. S.	-	Name of the Company and Address	ddress		
		- NII -			
				For and on behalf of the Board of Directors for Rain Industries Limited	d of Directors
Plac Dat	Place: Hyderabad Date: February 28, 2020	N Radha Krishna Reddy Managing Director DIN: 00021052	Jagan Mohan Reddy Nellore Director DIN: 00017633	<b>T. Srinivasa Rao</b> Chief Financial Officer M. No.: F29080	S. Venkat Ra Company Sec M. No.: A141.

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

## **ANNEXURE-2**

## **FORM NO. AOC-1**

# Report on the performance and Financial position of each of the Subsidiaries, Associates and Joint Ventures Companies of the Company (Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)

# PART- A-SUBSIDIARIES

₹ in Millions	Contribu- tion to the overall per- formance of the Company	12%	-1%	%0	2%	2%	3%	%	-22%	%0	%	17%	%0	23%	%0	2%	%0
₹iı	% of share-holding	100	100	100	100	100	100	100	100	100	100	100	100	100	100	94.9	100
	Proposed Dividend	269.49	142.90	•	282.11	461.07	,	'	461.11		•	'	53.38	2,373.00	•	•	'
	Total Com- prehensive Income / (Loss)	69'696	(110.61)	4.91	433.39	462.53	230.91	559.34	(1,690.06)		533.57	1,885.19	38.35	1,893.06	24.23	88.30	i
	Other Comprehensive Income / (Loss)	(15.09)	(46.22)	ī	(30.82)	•	0.04	0.85	17856		178.26	399.72	2.96	(9328)	09.0	(0.03)	,
	Profit/ (Loss) after Taxation	984.78	(64.39)	4.91	464.21	462.53	230.87	558.49	(1,868.62)		355.31	1,485.47	35.39	1,986.34	23.63	88.33	•
	Tax Expense/ (Benefit)	177.82	(27.00)	2.00	1.30	•	•	328.54	(742.20)		128.89	519.40	8.97	936.96	•	•	•
	Profit/ (Loss) before Taxation	1,162.60	(91.39)	6.63	465.51	462.53	230.87	887.03	(2,610.82)		484.20	2,004.87	44.36	2,923.30	23.63	88.33	
	Turnover	10,385.80		•		'	•	14,635.38	21,255.81		2,588.98	17,105.69	2,231.96	28,343.38	156.49	(4.75)	•
	Invest- ments (Refer Note 4 below)	276.16	1	1		1	1		•		•	1	•	•	•		1
	Total	8,573.53	22,594.90	294.50	20,854.27	19,668.10	•	14,271.10	68,957.94		3,251.05	11,008.95	330.43	20,915.62	1,132.28	1,390.48	•
	Total Assets	8,573.53	22,594.90	294.50	20,854.27	19,668.10	•	14,271.10	68,957.94		3,251.05	11,008.95	330.43	20,915.62	1,132.28	1,390.48	•
	Reserves & Surplus	4,529.21	11,738.56	218.26	3,274.45	4,839.79	(0.91)	12,484.29	11,721.22		2,251.16	5,026.77	70.60	16,502.88	328.74	(1.87)	,
	Share Capital	298.05	29.906	74.98	16,270.47	14,828.28	0.25	81.80	13,639.83		638.40	2,027.94	0.01	724.80	797.28	,	,
	Reporting Currency and Ex- change rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note	IN	\$SO	INK	\$SO	\$SO	\$SO	INR	\$SO	\$SO	CAD	CAD	\$SO	EURO	EURO	EURO	EURO
	Reporting period for the subsidiary concerned, if different from the holding reporting reporting	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
	The date since when subsidiary was acquired	19.11.2003	13.01.2006	14.01.2011	15.09.2010	12.04.2010	27.03.2008	23.04.2008	19.07.2007	18.08.2009	04.01.2013	04.01.2013	04.01.2013	04.01.2013	04.01.2013	04.01.2013	04.01.2013
	S. Name of the No Subsidiary	1 Rain Cements Limited	2 Rain Commodities (USA) Inc.	3 Renuka Cement Limited	4 Rain Carbon Inc.	5 Rain Carbon Holdings, LLC	6 Rain Global Services LLC	7 Rain CII Carbon (Vizag) Limited	8 Rain CII Carbon LLC		10 RÜTGERSPolymers Ltd.	11 RÜTGERS Canada Inc.	<ol> <li>Handy Chemicals</li> <li>(U.S.A.) Ltd.</li> </ol>	13 Rain Carbon BVBA	14 VFT France S.A	15 Rumba Invest BVBA &Co.KG (6)	16 RÜTGERS Holding Germany GmbH (5)

## **ANNEXURE-2**

# PART- A- SUBSIDIARIES (CONTINUED)

								-			
₹in Millions	Contribu- tion to the overall per- formance of the Company	-3%	18%	13%	26%	%0	%0	%0	%	%	-11%
₹ir	% of share-holding	99.7	100	65.3	65.3	100	100	100	100	100	100
	Proposed Dividend	<u>'</u>	•	1,072.60	1,271.56	•	35.97		•	,	
	Total Comprehensive Income / (Loss)	(1,282.31)	1,53420	1,100.45	2,744.44	18.42	26.72	5.28	(7.22)	93.95	(1,032.24)
	Other Comprehensive Income / (Loss)	(1,007.66)	69'9	3.58	519.16	11.25	3.81	99.0	0.32	1.67	(83.90)
	Profit (Loss) after Taxation	(274.65)	1,527.51	1,096.87	2,225.28	7.17	22.91	4.62	(7.54)	92.28	(948.34)
	Tax Expense/ (Benefit)	(1,118.86)	1.92	191.18	556.85	1.80	2.90	0.38	(2.59)	19.18	190.79
	Profit/ (Loss) before Taxation	(1,393.51)	1,529.43	1,288.05	2,782.13	8.97	28.81	5.00	(10.13)	111.46	(757.55)
	Turnover	43,869.16	6,134.76	•	8,474.92	1.25	1,866.86	340.21	97.98	176.75	458.84
	Invest- ments (Refer Note 4 below)	110.20	•		•		1	1	•		'
	Total Liabilities	27,548.98	2,791.64	2,797.84	5,983.09	664.00	392.55	214.73	241.27	837.56	54,267.26
	Total Assets	27,548.98	2,791.64	2,797.84	5,983.09	664.00	392.55	214.73	241.27	837.56	54,267.26
	Reserves & Surplus	5,030.79	1,475.58	2,786.07	4,087.92	203.05	153.34	51.61	194.62	546.46	11,788.39
	Share Capital	2,226.59	74.20	10.31	296.44	0.01	195.70	31.12	0.14	0.14	3.62
	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note	EURO	EURO	EURO	RUB	RUB	PIN	CNY	EURO	EURO	EURO
	Reporting period for the spesial for ye concerned. If different from the holding reporting reporting	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
	The date since when subsidiary was acquired	04.01.2013	04.01.2013	04.01.2013	04.01.2013	26.05.2017	04.01.2013	06.01.2014	20.08.2015	21.08.2015	27.11.2015
	S. Name of the No Subsidiary	17 RÜTGERS Germany GmbH (6)	18 RÜTGERS Resins BV	<ol> <li>Severtar Holding Ltd.</li> </ol>	20 000 RÜTGERS Severtar	21 Rain RÜTGERS LLC	22 RÜTGERS Poland Sp. z o.o	23 RÜTGERS (Shanghai) Trading Co. Ltd.	24 RÜTGERS Wohnimmobilien GmbH & Co (6)	25 RÜTGERS Gewerbeimmobilien GmbH & Co (6)	26 Rain Carbon GmbH (5 & 6)

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, 2019. Exchange rates as on the last date of the financial year are INR/USD - 71.27; INR/EURO - 79.88; INR/RUB - 1.14; INR/CNY - 10.21; INR/PLN - 18.77; INR/CAD - 54.72.

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.

<sup>4.</sup> Investments except in case of investments in subsidiaries.

<sup>&</sup>lt;sup>5</sup> Merged with Rain Carbon GmbH retrospectively with effect from January 1 2019.

<sup>·</sup> Controlled companies in German fiscal unity, income according to local GAAP transferred to Rain Carbon GmbH and taxed on consolidated basis.

# PART B- ASSOCIATES AND JOINT VENTURES

(Pursuant to Rule-8 of Companies (Accounts) Rules, 2014)

Profit/Loss for the year	ii. Not Considered in Consolidation	(0.49)							
Profit/Loss	i. Considered in Consolidation	(0.21)							
Networth attributable to	Shareholding as per latest audited Balance Sheet	82.97							
Reason why the	associate/ joint venture is not consolidated	As the group	has only ability to	exercise	significant	influence but	not control	over these	investees
Description	of how there is significant influence	Based on the	percentage of holding	over these	investees				
Ventures year end	Extent of Holding %	30							
Shares of Associate /Joint Ventures held by the company on the year end	Amount of Extent Investment in of Associates/ Holding Joint Venture %	82.97							
Shares of / held by the	No.	7,500							
Latest	audited Balance Sheet Date	31.12.2018							
Date on which the Associate	or Joint venture was associated or acquired	04.01.2013							
S. Name of No. Associates/	Joint Ventures	1 InfraTec	Duisburg GmbH	(IDGmbH)					

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

nd Address		ave been liquidated or sold during the year.	nd Address	
Name of the Company and Address	- NIC -	Names of associates or joint ventures which have been liquidated or sold during the year.	Name of the Company and Address	-IIV-
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For and on behalf of the Board of Directors for Rain Industries Limited

T. Srinivasa Rao Chief Financial Officer M. No.: F29080 Jagan Mohan Reddy Nellore Director DIN: 00017633 N Radha Krishna Reddy Managing Director DIN: 00021052 Place: Hyderabad Date: February 28, 2020

### **ANNEXURE-3**

### **DIVIDEND DISTRIBUTION POLICY**

### 1. INTRODUCTION

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations).

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

Rain Industries Limited (the "Company") being one of the top five hundred listed company as per the criteria mentioned above, the Company has approved and adopted this Dividend Distribution Policy (the "Policy") at its meeting held on February 23, 2017, being the effective date of the Policy.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

### 2. **DEFINITIONS**

- i. "Board" shall mean Board of Directors of the Company.
- ii. "Companies Act" shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India from time to time.
- iii. "Dividend" includes any interim dividend.
- iv. "Listed Entity / Company" shall mean Rain Industries Limited.
- v. "Policy" means Dividend Distribution Policy.
- vi. "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by The Securities and Exchange Board of India, as amended, from time to time.
- vii. "Stock Exchange" shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956

### 3. POLICY

### A. Parameters and Factors for Declaration of Dividend

The dividend pay-out decision of the Board depends upon the following financial parameters, internal and external factors:

### Financial parameters and Internal Factors:

- i. Operating cash flow of the Company;
- Profit earned during the year;
- iii. Profit available for distribution;
- iv. Accumulated Profits;
- v. Free Reserves;
- vi. Earnings Per Share (EPS);
- vii. Working capital requirements;
- viii. Capital expenditure requirement;
- ix. Business expansion and growth;
- x. Likelihood of crystalization of contingent liabilities, if any;
- xi. Additional investment in subsidiaries and associates of the company;
- xii. Up gradation of technology and physical infrastructure;
- xiii. Creation of contingency fund;
- xiv. Acquisition of brands and business;
- xv. Cost of Borrowing; and
- xvi. Past dividend payout ratio / trends.

### **External Factors:**

- i. Economic environment;
- ii. Capital markets;
- iii. Global conditions;
- iv. Statutory provisions and guidelines; and
- v. Dividend payout ratio of competitors.

### B. Circumstances Under Which the Shareholders of the Company May Expect Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately

rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth.

The Board of Directors of the Company will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors and declare Dividend in any financial year.

The Dividend including Interim Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits and free reserves of any previous financial year(s) in accordance with provisions of the Companies Act, 2013 and Regulations, as applicable.

### C. Circumstances under which the Shareholders of the May Not Expect Dividend

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion plans requiring higher capital allocation;
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow;
- iii. Requirement of higher working capital for the purpose of business of the Company; and
- iv. In the event of loss or inadequacy of profit.

### D. Utilization of the Retained Earnings

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- · Long term strategic plans;
- Replacement of capital assets;

- Where the cost of debt is expensive;
- Dividend payment; and
- Such other criteria as the Board may deem fit from time to time.

### E. Manner of Dividend Payout

### In case of final dividend:

- Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

### In case of interim dividend:

- Interim dividend, if any, shall be declared by the Board.
- Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

### F. Parameters to be Adopted with Regard to Various Classes of Shares

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably modified at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

### 4. NON APPLICABILITY OF POLICY

The Policy shall not apply to:

 Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders;

### **BOARD'S REPORT** (CONTINUED)

- Issue of Bonus Shares by the Company; and
- Buyback of Securities.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

### 5. POLICY REVIEW AND AMENDMENTS

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the

Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board of Directors.

### 6. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at www.rain-industries.com

### 7. DISCLAIMER

This document does not solicit investments in the Company's securities and further is not an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

On behalf of the Board of Directors for Rain Industries Limited

Place: Hyderabad Date: February 28, 2020 N. Radhakrishna Reddy Managing Director DIN: 00021052 Jagan Mohan Reddy Nellore Director DIN: 00017633

### **ANNEXURE-4**

### **FORM NO. AOC-2**

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

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's 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 arm's 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 arm's length basis are as follows:

SI. No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
1	Rain Cements Limited (Wholly owned Subsidiary)	Revenue from Shared Services	From January 01, 2019 to December 31, 2019	₹ 45.80 Million	February 28, 2018 and February 27, 2019	NIL	Rain Industries Limited (the Company) has set-up a Shared Service Center to provide accounting, legal, human resources, corporate communications, corporate finance and information technology support services to its Subsidiary Companies in India and outside India. Accordingly, the Company has entered into contracts to provide shared services to Subsidiary Companies.
2	Rain Cements Limited (Wholly owned Subsidiary)	Provide premises on lease	From January 01, 2019 to December 31, 2019	₹ 5.81 Million	February 28, 2018, November 14, 2018 and February 27, 2019	NIL	Rain Industries Limited (the Company) has own building at which its Registered Office is situated. For operational convenience and better coordination, 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.

	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
3	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Revenue from Shared Services	From January 01, 2019 to December 31, 2019	₹ 58.83 Million	February 28, 2018 and February 27, 2019	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 abroad. Accordingly, the Company has entered into contracts to provide shared services to Subsidiary Companies.
4	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Provide premises on lease	From January 01, 2019 to December 31, 2019	₹ 5.81 Million	February 28, 2018, November 14, 2018 and February 27, 2019	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.
5	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Reimbursement of travel expenses, insurance and dispatches by Rain CII Carbon (Vizag) Limited	From January 01, 2019 to December 31, 2019	₹ 0.10 Million	February 28, 2018 and February 27, 2019	NIL	Rain Industries Limited is the 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.
6	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Sale of Hydrated Lime	From January 01, 2019 to December 31, 2019	₹ 1.23 Million	February 28, 2018 and November 13, 2019	NIL	Rain Industries Limited is the Holding Company of Rain CII Carbon (Vizag) Limited, Rain Industries Limited trades Hydrated lime. Hence, it is thought appropriate to sell Hydrated Lime to Rain CII Carbon (Vizag) Limited.

	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
7	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Reimbursement of travel expenses, insurance and other expenses to Rain CII Carbon (Vizag) Limited	From January 01, 2019 to December 31, 2019	₹ 1.89 Million	February 28, 2018 and February 27, 2019	NIL	Rain CII Carbon (Vizag) Limited is a 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.
8	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Sale of Export Licenses	From January 01, 2019 to December 31, 2019	₹ 122.04 Million	February 28, 2018 and February 27, 2019	NIL	Rain CII Carbon (Vizag) Limited imports Raw materials for manufacture of Calcined Petroleum Coke. It has to pay Customs duty on imports to Customs authorities. Rain CII Carbon (Vizag) Limited can also submit the duty scripts in lieu of payment of Customs duty. Rain CII Carbon (Vizag) Limited purchases duty scripts from Rain Industries Limited to settle the Customs duty to Customs Authorities. Rain Industries Limited sells duty scripts at face value. Hence, it is thought appropriate to sell duty scripts to Rain CII Carbon (Vizag) Limited. It is mutually beneficial to both the Companies to undertake this transaction.
9	Rain CII Carbon LLC, USA (Wholly owned Subsidiary)	Revenue from Shared Services	From January 01, 2019 to December 31, 2019	₹ 90.86 Million	February 28, 2018 and February 27, 2019	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 abroad. Accordingly, the Company has entered into contracts to provide shared services to Subsidiary Companies.

SI. No		Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
10	Reutgers Holding Germany GmbH (Wholly owned Subsidiary)	Revenue from Shared Services	From January 01, 2019 to December 31, 2019	₹ 82.34 Million	February 28, 2018 and February 27, 2019	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 abroad. Accordingly, the Company has entered into contracts to provide shared services to Subsidiary Companies.
11	Rain Carbon GmbH (wholly owned subsidiary Company)	Revenue from Shared Services	From November 13, 2019 to December 31, 2019	₹75.95 Million	November 13, 2019	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 abroad. 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

Place: Hyderabad Date: February 28, 2020 N. Radhakrishna Reddy Managing Director DIN: 00021052

### **ANNEXURE-5**

### **FORM NO. MGT-9**

EXTRACT OF ANNUAL RETURN as on the financial year ended December 31, 2019

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

SI. No.	Name and Description of main products / services	NIC Code of the Product / service*	% to total turnover of the Company
1	Carbon	19209	66%
2	Advanced Materials	20119	26%
3	Cement	23941	8%

<sup>\*</sup>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	Applicable Section
1	Rain Cements Limited, Rain Center, 34, Srinagar Colony,	U23209TG1999	Subsidiary	100.00	Section 2 (87)
2	Hyderabad – 500073, Telangana State, India Rain CII Carbon (Vizag) Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	PLC031631 U11100TG2008 PLC058785	Company Subsidiary Company	100.00	Section 2 (87)
3	Renuka Cement Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U26942TG1996 PLC025831	Subsidiary Company	100.00	Section 2 (87)
4	Rain Commodities (USA) Inc. Corporate Office: 10 Signal Road, Stamford, CT 06902, US	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
5	Rain Global Services LLC , 10 Signal Road, Stamford, CT 06902, US	Not Applicable	Subsidiary	100.00	Section 2 (87)
6	Rain Carbon Inc., 10 Signal Road, Stamford, CT 06902, US	Not Applicable	Company Subsidiary Company	100.00	Section 2 (87)
7	Rain Carbon Holdings, LLC, 10 Signal Road, Stamford, CT 06902, US	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
8	Rain CII Carbon LLC, 1330 Greengate Drive, Suite 300, Covington LA 70433, US	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
9	CII Carbon Corp, 10 Signal Road, Stamford, CT 06902, US	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
10	RÜTGERS Canada Inc., 725 Strathearne Ave. North, Hamilton, Ontario L8H 5L3, Canada	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
11	RÜTGERS Polymers Limited, 120 de L'Industrie Blvd., Candiac, Qc J5R 1J2, Canada	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
12	Handy Chemicals (USA) Ltd., Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware, US	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
13	Rain Carbon BVBA, Vredekaai 18, B-9060 Zelzate, Belgium	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
14	VFT France SA, Avenue du Bord des Eaux, 62251 Henin Beaumont Cedex	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
15	RÜTGERS Germany GmbH, Kekuléstr. 30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	99.70	Section 2 (87)
16	RÜTGERS Poland Sp. z o.o., ul. Szkolna 15, PL-47-225 Kędzierzyn- Koźle, Poland	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
17	RÜTGERS Resins BV, Molenlaan 30, 1422 ZA Uithoon, The Netherlands	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
18	OOO RÜTGERS Severtar, Mira Street 30, 162608 Cherepovets, Vologda Region, Russia	Not Applicable	Subsidiary Company	65.30	Section 2 (87)
19	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)
20	Rumba Invest BVBA & Co. KG, Varziner Str. 49, 47138 Duisburg, Germany	Not Applicable	Subsidiary Company	94.90	Section 2 (87)
21	RÜTGERS (Shanghai) 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)
22	Rain Carbon GmbH, Kekuléstr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
23	RÜTGERS Wohnimmobilien GmbH & Co. KG Kekuléstr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
24	RÜTGERS Gewerbeimmobilien GmbH & Co. KG Kekuléstr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
25	Rain RÜTGERS LLC Bakhrushina Street 32 block 1 Moscow, Russia	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
26	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)

# i) Category-wise Shareholding

c	No. of Shares held at the beginning of the year				No. of Sh	% change			
No Category of Shareholders	Demat	Physical	Total	% to Total Shares	Demat	Physical	Total	% to Total Shares	during the year
A. PROMOTERS									
(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	-	-	-	-	-	-	-	-	-
Sub - Total (A) (1):-	138,230,536	-	138,230,536	41.10	138,230,536	-	138,230,536	41.10	
(2) FOREIGN			, ,		, ,		, ,		
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporates	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	_	-	-	-	-	-	-	-
Sub - Total (A) (2):-	-	_	_	-	_	_	_	_	_
Total Shareholding of	138,230,536	_	138,230,536	41.10	138,230,536	-	138,230,536	41.10	
Promoter (A) = (A) (1)+(A)(2)  B PUBLIC SHAREHOLDING  1 Institutions									
(a) Mutual Funds	550,338	_	550,338	0.16	2,927,139	_	2,927,139	0.87	0.71
(b) Banks/FI	37,731	37,000	74,731	0.02	1,003,262	36,500	1,039,762	0.31	0.29
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	_	-	-	-	-	-	-	-
(e) Venture Capital Funds	_	_	_	-	_	_	_	_	_
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs/FPIs	54,113,910	1,500	54,115,410	16.09	46,981,950	1,500	46,983,450	13.97	-2.12
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub - Total (B) (1):-	54,701,979	38,500	54,740,479	16.28	50,912,351	38,000	50,950,351	15.15	-1.13
2 Non-Institutions									
a) Bodies Corp.									
i) Indian	29,876,202	164,640	30,040,842	8.93	29,252,204	158,635	29,410,839	8.74	-0.19
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									-
i) Individual Shareholders	55,316,110	3,561,210	58,877,320	17.51	59,252,395	2,987,320	62,239,715	18.50	1.00
holding nominal share capital up to ₹1 lakh.									
ii) Individual Shareholders holding nominal share capital in excess of ₹1 lakh.	36,697,281	61,420	36,758,701	10.93	35,532,278	1,524,405	37,056,683	11.02	0.09

•	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%change
S No	Demat	Physical	Total	% to Total Shares	Demat	Physical	Total	% to Total Shares	during the year
c) Others (Specify)									
i. Non Resident Individuals	10,106,730	3,375,565	13,482,295	4.01	12,517,292	1,769,870	14,287,162	4.25	0.24
ii. Trusts	4,175	-	4,175	0.00	5,818	-	5,818	0.00	0.00
iii. Clearing Members	286,272	-	286,272	0.09	477,739	-	477,739	0.14	0.06
iv. NBFC	342,704	-	342,704	0.10	25,300	-	25,300	0.01	-0.09
v Rain Industries Limited	872,940	-	872,940	0.26	789,525	-	789,525	0.23	-0.02
Unclaimed Suspense									
Account									
vi Investor Education And	2,709,415	-	2,709,415	0.81	2,872,011	-	2,872,011	0.85	0.05
Protection Fund Authority									
(IEPF)									
Sub - Total (B) (2):-	136,211,829	7,162,835	143,374,664	42.63	140,724,562	6,440,230	147,164,792	43.75	1.13
Total Public Shareholding	190,913,808	7,201,335	198,115,143	58.90	191,636,913	6,478,230	198,115,143	58.90	-
(B)=(B)(1)+(B)(2)									
C SHARES HELD BY	-	-	-		-	-	-	-	-
<b>CUSTODIAN FOR GDRS &amp;</b>									
ADRS									
Grand Total (A+B+C)	329,144,344	7,201,335	336,345,679	100.00	329,867,449	6,478,230	336,345,679	100.00	-

# ii) Shareholding of Promoters

		Shareholdii	ng at the beginn		Shareho	olding at the end		% change in	
SI. No	Shareholder's Name	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	share holding during the year	
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	100	0.00	-	100	0.00	-	-	
	Nellore								
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. Arundhathi Reddy	14,285	0.00	-	14,285	0.00	-	-	
8	Nivee Holdings Private	8,143,250	2.42	-	8,143,250	2.42	-	-	
9	Limited Arunachala Holdings Private Limited	5,272,500	1.57	-	5,272,500	1.57	-	-	
10	PCL Financial Services	3,780,750	1.12	-	3,780,750	1.12	-	-	
11	Private Limited Arunachala Logistics Private Limited	989,245	0.29	-	989,245	0.29	-	-	
12	Sujala Investments Private	37,766,675	11.23	-	37,766,675	11.23	-	-	
	Limited Rain Enterprises Private	25,316,465	7.53	-	25,316,465	7.53	-	-	
	Limited Total	138,230,536	41.10		138,230,536	41.10			

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

SI.			ding at the of the year	Cumulative Shareholding during the year	
No.	Particulars	No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
	At the beginning of the Year	138,230,536	41.10	-	-
	Date wise increase / decrease in Promoters Shareholding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			138,230,536	41.10

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):

SI.			ding at the of the year	Cumulative Shareholding during the year	
No.	Meghamala Enterprises Pvt Ltd	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	17,400,610	5.17	_	-
	Date wise increase / decrease in Shareholding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			17,400,610	5.17

SI.			ding at the of the year	Cumulative Shareholding during the year	
No.	The Pabrai Investment Fund 3, Ltd	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	14,736,427	4.38	-	-
	Date wise increase / decrease in Shareholding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			14,736,427	4.38

SI.			Shareholding at the beginning of the year		Shareholding the year
No.	The Pabrai Investment Fund II, LP	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 Shareholding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			12,758,000	3.79

SI.	Dolly Khanna	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
No.		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	8,951,872	2.66	-	-
	Date wise increase / decrease in Shareholding during the year				
	04/01/2019	(59,000)	(0.02)	8,892,872	2.64
	11/01/2019	(79,000)	(0.02)	8,813,872	2.62
	18/01/2019	(78,000)	(0.02)	8,735,872	2.60
	25/01/2019	(128,330)	(0.04)	8,607,542	2.56
	01/02/2019	(58,000)	(0.02)	8,549,542	2.54
	08/02/2019	(86,000)	(0.03)	8,463,542	2.52

SI.		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
No.	Dolly Khanna	No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company	
	15/02/2019	(151,000)	(0.04)	8,312,542	2.47	
	22/02/2019	(74,000)	(0.02)	8,238,542	2.45	
	01/03/2019	(185,001)	(0.06)	8,053,541	2.39	
	08/03/2019	(55,999)	(0.02)	7,997,542	2.38	
	15/03/2019	(75,000)	(0.02)	7,922,542	2.36	
	22/03/2019	(177,000)	(0.05)	7,745,542	2.30	
	29/03/2019	(226,500)	(0.07)	7,519,042	2.24	
	30/03/2019	(41,000)	` '	7,478,042	2.22	
	05/04/2019	(110,000)	` '	7,368,042	2.19	
	12/04/2019	(48,000)		7,320,042	2.18	
	19/04/2019	(35,000)	` '	7,285,042	2.17	
	26/04/2019	(14,000)	` '	7,271,042	2.16	
	03/05/2019	(57,000)	` ′	7,214,042	2.14	
	10/05/2019	(118,000)	` '	7,096,042	2.11	
	17/05/2019	(169,000)	` /	6,927,042	2.06	
	24/05/2019	(47,000)	` ′	6,880,042	2.05	
	31/05/2019	(102,000)	` ′	6,778,042	2.02	
	07/06/2019	(89,000)	` '	6,689,042	1.99	
	, ,		1 1		1.95	
	14/06/2019	(131,000)	` '	6,558,042		
	21/06/2019	(82,000)	` /	6,476,042	1.93	
	28/06/2019	(53,500)	` ′	6,422,542	1.91	
	05/07/2019	(12,000)	` '	6,410,542	1.91	
	12/07/2019	216,000	0.06	6,626,542	1.97	
	19/07/2019	(19,000)	` ′	6,607,542	1.96	
	26/07/2019	(83,000)	` '	6,524,542	1.94	
	02/08/2019	(125,000)	` /	6,399,542	1.90	
	09/08/2019	(109,000)	` ′	6,290,542	1.87	
	16/08/2019	(41,000)	` '	6,249,542	1.86	
	23/08/2019	40,000	0.01	6,289,542	1.87	
	30/08/2019	(36,000)	` ′	6,253,542	1.86	
	06/09/2019	(24,000)	` '	6,229,542	1.85	
	13/09/2019	(14,000)	` '	6,215,542	1.85	
	20/09/2019	(37,000)	` '	6,178,542	1.84	
	27/09/2019	(59,000)	` '	6,119,542	1.82	
	30/09/2019	(21,000)		6,098,542	1.81	
	04/10/2019	(60,000)	(0.02)	6,038,542	1.80	
	11/10/2019	(61,000)	(0.02)	5,977,542	1.78	
	18/10/2019	(68,000)	(0.02)	5,909,542	1.76	
	25/10/2019	(54,000)	(0.02)	5,855,542	1.74	
	01/11/2019	(18,500)	(0.01)	5,837,042	1.74	
	08/11/2019	(62,000)		5,775,042	1.72	
	15/11/2019	(20,000)		5,755,042	1.71	
	22/11/2019	530,000	0.16	6,285,042	1.87	
	06/12/2019	(36,500)		6,248,542	1.86	
	13/12/2019	(74,500)	` '	6,174,042	1.84	
	20/12/2019	(38,000)		6,136,042	1.82	
	27/12/2019	(9,000)		6,127,042	1.82	
	31/12/2019	(55,000)		6,072,042	1.81	
	At the end of the Year	(33,000)	(0.02)	6,072,042	1.81	
	At the thu of the real	-		0,072,042	1.01	

C.I		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
SI. No.	ICICI Prudential (Multiple funds)	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	15,559	0.00	-	-
	Date wise increase / decrease in Shareholding during the year				
	18/01/2019	527,536	0.16	543,095	0.16
	25/01/2019	455,761	0.14	998,856	0.30
	01/02/2019	606,227	0.18	1,605,083	0.48
	08/02/2019	556,146	0.17	2,161,229	0.64
	08/02/2019	(15,447)	(0.00)	2,145,782	0.64
	15/02/2019	146,905	0.04	2,292,687	0.68
	22/02/2019	60,430	0.02	2,353,117	0.70
	08/03/2019	60,100	0.02	2,413,217	0.72
	19/04/2019	(604,837)	(0.18)	1,808,380	0.54
	26/04/2019	(148,025)	, ,	1,660,355	0.49
	17/05/2019	186	0.00	1,660,541	0.49
	24/05/2019	93	0.00	1,660,634	0.49
	31/05/2019	106,284	0.03	1,766,918	0.53
	07/06/2019	187,049	0.06	1,953,967	0.58
	14/06/2019	201,050	0.06	2,155,017	0.64
	21/06/2019	100,000	0.03	2,255,017	0.67
	05/07/2019	93	0.00	2,255,110	0.67
	26/07/2019	498,787	0.15	2,753,897	0.82
	02/08/2019	122,395	0.04	2,876,292	0.86
	16/08/2019	8,744	0.00	2,885,036	0.86
	23/08/2019	101	0.00	2,885,137	0.86
	30/08/2019	82,085	0.02	2,967,222	0.88
	06/09/2019	110,948	0.03	3,078,170	0.92
	27/09/2019	154	0.00	3,078,324	0.92
	30/09/2019	92	0.00	3,078,416	0.92
	04/10/2019	92	0.00	3,078,508	0.92
	11/10/2019	92	0.00	3,078,600	0.92
	18/10/2019	14	0.00	3,078,614	0.92
	25/10/2019	25,397	0.01	3,104,011	0.92
	01/11/2019	2	0.00	3,104,013	0.92
	22/11/2019	92	0.00	3,104,105	0.92
	20/12/2019	(107,124)	(0.03)	2,996,981	0.89
	27/12/2019	112	0.00	2,997,093	0.89
	31/12/2019	(105,040)	(0.03)	2,892,053	0.86
	At the end of the Year		•	2,892,053	0.86

SI.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
No.	Investor Education and Protection fund Authority (IEPF)	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	2,709,415	0.81	_	-
	Date wise increase / decrease in Shareholding during the year				
	04/01/2019	(1,000)	(0.00)	2,708,415	0.81
	18/01/2019	(500)	(0.00)	2,707,915	0.81
	30/03/2019	(15,250)	(0.00)	2,692,665	0.80
	10/05/2019	(285)	(0.00)	2,692,380	0.80
	24/05/2019	(1,570)	(0.00)	2,690,810	0.80
	31/05/2019	(3,360)	(0.00)	2,687,450	0.80

SI		Shareholding at the beginning of the year		Shareholding the year
No. Investor Education and Protection fund Authority (IEP	No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
07/06/2019	15,341	0.00	2,702,791	0.80
14/06/2019	195,355	0.06	2,898,146	0.86
21/06/2019	(2,065)	(0.00)	2,896,081	0.86
28/06/2019	(1,710)	(0.00)	2,894,371	0.86
05/07/2019	(2,000)	(0.00)	2,892,371	0.86
19/07/2019	(1,925)	(0.00)	2,890,446	0.86
02/08/2019	(4,500)	(0.00)	2,885,946	0.86
23/08/2019	(1,015)	(0.00)	2,884,931	0.86
30/08/2019	(500)	(0.00)	2,884,431	0.86
13/09/2019	(3,355)	(0.00)	2,881,076	0.86
30/09/2019	(1,640)	(0.00)	2,879,436	0.86
18/10/2019	(2,000)	(0.00)	2,877,436	0.86
25/10/2019	(500)	(0.00)	2,876,936	0.86
01/11/2019	(2,500)	(0.00)	2,874,436	0.85
22/11/2019	(1,000)	(0.00)	2,873,436	0.85
06/12/2019	(500)	(0.00)	2,872,936	0.85
13/12/2019	(140)	(0.00)	2,872,796	0.85
27/12/2019	(785)	(0.00)	2,872,011	0.85
At the end of the Year			2,872,011	0.85

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) of those shareholders who have not claimed the dividends for a continuous period of 7 years.

SI.		Shareholding at the beginning of the year  No. of Shares of the Company		Cumulative Shareholding during the year	
No.	Dhandho India Zero Fee Fund, L.P			No. of Shares	% to total Shares of the Company
7	At the beginning of the Year	408,145	0.12	-	-
	Date wise increase / decrease in Shareholding during the year				
	08/11/2019	2,038,145	0.61	2,446,290	0.73
	At the end of the Year			2,446,290	0.73

SI.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
No.	Hitesh Jhawar	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	1,692,503	0.50	-	-
	Date wise increase / decrease in Shareholding during the year				
	04/01/2019	1,000	0.00	1,693,503	0.50
	11/01/2019	9,598	0.00	1,703,101	0.51
	18/01/2019	14,102	0.00	1,717,203	0.51
	01/02/2019	5,058	0.00	1,722,261	0.51
	08/02/2019	3,623	0.00	1,725,884	0.51
	15/02/2019	16,319	0.00	1,742,203	0.52
	01/03/2019	7,650	0.00	1,749,853	0.52
	08/03/2019	46,700	0.01	1,796,553	0.53
	15/03/2019	7,559	0.00	1,804,112	0.54
	22/03/2019	2,441	0.00	1,806,553	0.54
	17/05/2019	12,441	0.00	1,818,994	0.54

SI		ding at the of the year	Cumulative Shareholding during the year	
No. Hitesh Jhawar	No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
24/05/2019	6,959	0.00	1,825,953	0.54
26/07/2019	24,547	0.01	1,850,500	0.55
02/08/2019	52,847	0.02	1,903,347	0.57
09/08/2019	21,380	0.01	1,924,727	0.57
16/08/2019	5,991	0.00	1,930,718	0.57
30/08/2019	26,819	0.01	1,957,537	0.58
06/09/2019	19,048	0.01	1,976,585	0.59
13/09/2019	28,475	0.01	2,005,060	0.60
20/09/2019	6,795	0.00	2,011,855	0.60
27/09/2019	3,205	0.00	2,015,060	0.60
29/11/2019	12,079	0.00	2,027,139	0.60
06/12/2019	20,000	0.01	2,047,139	0.61
13/12/2019	(176)	(0.00)	2,046,963	0.61
At the end of the Year			2,046,963	0.61

CI.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
SI. No.	Dhandho India Zero Fee Fund Offshore Ltd	No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
9	At the beginning of the Year	300,737	0.09	-	-
	Date wise increase / decrease in Shareholding during the year				
	08/11/2019	1,543,515	0.46	1,844,252	0.55
	At the end of the Year			1,844,252	0.55

SI.			Shareholding at the beginning of the year		Shareholding the year
No.	No. Pradip Navnitlal Muchhala	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	1,530,373	0.46	-	-
	Date wise increase / decrease in Shareholding during the year				
	15/02/2019	50,000	0.01	1,580,373	0.47
	22/02/2019	35,806	0.01	1,616,179	0.48
	At the end of the Year			1,616,179	0.48

SI.		Shareholding at the beginning of the year			
No.	Ashok Kirtilal Bhansali	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 Shareholding during the year	1,590,000	0.47	-	-
	At the end of the Year			1,590,000	0.47

# v) Shareholding of Directors and Key Managerial Personnel

CI			ding at the of the year	Cumulative Shareholding during the year	
SI. No.	For each of the Directors and KMP	No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
	ectors				
1	Mr. N. Radhakrishna Reddy				
	At the beginning of the Year	10,383,730	3.09	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			10,383,730	3.09
2	Mr. Jagan Mohan Reddy Nellore				
	At the beginning of the Year	100	0.00	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			100	0.00
3	Mr. N. Sujith Kumar Reddy				
	At the beginning of the Year	10,028,770	2.98	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			10,028,770	2.98
4	Mr. H.L. Zutshi				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL NIL	NIL
	At the end of the Year			NIL	NIL
5	Mr. Varun Batra				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			NIL	NIL
6	Mr. Brian Jude McNamara ^				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			NIL	NIL
7	Ms. Nirmala Reddy				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			NIL	NIL
8	Ms. Radhika Vijaya Haribhakti				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			NIL	NIL
9	Mr. SL Rao*				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			NIL	NIL

<sup>^</sup> Mr. Brian McNamara was appointed as an Independent Director of the Company w.e.f. February 28, 2019

<sup>\*</sup> Mr. S. L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019

SI.	For each of the Directors and KMP		ding at the of the year	Cumulative Shareholding during the year	
No.			% to total Shares of the Company	No. of Shares	% to total Shares of the Company
Key	Managerial Personnel				
1	Mr. N. Radhakrishna Reddy				
	Managing Director				
	At the beginning of the Year	10,383,730	3.09	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			10,383,730	3.09
2	Mr. T. Srinivasa Rao,				_
	Chief Financial Officer				
	At the beginning of the Year	90,000	0.03	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			90,000	0.03
3	Mr. S. Venkat Ramana Reddy,			•	
	Company Secretary				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise increase / decrease in Share holding during the year	NIL	NIL	NIL	NIL
	At the end of the Year			NIL	NIL

# **V** INDEBTEDNESS

# Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the Beginning of the Financial Year				
i) Principal Amount	3,489.50	-	-	3,489.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.82	-	-	5.82
Total (i+ii+iii)	3,495.32	-	-	3,495.32
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	172.37	-	-	172.37
Forex impact	75.32	-	-	75.32
Interest	(0.47)	-	-	(0.47)
Net Change	(97.52)			(97.52)
Indebtedness at the end of the Financial year				
i) Principal Amount	3,392.45	-	-	3,392.45
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.35	-	-	5.35
Total (i+ii+iii)	3,397.80	-	-	3,397.80

### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A Remuneration paid to Managing Director, Whole time Directors / Manager:

(₹ Million)

		Name of MD/V		
SI. No	Particulars of Remuneration	*Mr. N. Radhakrishna Reddy, Managing Director	**Mr. Jagan Mohan Reddy Nellore	Total Amount
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.00	3.56	3.56
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.00	0.25	0.25
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2	Stock option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission		0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others, Please specify (Company's Contribution to Provident Fund)	0.00	0.36	0.36
	Total (A)	0.00	4.16	4.16
	Ceiling as per the Act			19.96

<sup>\*</sup> Mr. N. Radhakrishna Reddy has been appointed as Managing Director of the Company for a period of 3 years with effect from March 31, 2019 (i.e., from March 31, 2019 to March 30, 2022) without remuneration.

### **B** Remuneration to other Directors:

(₹ Million)

SI. Particulars of Remuneration Name of Independent Director				То			
	Mr. H.L. Zutshi	Mr. Varun Batra	Mr. Brian Jude McNamara <sup>\$</sup>	Ms. Radhika Vijay Haribhakti	Ms. Nirmala Reddy	Ms. S L Rao <sup>%</sup>	Amou
Independent Directors Fee for attending board/ committee meetings	0.76	0.76	0.54	0.64	0.82	0.22	3.
Commission Others, please specify	0.75	0.75	0.73	0.75	0.75	0.25	3.
Total (1)	1.51	1.51	1.27	1.39	1.57	0.47	7.
2 Other Non-Executive Directors	irectors Mr. N. Radhakrishna Reddy Mr. Jagan Mohan Reddy Nellore Mr. N. Sujith Kumar		Kumar Reddy #				
Fee for attending board/ committee meetings	0.10		0.0	00	0.	00	0.1
Commission	0.00		0.0	00	0.	00	0.0
Others, please specify	0.00		0.0	00	0.	00	0.0
Total (2)	0.10		0.0	00	0.	00	0.1
Total (B)=(1+2)							7.8
Total Managerial Remuneration							3.9
to Non-executive Directors							
(Commission)							
Overall Ceiling as per the Act for Calculated in accordance with th			0 0 1		tor (1% of Net	Profits	3.9

 $<sup>\$\,</sup>Mr.\,Brian\,Jude\,McNamara\,has\,been\,appointed\,as\,Director\,of\,the\,Company\,w.e.f.\,February\,28,2019$ 

<sup>\*\*</sup> Mr. Jagan Mohan Reddy Nellore resigned from the position of Managing Director but continues to be Director of the Company with effect from March 31, 2019

<sup>%</sup> Mr. S.L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019

<sup>^</sup> Mr. N. Radhakrishna Reddy has been appointed as Managing Director of the Company w.e.f. March 31, 2019

<sup>@</sup> Mr. Jagan Mohan Reddy Nellore resigned from the position of Managing Director but continues to be Director of the Company with effect from March 31, 2019 # Mr. N. Sujith Kumar Reddy has not received any remuneration during the financial year ended December 31, 2019

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

(₹ Million)

		Key Managerial Personnel				
SI.	Particulars of Remuneration	Managing Director	Managing Director	Chief Financial Officer	Company Secretary	Total
No.		N. Radhakrishna Reddy #	Jagan Mohan Reddy Nellore ®	Mr. T. Srinivasa Rao	Mr. S. Venkat Ramana Reddy	Amount
1	Gross Salary					
a)	Salary as per provisions contained in	-	3.56	14.68	4.60	22.84
	Section 17(1) of the Income Tax Act, 1961					
b)	Value of perquisites u/s 17(2) of the	-	0.24	0.09	-	0.33
	Income Tax Act, 1961					
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		0.36	0.80	0.23	1.39
	National pension Scheme		-	0.67	<u>-</u>	0.67
	Total	0.00	4.16	16.24	4.83	25.23

<sup>#</sup> Mr. N. Radhakrishna Reddy has been appointed as Managing Director of the Company for a period of 3 years with effect from March 31, 2019 without remuneration.

### VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

	Туре	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
A.	Company					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
В.	Directors					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
C.	Other Officers in Default					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL

On behalf of the Board of Directors

for Rain Industries Limited

N. Radhakrishna Reddy

Managing Director DIN: 00021052

Jagan Mohan Reddy Nellore

Director DIN: 00017633

**ACTING RESPONSIBLY. ADVANCING SUSTAINABLY.** 

Place: Hyderabad

Date: February 28, 2020

<sup>@</sup> Mr. Jagan Mohan Reddy Nellore resigned from the position of Managing Director but continues to be Director of the Company with effect from March 31, 2019, Salary and Benefits mentioned above are for the period from January 01, 2019 to March 30, 2019

### **ANNEXURE - 6**

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

### A. CONSERVATION OF ENERGY

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

### **B. TECHNOLOGY ABSORPTION**

- i. The efforts made towards technology absorption
- 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)
- 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

(₹ Million)

Particulars	December 31, 2019	December 31, 2018
Used	354.15	4,156.82
Earned	792.42	178.40

On behalf of the Board of Directors  $\,$ 

for Rain Industries Limited

Place: Hyderabad Date: February 28, 2020 N. Radhakrishna Reddy Managing Director DIN: 00021052

### **ANNEXURE-7**

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

- 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
  - i. Providing health care, maintaining hospitals, ambulances and conducting medical camps;
  - ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects; and
  - iii. Rural development projects.

Web link for CSR Policy: https://rain-industries.com/investors/#policies Web link for CSR Projects: www.pragnyapriya.org

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:

		For the Financial Year ended December 31			
	(ir	n₹ Million)			
Net Profit	2018	2017	2016		
	(72.92)	(8.40)	(71.39)		
Average Net Profit for the preceding three Financial Years	ee Financial Years (54.43)				

- 4. Prescribed CSR expenditure (2% of the amount as in item 3 above): Nil. However, the Company has spent ₹ 2 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) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other 2) Specify the state and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8)  Amount spent : Direct or through implementing agency
1	Health and Education	Promotion of Health and Education	Maintenance of Schools and Hospitals in Suryapet District, Telangana State, India; Kurnool District, Andhra Pradesh State, India; and Nellore District, Andhra Pradesh State, India.	The Company has donated ₹ 2 Million to Pragnya Priya Foundation, a Company established under Section 25 of Companies Act, 1956 (Section 8 as per Companies Act, 2013)	₹2 Million	₹ 2 Million	The amount was spent through Pragnya Priya Foundation, a Section 25 Company under Companies Act, 1956 (Section 8 of Companies Act, 2013).
Tota	ıl			₹ 2 Million	₹ 2 Million	₹ 2 Million	-

- 6. Though the amount of Profits of the Company as per CSR Rules is negative, the Company has spent ₹ 2 Million towards CSR activities.
- 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 Director of the Company DIN: 00017633 N. Sujith Kumar Reddy Member and Director DIN: 00022383

Place: Hyderabad Date: February 28, 2020

**STATUTORY** 

### **ANNEXURE-8**

### SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st December, 2019

### **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, 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 **Rain Industries Limited** (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended on 31st December 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st December, 2019 ("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.
- 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 aforesaid provisions of the Act, Rules, Regulations and Guidelines thereunder and also complied with the provisions of Secretarial Standards issued by Institute of Company Secretaries of India.
- The Company is carrying on the business of sale of products and duty scripts and providing shared support 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

### **BOARD'S REPORT** (CONTINUED)

- Directors and Woman Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- 4.2 Adequate Notice is given to all the Directors electronically to schedule the Board Meetings at least 7 days in advance and agenda and detailed notes on agenda were sent in advance.
- 4.3 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.
- 4.4 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
- 4.5 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 DVM & Associates LLP

Company Secretaries L2017KR002100

**DVM Gopal** 

Partner M No: F 6280 CP No: 6798 UDIN: F006280A000580623

Place: Hyderabad Date: February 28, 2020

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, 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 DVM & Associates LLP
Company Secretaries
L2017KR002100

**DVM Gopal** 

Partner M No: F 6280 CP No: 6798 UDIN: F006280A000580623

Place: Hyderabad Date: February 28, 2020

### ANNEXURE - 8A

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

### **FORM NO.MR-3**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To The Members Rain Cements Limited "Rain Center", 34, Srinagar Colony, Hyderabad–500073, Telangana State, India.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2019 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder.
- II. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder
- III. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

- IV. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during the audit period);
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018 (Not applicable to the Company during the audit period);
  - The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the audit period);
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period);
  - 6. 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;
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009/2018 (Not applicable to the Company during the audit period); and
  - 8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998/2018 (Not applicable to the Company during the audit period);
  - Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- V. Other Laws as specifically applicable to the Company
  - 1. Mines Act, 1952 read with Mines Rules, 1955
  - Mines and Mineral (Regulation and Development) Act, 1957 read with Mineral Conservation and Development Rules, 1988
  - 3. Cement (Quality Control) Order, 2003.
  - The Atomic Energy Act, 1962 read with Atomic Energy (Radiation Protection) Rules, 2004;
  - 5. The Petroleum Act, 1934 read with Petroleum Rules, 2002;
  - 6. The Explosive Act 1884 read with Explosive Rules, 2008;
  - 7. The Static & Mobile Pressure Vessels (Unfired) Rules, 1981;
  - 8. Cylinder Rules, 2004;
  - 9. Ammonium Nitrate Rules, 2012;
  - 10. Limestone And Dolomite Mines Metallic ferrous Mine Regulations, 2012;
  - 11. The Explosives Act, 2008 read with rules made thereunder
  - 12. Environmental (Protection) Act, 1986 Read with Environmental Protection Rules, 1986;
  - 13. The Hazardous Wastes (Managements Handling and Trans Boundary Movement) Rules, 2008;
  - The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
  - Water (Prevention & Control of Pollution) Cess Act, 1977;
  - The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;

- 17. The Noise Pollution (Regulation And Control) Rules, 2000;
- 18. Indian Boilers Act, 1923
- 19. Factories Act, 1948
- 20. Industrial Disputes Act, 1947
- 21. Electricity Act, 2003

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

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

### We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director.
   There were no changes in the composition of the Board of Directors during the period under review.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

For **P S Rao & Associates**Company Secretaries

M B Suneel

Partner C.P. No: 14449

UDIN: A031197A000573123

Place: Hyderabad Date: February 24, 2020

Note: This report is to be read with our letter of even date which is annexed as 'Annexure-A' and forms an integral part of this report

### **ANNEXURE A**

To The Members **Rain Cements Limited** "Rain Center", 34, Srinagar Colony, Hyderabad–500073, Telangana State, India.

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

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

For **P S Rao & Associates**Company Secretaries

M B Suneel Partner C.P. No: 14449

Place: Hyderabad Date: February 24, 2020

### ANNEXURE - 8B

### SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st December, 2019

### **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, Rain CII Carbon (Vizag) 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 Rain CII Carbon (Vizag) Limited (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended on 31st December 2019 complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st December, 2019 ("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 there under;
  - 1.2. 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;
  - 1.3. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;

- 1.4. 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 aforesaid provisions of the Act, Rules, Regulations and Guidelines thereunder and also complied with the provisions of Secretarial Standards issued by Institute of Company Secretaries of India.
- 3. The Company is engaged in the business of manufacture and sale of Calcined Petroleum Coke and generation and supply of electricity. In view of the Management, the following Industry Specific Acts are applicable to the Company and the same are complied:
  - 1) Andhra Pradesh Factories Act, 1950 (Prescribed under Rule 55, 55-A and 56);
  - Andhra Pradesh Pollution Control Board Water Act, 1974 and Air Act, 1981;
  - 3) The Petroleum Act, 1934;
  - 4) Indian Boiler Act No V of 1923, Section 7/8 and Indian Boiler Regulation, 1950;
  - 5) Atomic Energy Act, 1962;
  - 6) Weights and Measures Act, 2011;
  - 7) Indian Electricity Act, 1910;
  - 8) Environment Protection Act; and
  - 9) Motor Vehicle Act, 1988 & Central Motor Vehicles Rule, 1989.
- 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.

### **BOARD'S REPORT** (CONTINUED)

- 4.2. Adequate Notice is given to all the Directors electronically to schedule the Board Meetings at least 7days in advance and agenda and detailed notes on agenda were sent in advance.
- 4.3. 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.
- 4.4. Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously.
- 4.5. The Company being an un-listed Company, the Regulations and Guidelines prescribed under the

- Securities and Exchange Board of India Act, 1992 are not applicable to the Company
- 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., except as reported in the Auditors Report.

For DVM & Associates LLP

Company Secretaries L2017KR002100

### **DVM Gopal**

Partner M No: F6280 CP No: 6798 UDIN: F006280A000568701

Place: **Hyderabad** Date: **24.02.2020** 

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, Rain CII Carbon (Vizag) 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 DVM & Associates LLP
Company Secretaries
L2017KR002100

**DVM Gopal** 

Partner M No: F 6280 CP No: 6798

UDIN: F006280A000568701

Place: **Hyderabad** Date: **24.02.2020** 

### **ANNEXURE-8C**

# Secretarial Compliance Report of Rain Industries Limited for the Financial Year ended December 31, 2019

We, DVM & Associates LLP, Company Secretaries, having our office situated at No. 6/3/154-159, Flat No. 303, 3rd Floor, Royal Majestic Apartment, Prem Nagar Colony, Near Care Hospital, Road No. 1, Banjara Hills, Hyderabad – 500004, Telangana State, India, have examined:

- (a) all the documents and records made available to us and explanation provided by Rain Industries Limited ("the Listed Entity");
- (b) the filings/ submissions made by the listed entity to the stock exchanges;
- (c) website of the listed entity;
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification for the Financial Year ended December 31, 2019 ("Review Period") in respect of compliance with the provisions of:
  - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - (b) the Securities Contracts (Regulation) Act, 1956
     ("SCRA"), rules made thereunder and the Regulations,
     circulars, guidelines issued thereunder by the
     Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Listed Entity during the Review Period)
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Listed Entity during the Review Period);
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Listed Entity during the Review Period)
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares)
  Regulations, 2013; (Not applicable to the Listed Entity during the Review Period)
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.
- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.
- (c) There were no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.
- (d) The actions taken by listed entity to comply with the observations made in previous reports does not arise during the review period.

For DVM & Associates LLP

Company Secretaries L2017KR002100

DVM Gopal

Partner M No: F6280 CP No: 6798 UDIN: F006280B000134001

Place: **Hyderabad** Date:10<sup>th</sup> February, 2020

**STATUTORY** 

### **ANNEXURE-9**

# STATEMENT OF PARTICULARS AS PER RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

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

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

S. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1	Mr. N. Radhakrishna Reddy (Managing Director)	0.19:1
2	Mr. Jagan Mohan Reddy Nellore (Vice Chairman)	7.79:1
3	Mr. N. Sujith Kumar Reddy (Non-Executive Director)	NIL
4	Mr. S.L. Rao (Independent Director) <sup>1</sup>	0.88:1
5	Mr. H.L. Zutshi (Independent Director)	2.83:1
6	Mr. Varun Batra (Independent Director)	2.83:1
7	Ms. Radhika Vijay Haribhakti (Independent Director)	2.60:1
8	Ms. Nirmala Reddy (Independent Director)	2.94:1
9	Mr. Brian Jude McNamara (Independent Director)²	2.38:1

 $<sup>^{1}</sup>$  Mr. S.L. Rao resigned from the directorship of the Company w.e.f. March 15, 2019

# (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 (Managing Director)	NIL
2	Mr. Jagan Mohan Reddy Nellore (Vice Chairman)	NIL
3	Mr. N. Sujith Kumar Reddy (Non-Executive Director)	NIL
4	Mr. S.L. Rao (Independent Director) <sup>1</sup>	NIL
5	Mr. H.L. Zutshi (Independent Director)	NIL
6	Mr. Varun Batra (Independent Director)	NIL
7	Ms. Nirmala Reddy (Independent Director)	NIL
8	Ms. Radhika Vijay Haribhakti (Independent Director)	NIL
9	Mr. Brian Jude McNamara (Independent Director) <sup>2</sup>	NIL
10	Mr. T. Srinivasa Rao (Chief Financial Officer)	NIL
11	Mr. S. Venkat Ramana Reddy (Company Secretary)	NIL

### Note:

# (iii) The percentage increase in the median remuneration of employees in the financial year $_{\mathrm{NII}}$

### (iv) The number of permanent employees on the rolls of Company

There are 136 permanent employees on the rolls of the Company.

<sup>&</sup>lt;sup>2</sup> Mr. Brian Jude McNamara was appointed as an Independent Director of the Company w.e.f. February 28, 2019.

<sup>\*</sup>Median remuneration of Employees: ₹ 534,095/-

<sup>&</sup>lt;sup>1</sup> Mr. S.L. Rao resigned from the directorship of the Company w.e.f. March 15, 2019

<sup>&</sup>lt;sup>2</sup> Mr. Brian Jude McNamara was appointed as an Independent Director of the Company w.e.f. February 28, 2019.

### **BOARD'S REPORT** (CONTINUED)

(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 NIL

There is only one 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, 2020 N. Radhakrishna Reddy Managing Director DIN: 00021052

# 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

Whether is a relative of any director or manager of the company	Father of Mr. Jagan Mohan Reddy Nellore, Director and Mr. N. Sujith Kumar Reddy, Director.	Son of Mr. N. Radhakrishna Reddy, Managing Director Brother of Mr. N. Sujith Kumar Reddy, Director Director	N.A.
The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of subrule (2) of Rule 5	N.A.	·Y·Z	N.A.
The last employment held before joining the company	Z.A.	Managing Director, Rain Calcining Ltd	Vice President (Finance) of Rain CII Carbon (Vizag) Limited
Age	77 Years	53 years	53 years
Date of commencement of employment	January 2, 1984	August 10, 1994	April 1, 2012
Qualifications and Date of experience of the comme employee of employee	Under Graduate More than 50 years of experience in Construction and Cement Industry	B.S.I.E. (U.S.) 27 years	B.Com, FCA 33 years
Nature of employment	Regular	Regular	Regular
Remuneration received	ZII*	₹ 4,164,731**	₹ 16,210,634
S. Name& No. Designation	Mr. N. Radhakrishna Reddy (Managing Director)	Mr. Jagan Mohan Reddy Nellore (Director)	Mr. T. Srinivasa Rao (Chief Financial Officer)
S. Š	-	2	e

<sup>\*</sup> Mr. N. Radhakrishna Reddy has been appointed as Managing Director of the Company for a period of 3 years with effect from March 31, 2019 without remuneration hence he has not been paid any remuneration during the financial year ended 31st December 2019.

On behalf of the Board of Directors for Rain Industries Limited

Place: Hyderabad Date: February 28, 2020

N. Radhakrishna Reddy Managing Director DIN: 00021052

<sup>\*\*</sup> Mr. Jagan Mohan Reddy Nellore resigned from the position of Managing Director but continues to be Director of the Company with effect from March 31, 2019, Remuneration mentioned above are for the period January 01, 2019 to March 30, 2019.

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, 2019

S. No.	Name & Designation	Remuneration received during the period from January 1, 2019 to December 31, 2019	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age	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 within the meaning of clause (iii) of sub rule (2) of Rule 5
	Mr. N. Radhakrishna Reddy Managing Director	Nil*	Regular	Under Graduate More than 50 years of experience in Construction and Cement Industry.	02.01.1984	77	N.A.	Father of Mr. Jagan Mohan Reddy Nellore, Director and Mr. N. Sujith Kumar Reddy,	N.A.
7	Mr. Jagan Mohan Reddy Nellore, Director	₹4,164,731**	Regular	B.S.I.E. (U.S.) 27 Years	10.08.1994	53	Rain Calcining Ltd	Son of Mr. N. Radhakrishna Reddy, Managing Director	N.A.
								Brother of Mr. N. Sujith Kumar Reddy, Director	
3	Mr. T. Srinivasa Rao, Chief Financial Officer	₹ 16,210,634	Regular	B.Com, FCA 33 years	01.04.2012	53	Rain CII Carbon (Vizag) Limited	N.A.	N.A.
4	Mr. Balasubramanian Ramaswamy, Chief Internal Auditor	₹ 7,264,305	Regular	B.Com, ICWAI 35 years	21.04.2017	52	Metro Cash & Carry India	N.A.	Z.A
72	Mr. M. S. Krishna Mohan Reddy, General Manager – HR	₹ 6,551,389	Regular	B.Com, B.L. and M.H.R.M. 32 Years	12.06.1996	28	SOL Pharmaceuticals Limited	N.A.	N.A.
9	Mr. Rajan Passi, Head Logistics (SSO)	₹ 6,272,686	Regular	B.Sc, NDA (JNU), BBM, MMS 34 Years	01.04.2018	56	Rain CII Carbon (Vizag) Limited	N.A.	N.A.
_	Mr. K. Shankar Sathish, Dy. General Manager - IT	₹ 4,901,233	Regular	B.Com, ACA, ICWAI 18 Years	26.09.2016	43	Archean Group	N.A.	X.A.

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	N.A.	N.A.	N.A.	N.A.	N.A.
Whether is a relative of any director or manager of the company	N.A.	N.A.	N.A.	N.A.	N.A.
The last employment held before joining the company	Suryalata Spinning Mills Limited	W N S Global Services	Advanta India	Dr. Reddy's Laboratories Ltd	Delta Technology International Services
Age	47	44	55	36	48
Date of commencement of employment	01.02.2008	18.02.2019	11.02.2008	23.06.2014	21.12.2015
Qualifications and Date of experience of the comme employee of employee	M.Com, LLB, ACS 17 Years	CA 21 Years	B.Sc., BL 26 Years	B.Com, CA and CWA 12 Years	MFM 18 years
Nature of employment	Regular	Regular	Regular	Regular	Regular
Remuneration received during the period from January 1, 2019 to December 31, 2019	₹ 4,827,684	₹ 4,541,983	₹ 3,207,579	₹ 2,962,481	₹ 2,950,526
S. Name & Designation No.	8 Mr. S. Venkata Ramana Reddy, Company Secretary	9 Mr. Rakesh Jain General Manager, Global shared services	10 Mr. V. P. Srikanth, Dy. General Manager - Legal	11 Mr. U.S. Saranga Pani, Asst. G.M Corporate Finance	12 Madhu Babu Gondi AGM-IT

<sup>\*</sup>Mr. N. Radhakrishna Reddy, Managing Director has not been paid any remuneration during the financial year ended 31st December 2019.
\*\*Remuneration paid to Mr. Jagan Mohan Reddy Nellore, Vice Chairman is for the period January 01, 2019 to March 30, 2019.

On behalf of the Board of Directors for Rain Industries Limited

N. Radhakrishna Reddy Managing Director DIN: 00021052

### **ANNEXURE-10**

# BUSINESS RESPONSIBILITY REPORT- FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

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**

- Corporate Identity Number (CIN) of the Company: L26942TG1974PLC001693
- 2. Name of the Company:

Rain Industries Limited

3. Registered address:

Rain Center, 34, Srinagar Colony, Hyderabad-500073, Telangana State, India.

### 4. Website:

www.rain-industries.com

5. E-mail id:

secretarial@rain-industries.com

6. Financial Year reported:

January 1, 2019 to December 31, 2019.

# 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 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	Advanced Materials

<sup>\*</sup> 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 and Coal Tar Pitch);
- iii) Generation and Distribution of Electricity; and
- iv) Advanced Materials.

# 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:

### 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) Belgium
- (ii) Canada
- (iii) Germany
- (iv) Russia and
- (v) USA.

### 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. The Cement Plant in Andhra Pradesh and Telangana has a Waste Heat Recovery based power production mechanism to generate up to 10.5 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 up to 49 MW of electricity.

### Markets served by the Company - Local/State/ National/International

Local	State	National	International
$\sqrt{}$		$\sqrt{}$	$\sqrt{}$

### **SECTION B:**

### FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital: ₹ 672,691,358/-
- 2. Total Revenue : ₹ 637.91 Million (Standalone) and ₹ 123,607.97 Million (Consolidated).
- 3. Total profit after taxes : ₹ 354.39 Million (Standalone) and ₹ 3,913.84 Million (Consolidated).
- 4. 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 ₹ 2 Million towards CSR activities.

The Company along with its subsidiaries in India has spent an amount of ₹ 231 Million on its CSR activities during last 3 years.

5. 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 maintaining Schools and Hospitals in Suryapet District, Telangana State, India, Kurnool District, Andhra Pradesh, India and Nellore District, Andhra Pradesh, India.

### SECTION C:

### OTHER DETAILS

 Does the Company have any Subsidiary Company/ Companies?

Yes, Rain Industries Limited has 25 Subsidiary Companies.

2. 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: Director

### b) Details of the BR head

No	. Particulars	Details
1	DIN Number	00017633
2	Name	Mr. Jagan Mohan Reddy Nellore
3	Designation	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	Р8	<b>P</b> 9
	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	-	es are ir	n comp	arable	with th	ie best p	oractice	es in
3	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
4	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Indicate the link for the policy to be viewed online?	www.r	ain-ind	lustries	s.com					
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
7	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

#### 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	Р8	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)	-	-	-	-	-	-	-	-	-

#### 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

#### **SECTION E:**

#### PRINCIPLE-WISE PERFORMANCE

#### Principle 1

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

- 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.
- 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 442 complaints from Shareholders during the Financial Year ended December 31, 2019 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, 2019.

#### Principle 2

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

- 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 and Coal Tar Pitch); and
  - c) Advanced Materials.
- For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product(optional):
  - Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain:

The Company through its Subsidiary 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.

 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.

- 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

- Please indicate the Total number of employees of Rain Industries Limited: 136
- 2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis: Nil
- 3. Please indicate the Number of permanent women employees: 18
- Please indicate the Number of permanent employees with disabilities: Nil
- 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.

SI. 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	N.A.	N.A.
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.

- 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.
- 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

- 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.
- 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, 2019.

#### Principle 6

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

 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.
- 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-
- 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?
  - Rain Cements Limited, a wholly owned Subsidiary has a Waste Heat Recovery based Power Generation plant at its Cement Plant at Kurnool, Andhra Pradesh, India to generate up to 10.5 MW Electricity;
  - ii. Rain CII Carbon (Vizag) Limited, a wholly owned Subsidiary of the Company has a Waste Heat Recovery based Power Generation facility to generate up to 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). Rain CII Carbon (Vizag) Limited was eligible for Certified Emission Reductions (CERs) up to July, 2017.
- 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.

- Is the 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 Chamber of Commerce and Industry (FTCCI), Telangana State, India.
- 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.

- 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:
  - 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; and
  - iii. Rural development projects.
- Are the programmes/projects undertaken through inhouse 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).

- Have you done any impact assessment of your initiative?
   Yes, the Company has conducted impact assessments of its CSR initiatives.
- What is the Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. The Company along with its subsidiaries in India have spent an amount of ₹ 91.67 Million on its CSR activities during Financial year ended December 31, 2019.
- 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 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 Free Primary Hospital in Ramapuram Village, Mellacheruvu Mandal, Suryapet District, Telangana State, India, Boincheruvupalli Village, Kurnool District, Andhra Pradesh, India and Kalayakagollu village, Nellore District, Andhra Pradesh, India. The hospital also provides fully equipped emergency ambulance facilities for patients. In addition to medical care, the hospitals conducts routine health-related initiatives for communities such as de-addiction counselling and creating awareness about health education in marginalised communities.

#### Education

Recognising the role of education plays in social transformation, RAIN operates High Schools in English Medium with digital classrooms at Ramapuram Village, Mellacheruvu Mandal, Suryapet District, Telangana State, India, Boincheruvupalli Village, Kurnool District, Andhra Pradesh, India and Kalayakagollu village, Nellore District, Andhra Pradesh, India.

#### 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:

- Contributed to 108 Ambulances
- Granted Donation to Visakha Utsav a rural cultural fest
- Environment

Rain undertakes Plantation of Trees at Visakhapatnam towards promotion of Plantation and Forestry.

#### Principle 9

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

- 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.
- 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 the 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, 2020 N. Radhakrishna Reddy Managing Director DIN: 00021052 Jagan Mohan Reddy Nellore Director DIN: 00017633

#### **ANNEXURE-11**

#### NOMINATION AND REMUNERATION POLICY

#### **INTRODUCTION:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated.

#### THE OBJECTIVES OF THE POLICY

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

#### **DEFINITIONS**

- Board means Board of Directors of the Company.
- Directors means Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- · Company means Rain Industries Limited.
- Independent Director means a Director referred to in Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Key Managerial Personnel (KMP) means-

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Company Secretary; and
- iii. Chief Financial Officer.

Senior Management Personnel means-

- i. President; and
- ii. Vice-President.

#### **APPLICABILITY**

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

# A. Matters to be Dealt with, Perused and Recommended to the Board by the Nomination and Remuneration Committee

- 1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

#### B. Eligibility Criteria for Appointment of Directors, Key Managerial Personnel and Senior Management

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- 2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- 3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

#### C. Term and Remuneration

- Managing Director/Whole-time Director
  - The Company shall appoint or re-appoint any person as its Managing Director or Whole-time

Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- ii. The remuneration / compensation / commission etc. to the Whole-time Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. for Whole time Directors shall be subject to the approval of the shareholders of the Company.
- iii. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- iv. The Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders.
- v. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Wholetime Director in accordance with the provisions of Schedule V of the Companies Act, 2013.
- Chief Financial Officer (C.F.O), Company Secretary (C.S) and Senior Management Personnel
  - The remuneration / compensation etc. to the Chief Financial Officer, Company Secretary and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.
  - ii. The Chief Financial Officer, Company Secretary and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension

scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee.

#### 3. Independent Director

- i. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company, he / she shall be eligible for appointment for one more term of 5 years only.
- iii. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

### D. Remuneration to Non-Executive / Independent Director

#### i. Sitting Fees

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### ii. Commission

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

#### E. Evaluation

The Committee shall carry out evaluation of performance of every Director Annually.

#### F. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management

Personnel subject to the provisions and compliance of the said Act, rules and regulations.

#### G. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

On behalf of the Board of Directors for Rain Industries Limited

Place: Hyderabad Date: February 28, 2020 N. Radhakrishna Reddy Managing Director DIN: 00021052 Jagan Mohan Reddy Nellore Director DIN: 00017633

#### 1. COMPANY OVERVIEW

RAIN Group is one of the world's largest producers of calcined petroleum coke ("CPC") and coal tar pitch ("CTP"). We operate in three key business verticals: Carbon, Advanced Materials and Cement. It has 18 production facilities in eight countries across three continents and continues to grow through capacity expansions and mergers and acquisitions throughout the world.

Our Carbon business segment converts the by-products of oil refining (i.e., green petroleum coke (GPC) and steel production (i.e., coal tar) into high-value carbon-based products [i.e., calcined petroleum coke ("CPC"), coal tar pitch ("CTP") and other carbon products ("OCP")]. These by-products are critical raw materials for the aluminium, graphite, carbon black, wood preservation, titanium dioxide, refractory and several other global industries.

Our Advanced Materials business segment carries out the innovative downstream transformation of a portion of our carbon output, petrochemicals and other raw materials into high-value, eco-friendly raw materials under four sub-segments of engineered products, petrochemical intermediates, naphthalene derivates and resins; that are critical to the specialty chemicals, coatings, construction, automotive, petroleum and several other global industries.

Our Cement business segment produces and markets highquality ordinary portland cement ("OPC") and portland pozzolana cement ("PPC") consumed largely by the civil construction and infrastructure industries within India.

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

Our global manufacturing footprint and our integrated worldwide logistics network have also strategically positioned us to capitalise 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).

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, 2019. This should be read in conjunction with the Company's Standalone and Consolidated Financial Statements, the schedules and notes thereto, and the other information included elsewhere in the Annual Report. 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

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Particulars	CY 2019	CY 2018
Income from Operations	123,608	140,490
Operating Profit	17,427	21,411
Operating Profit (%)	14.1%	15.2%
Profit Before Tax	5,907	9,957
Net Profit After Tax @	5,211	7,305

@ After Non-controlling interest

Operating profit and net profit after tax are adjusted with exceptional items. Please find hereunder the reconciliation of reported operating profit and reported net profit after tax with adjusted operating profit and adjusted net profit after tax.

	Operating Profit Reconciliation	Profit After Tax Reconciliation
Reported amount	15,968	3,914
Adjustments:		
Inventory adjustments	206	160
Reorganisation costs	1,076	807
towards plant closure in the Netherlands		
Insurance claims related	(326)	(258)
to prior periods		
Income from sale of land	(156)	(101)
in Hanau, Germany		
Expenses towards	789	572
strategic projects and		
other non-recurring items		
Reversal of provisions	(128)	(101)
relating to environmental		
issues		
Accelerated depreciation		806
due to plant closure in the		
Netherlands		
Tax adjustments		(588)
Adjusted amount	17,427	5,211

During CY2019, our business generated revenue from operations of ₹ 123.6 billion and operating profit of ₹ 17.4 billion. The revenue in CY2019 was lower by 12.0% compared to CY2018 mainly due to lower price realisations and reduction in volumes. The operating margins in CY2019 were also lower due to higher operating cost resulting from an increase in raw material prices in the first half of the year. As a result, the net profit after tax in CY2019 was ₹ 5.2 billion (i.e., ₹ 2.1 billion lower than the ₹ 7.3 billion generated in CY2018). Consequently,

the earnings per share is ₹ 15.5 in CY2019 as against ₹ 21.7 in CY2018.

With a moderate performance in CY2019 coupled with a strong cash balance of ₹ 11.7 billion and undrawn working capital loans of ₹ 13.5 billion, RAIN Group is well placed to meet its debt-servicing obligations in the future and

to fund the expansion projects initiated. The major debt repayments are scheduled to start in January 2025.

The paid-up share capital of RAIN Industries Limited as on December 31, 2019 is ₹ 672,691,358, comprising 336,345,679 fully paid-up equity shares of ₹ 2 each.

#### **Details of Key Financial Ratios (Consolidated)**

S. No Key Financial Ratios	Financial year 2019	Financial year 2018	Variance
(i) Debtors Turnover	9.15	8.58	7%
(ii) Inventory Turnover	3.27	3.54	-7%
(iii) Interest Coverage Ratio	4.11	5.07	-19%
(iv) Current Ratio	2.00	1.98	1%
(v) Net Debt Equity Ratio	1.29	1.45	-11%
(vi) Adjusted Operating Profit Margin (%)	14%	15%	-1%
(vii) Adjusted Net Profit Margin (%)	4%	5%	-1%
(viii) Return on Net Worth	11%	16%	-5%

- 1. The Return on Net Worth for the financial year 2019 is 11% and Return on Net Worth for financial year 2018 was 16, The decrease of 5% in return on net worth is mainly due to decrease in operating profit.
- 2. There is no significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the other key financial ratios.

#### 3. PERFORMANCE OF CARBON BUSINESS SEGMENT

₹ in Million

Particulars	CY 2019	CY 2018
Sales Volumes ('000 Tonnes)	2,616	2,715
Net Revenue	81,225	95,681
Operating Profit	12,758	16,675
Operating Profit (%)	15.7%	17.4%

The Carbon business segment includes the manufacturing and trading of carbon products comprising CPC, CTP, GPC, and other derivates of coal distillation, including creosote oil, naphthalene, carbon black oil 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 66.1% of RAIN Group's consolidated revenue for CY2019 was generated from the Carbon business segment.

During CY2019, the Carbon business segment generated ₹81.2 billion in net revenue, a decrease of approximately 15.1% as compared to ₹95.7 billion generated during CY2018. The decrease in revenue was due to a decrease in average realisations by approximately 11.5%, including exchange fluctuation from depreciation of Indian Rupee against US Dollar and appreciation against Euro, and by decrease in volumes by approximately 3.6%. The operating margin decreased to 15.7% in CY2019 as compared to 17.49% in CY2018. Margins declined in the Carbon business due to higher operating costs from increase in raw material costs coupled with the consumption of high-cost raw materials; consequent to restrictions on import of pet coke in India.

With encouraging prospects for steady-to-increased demand by end-customer industries, and the completion of our vertical-shaft kiln CPC plant in India, we expect the Carbon business segment to perform better in the future.

### 4. PERFORMANCE OF ADVANCED MATERIALS BUSINESS SEGMENT

₹ in Million

Particulars	CY 2019	CY 2018
Sales Volumes ('000 Tonnes)	442	472
Net Revenue	31,348	34,844
Operating Profit	3,107	4,022
Operating Profit (%)	9.9%	11.5%

Our Advanced Materials business segment mainly comprises engineered products, petrochemical intermediates, resins and naphthalene derivates, which are derived from our primary distillate – naphthalene – and additional raw materials purchased from third parties. About 25.5% of the consolidated revenue for CY2019 is from the Advanced Materials business segment.

During CY2019, our Advanced Materials business segment generated ₹ 31.3 billion in net revenue, a decrease of 10.0% as compared to ₹ 34.8 billion during CY2018. The decrease was primarily related to a 3.6% decrease in blended price realisations during CY2019 and by 6.4% decrease in sales volumes. The operating margin decreased from 11.5% in CY2018 to 9.9% in CY2019 due to an increase in operating expenses and raw material prices, coupled with unplanned shutdowns.

With the completion of our hydrogenated hydrocarbon resins plant in Germany and shifting of customers' orders from Uithoorn, the Netherlands to Duisburg, Germany, we expect the Advanced Materials business segment to perform better in the future.

### 5. PERFORMANCE OF CEMENT BUSINESS SEGMENT

₹ in Million

Particulars	CY 2019	CY 2018
Sales Volumes ('000 Tonnes)	2,468	2,229
Net Revenue	10,300	9,083
Operating Profit	1,562	714
Operating Profit (%)	15.2%	7.9%

Our Cement business segment is engaged in the manufacture and sale of cement. The products include high-quality OPC and PPC. About 8.4% of the consolidated revenue of RAIN Group for CY2019 was from this business segment. During CY2019, this segment generated ₹ 10.3 billion in net revenue. Due to increase in price realisations of approximately 2.7% in CY2019 coupled with an increase in volumes of approximately 10.7%, there is an increase in revenue by approximately 13.4% compared to ₹ 9.1 billion during CY2018. The Cement business segment operated at an improved average capacity utilization of approximately 62% during CY2019 compared to approximately 56% in CY2018.

The operating margin of Cement business increased from 7.9% in CY2018 to 15.2% in CY2019 mainly due to better average realisations and decrease in operating costs.

With expected growth in demand from rural markets and implementation of cost optimisation initiatives, we expect the Cement business segment to perform better in the future.

#### 6. OVERALL BUSINESS AND GROWTH STRATEGIES

RAIN Group's strategy aims at process improvement and the development of new, higher-margin products and technologies through research and development (R&D) initiatives. We emphasise performance, sustainability and utilisation of alternative raw materials. The Group intends to maximise efficiencies and minimise costs by combining the purchasing, trading, plant operations, logistics management, finance and R&D functions within each business segment and by executing cost-reduction initiatives.

RAIN Group believes that the scale of its vertically integrated organisation 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 realise economies of scale.

The Group has integrated its coal tar and petroleum tar distillation operations with its downstream operations that efficiently use the products derived from its primary distillation process and allow generation of incremental margins greater than the margins that it generated through the sale of conventional primary distillation products. Over the next few years, the demand for carbon products such as coal tar pitch and calcined petroleum coke ("CPC") is expected to grow significantly in India and the Middle East. To reinforce our market leadership as a provider of premium carbon products and innovative advanced materials, the Company has undertaken several capacity expansion projects like vertical-shaft kiln CPC plant in India and hydrogenated hydrocarbon resins (HHCR) facility in Germany.

### 7. INTERNAL CONTROL SYSTEMS AND THEIR ADEOUACY

The Company established an in-house internal audit department in India during CY 2018 to carry out robust reviews of various RAIN Group companies in India, Europe and North America. Further, Ernst & Young LLP, India ("EY") carry out the internal audit of the Company and special reviews of other subsidiary companies, as needed. The observations of both in-house internal auditors and EY 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.

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, and the sale of goods and other assets.

The 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 utilisation of SAP for implementing efficient internal controls and timely reporting of financial and operational information.

### 8. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

RAIN Group employs more than 2,700 employees directly and indirectly through its subsidiaries across the globe. It 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 advancement and evolving workplace requirements. Our employee-development efforts also included the implementation of STOP™ (Safety Training Observation Programme), which focuses on ways to address unsafe acts and recognise people who act and work safely. Our learning management system plays an active role in standardising and digitisation of various processes that are crucial to various work functions, such as administration, documentation, tracking and reporting of the various learning-and-development and training programmes for employees.

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

#### 9. SAFETY AND ENVIRONMENTAL COMPLIANCE

We continuously seek to improve safety and reliability at all our production facilities. 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 compliance with environmental laws and regulations.

2019 was a momentous year in our safety journey, as our commitment to workplace safety resulted in the safest-ever year for our Rain Carbon subsidiary. During the reporting year, we achieved the lowest historical total recordable incident rate and an even lower total lost-time injury rate.

Our production facilities also have been awarded 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 certified for compliance in international occupational health and safety management.

Prevention of safety-related incidents is one of our highest priorities. We have an extensive safety programme, which includes formal training for all employees, preventive measures such as pre-job safety analyses and a system aimed at identifying risks, taking corrective actions and preventing incidents. We regularly conduct internal audits of this safety system. 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 the monetary incentives of most employees are linked to fulfilling the Company's safety targets.

#### 10. 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 abroad. The Company Secretary ensures compliance with SEBI Regulations and provisions of the Listing Agreement and with the guidelines on insider trading for prevention of the same.

#### 11. CAUTIONARY STATEMENT

Statements in the Boards' Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company is not obliged to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events or otherwise.

On behalf of the Board of Directors for Rain Industries Limited

Place: Hyderabad Date: February 28, 2020 N. Radhakrishna Reddy Managing Director DIN: 00021052 Jagan Mohan Reddy Nellore Director DIN: 00017633

#### REPORT ON CORPORATE GOVERNANCE

Report Pursuant to Schedule V of the Securities and Exchange Board of India (LODR) Regulations, 2015, compliance with the requirements of Corporate Governance.

#### 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.

The Corporate Governance framework of the Company is based on an effective and independent Board, separation of the Board's supervisory role from the Senior Management team and constitution of the Board Committees, as required under applicable laws.

The Company is in compliance with the Corporate Governance requirements as enshrined in the Companies Act, 2013 read with the Rules made thereunder ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other applicable laws.

The Company presents this report, prepared in terms of the Listing Regulations (including the amendments to the extent applicable), enumerating the current Corporate Governance systems and processes at the Company.

#### **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, 2019, the Board of Directors ("Board") comprised of Eight Directors, of which Seven are Non-Executive Directors. The Company has a Non-Executive Chairman and Five Independent Directors (including Chairman). Independent Directors comprise more than half of the total strength of the Board.

The maximum tenure of Independent Directors is in compliance with the Companies Act, 2013 ("the Act") and the Listing Regulations. All the Independent Directors have confirmed that they meet the criteria as mentioned in Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Act. The Independent Directors provide an annual confirmation that they meet the criteria of independence. Based on the confirmations/ disclosures received from the Independent Directors, the Board is of the opinion that the Independent Directors fulfill the conditions specified in the Listing Regulations and are Independent of the Management.

The Directors on the Board are professionals, having expertise in their respective functional areas and bring an extensive range of skills and experience to the Board.

The Board has an unfettered and complete access to any information within the Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the Meeting with the permission of the Chairperson.

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

The Board of the Company comprises of Eight Directors as on 31st December, 2019.

None of the Director is a Director in more than 10 public limited companies (as specified in section 165 of the Act) and Director in more than 8 listed entities (as specified in Regulation 17A of the Listing Regulations) or acts as an Independent Director (including any alternate directorships) in more than 7 listed companies or 3 equity listed companies in case he/she serves as a Whole-time Director/Managing Director in any listed company (as specified in Regulation 17A of the Listing Regulations). Further, none of the Directors on the Board is a Member of more than 10 Committees and Chairperson of more than 5 Committees (as specified in Regulation 26 of the Listing Regulations), across all the Indian public limited companies in which he/she is a Director.

SI. No	Name of the Director	Designation	Category
1	Mr. H.L. Zutshi	Chairman	Independent Director
2	Mr. N. Radhakrishna Reddy	Managing Director	Executive Director (Promoter)
3	Mr. Jagan Mohan Reddy Nellore	Director	Non - Executive Director (Promoter)
4	Mr. N. Sujith Kumar Reddy	Director	Non - Executive Director (Promoter)
5	Mr. Varun Batra	Director	Independent Director
6	Mr. Brian Jude McNamara¹	Director	Independent Director
7	Ms. Radhika Vijay Haribhakti	Director	Independent Director
8	Ms. Nirmala Reddy	Director	Independent Director

<sup>&</sup>lt;sup>1</sup> Mr. Brian Jude McNamara has been appointed as Director of the Company w.e.f. February 28, 2019.

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

During the year, four Board meetings were held. The details of the attendance of the Directors at the Board meetings held during the Financial Year ended December 31, 2019 and at the last Annual General Meeting (AGM) are given below:

Name of the Director	Number of B	Soard Meetings	Attendance at last AGM
Name of the Director	Held	Attended	Attenuance at last Adivi
Mr. N. Radhakrishna Reddy	4	4	Yes
Mr. Jagan Mohan Reddy Nellore	4	4	Yes
Mr. N. Sujith Kumar Reddy	4	4	Yes
Mr. H. L. Zutshi	4	4	Yes
Ms. Radhika Vijay Haribhakti	4	4	Yes
Ms. Nirmala Reddy	4	4	Yes
Mr. Varun Batra	4	4	Yes
Mr. Brian Jude McNamara <sup>1</sup>	3	3	Yes
Mr. S. L. Rao <sup>2</sup>	1	1	N.A

<sup>&</sup>lt;sup>1</sup> Mr. Brian Jude McNamara was appointed as an Independent Director of the Company w.e.f. February 28, 2019.

#### c. Other Directorships

The number of Directorships and memberships in the Committees of other Companies held by the Directors as on December 31, 2019 are as under:

Name of the Discosters	No of other Directors bires	In other Publi	In other Public Companies**		
Name of the Director	No. of other Directorships*	Membership	Chairmanship		
Mr. N. Radhakrishna Reddy	9	-	-		
Mr. Jagan Mohan Reddy Nellore	7	2	-		
Mr. N. Sujith Kumar Reddy	9	-	-		
Mr. H. L. Zutshi	-	-	-		
Mr. Varun Batra	1	-	-		
Mr. Brian Jude McNamara	-	-	-		
Ms. Radhika Vijay Haribhakti	5	7	1		
Ms. Nirmala Reddy	4	2	1		

<sup>\*</sup> Includes Directorships in the Companies incorporated under the Companies Act, 1956/2013.

#### Names of the Listed Companies wherein the Directors of the Company are Directors

SI. No	Name of the Director	No. of Directorships in other Listed Companies	Name of the other Listed Companies in which Directors of the Company are Directors
1	Mr. N. Radhakrishna Reddy	Nil	NA
2	Mr. Jagan Mohan Reddy Nellore	Nil	NA
3	Mr. N. Sujith Kumar Reddy	Nil	NA
4	Mr. H.L. Žutshi	Nil	NA
5	Mr. Varun Batra	Nil	NA
6	Mr. Brian Jude McNamara	Nil	NA
7	Ms. Nirmala Reddy	Nil	NA
8	Ms. Radhika Vijay Haribhakti	5	1. Navin Fluorine International Limited -
			Independent Director
			2. EIH Associated Hotels Limited-
			Independent Director
			3. ICRA Ltd-
			Independent Director
			4. Adani Ports and Special Economic Zone Limited-
			Independent Director
			5. Mahanagar Gas Ltd-
			Independent Director

<sup>&</sup>lt;sup>2</sup> Mr. S. L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019.

<sup>\*\*</sup> Includes only Audit Committee and Stakeholders Relationship Committee (Excluding Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013/Section 25 of the Companies Act, 1956).

#### d. Board Process

A detailed Agenda, setting out the business to be transacted at the Meeting(s), supported by detailed Notes and Presentations is sent to each Director at least seven days before the date of the Board Meeting(s) and of the Committee Meeting(s). Draft agenda of Board and Committee Meeting(s) is also circulated to the Directors seeking their comments before finalization of agenda. Video conferencing facilities are provided to enable Directors who are unable to attend the meetings in person, to participate in the meeting via video conferencing. To enable the Board to discharge its responsibilities effectively and take informed decisions, the Management apprises the Board through a presentation at every Meeting on the overall performance of the Company.

The Board also, inter alia, periodically reviews strategy and business plans, annual operating and capital expenditure budget(s), investment and exposure limit(s), compliance report(s) of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, performance of operating divisions, review of major legal issues, minutes of the Committees of the Board and of Board Meetings of the Company's subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, approval of quarterly / half-yearly / annual results, significant labour problems and their proposed solutions, safety and risk management, transactions pertaining to purchase/disposal of property(ies), sale of investments, major accounting provisions and write-offs, fatal or serious accidents, any material effluent or pollution problems, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature, including judgement or order which may have passed strictures on the conduct of the Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement. The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

The Company has well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision making process at the Meetings in an informed and efficient manner. Apart from Board Members and the Company Secretary, the Board and Committee Meetings are also attended by the Chief Financial Officer and wherever required by the Heads of various Corporate Functions.

#### e. Number of Board Meetings

Four Board Meetings were held during the Financial Year ended December 31, 2019. 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 27, 2019, May 8, 2019, August 13, 2019 and November 13, 2019.

### f. Disclosure of relationship between Directors inter-se

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

#### g. Shares held by Non-Executive Directors

The number of equity shares of the Company held by Non-Executive Directors, as on December 31, 2019 are as follows:

Name of the Director	No. of Equity Shares (face value ₹ 2 each) held in the Company		
Mr. Jagan Mohan Reddy Nellore	100		
Mr. N. Sujith Kumar Reddy	10,028,770		
Mr. H. L. Zutshi	NIL		
Mr. Varun Batra	NIL		
Mr. Brian Jude McNamara	NIL		
Ms. Radhika Vijay Haribhakti	NIL		
Ms. Nirmala Reddy	NIL		

#### h. 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, Internal Auditors and senior management 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 Independent Directors have attended the Master class for Directors organized by Institute of Directors, New Delhi.

The details of familiarization programme attended by Independent Directors is available on the website: http://www.rain-industries.com

#### i. Given below is the chart setting out the skills/expertise/competence of the Board of Directors:

SI. No.	Name of the Director	Category	Specialization
1	Mr. H. L. Zutshi	Chairman - Independent Director	He has more than 51 years of experience in
			Manufacturing Industry.
2	Mr. N. Radhakrishna Reddy	Managing Director (Promoter)	He has more than 51 years of experience in
			Construction and Cement Industry.
3	Mr. Jagan Mohan Reddy Nellore	Director (Promoter)	He has more than 26 years of experience in finance,
			commercial and manufacturing areas.
4	Mr. N. Sujith Kumar Reddy	Director (Promoter)	He has more than 25 years of experience in
			manufacturing and Construction Industry.
5	Mr. Varun Batra	Independent Director	He is a Senior finance professional with more
			than 29 years of experience in the fields of Private
			Equity, Special Situations, Corporate Finance &
			Capital Markets, Credit & Relationship management
			across various Corporate & Financial Institutional
			customers.
6	Mr. Brian Jude McNamara	Independent Director	He is a former banker with a 30 year career in
			project finance, corporate finance and investment
			management.
7	Ms. Radhika Vijay Haribhakti	Independent Director	She has over 31 years of experience in Commercial
			and Investment Banking.
8	Ms. Nirmala Reddy	Independent Director	She has more than 46 years of experience in Banking,
			Finance and Project appraisal.

#### i. Confirmation from the Board

All the Independent Directors of the Company have given their respective declaration/disclosures under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations and have confirmed that they fulfill the independence criteria as specified under section 149(6) of the Act and Regulation 16 of the Listing Regulations and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Further, the Board after taking these declaration/disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

k. During the year, Mr. S.L. Rao an Independent Director has resigned from the Directorship of the Company with effect from March 15, 2019 due to advancing age and falling health and he further confirmed that there no other reason other than the reason mentioned above for his resignation.

#### **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. H. L. Zutshi, Chairman (Independent Director)

Mr. H. L. Zutshi (77 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 Refinery 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, Luxembourg 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.

#### • Mr. N. Radhakrishna Reddy, Managing Director

Mr. N. Radhakrishna Reddy (77 years) is the Managing Director of Rain Industries Limited. He has more than 51 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, Managing Director is the father of Mr. Jagan Mohan Reddy Nellore, 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, Director

Mr. Jagan Mohan Reddy Nellore (53 years) brings with him 27 years of experience to the Company in the finance, commercial and operations areas. Mr. Nellore is presently the 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 Chief Executive Officer (CEO) of Rain Carbon Inc. and 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. Jagan Mohan Reddy Nellore, Director is the son of Mr. N. Radhakrishna Reddy, Managing Director and brother of Mr. N. Sujith Kumar Reddy, Director . Other than the said Directors, he is not related to any other Director.

#### Mr. N. Sujith Kumar Reddy, Non-Executive Director

Mr. N. Sujith Kumar Reddy (48 Years) holds a Bachelor's degree in Commerce. He has more than 25 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, Managing Director and brother of Mr. Jagan Mohan Reddy Nellore, Director. Other than the said Directors, he is not related to any other Director.

#### Mr. Varun Batra, Independent Director

Mr. Varun Batra (53 years) is a Senior finance professional with more than 29 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. Batra 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 customers Non-Bank Financial Institutions.

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

He is a Member of the Board of Starkarma Realty Holdings India Private Limited.

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

#### • Mr. Brian Jude McNamara, Independent Director

Mr. Brian Jude McNamara (57 years) is a former banker with 31 years of experience in project finance, corporate finance and investment management. Mr. McNamara worked in investment operations at International Finance Corporation (IFC) in Washington D.C. from 1991 to 2015 with responsibility for investment strategy, business development and project financing for a range of sectors across emerging markets including chemicals, textiles, general manufacturing and mining. He has extensive investment experience in project evaluation, financial structuring and investment management across the chemicals, fertilizers, carbon black, plastics, fibers, specialty chemicals and primary metals industries.

Mr. McNamara is an independent Director and Chairman of the Audit Committee of the company's wholly owned subsidiary Rain Carbon Inc. Prior to joining IFC Mr. McNamara worked in the corporate finance division of Solvay Chemicals (Belgium) and in banking and investment management in Brussels, Belgium and Dublin, Ireland.

Mr. McNamara holds a bachelor's degree in economics and philosophy from Bristol University in England, and a master's degree in finance and banking from University College Dublin in Ireland.

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

#### • Ms. Nirmala Reddy, Independent Director

Ms. Nirmala Reddy worked as a Financial Sector consultant for the World Bank, Washington DC during 1995-2006. Her assignments were on credit intermediation, sustainability, privatisation, appraisal of development banks and financial institutions in projects located in Mongolia, Guyana, Egypt, and Jordan. She also worked on projects for the Asian Development Bank in Thailand and the African Development Bank in Côte d'Ivoire.

Earlier, she was a career banker having joined the State Bank as a probationary officer in 1969. She has twenty two years of experience in banking operations, foreign exchange, as head of merchant banking, in her career with Vijaya Bank and served as Director, correspondent banking with American Express Bank Ltd. Bombay.

She was trained in the Bank's branches in New York, London, and Frankfurt.

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

She is presently a Director on the Board of RAIN Industries Limited (Listed company) and is also a Director on the Board of its two subsidiaries namely RAIN Cements Ltd. and RAIN CII Carbon (Vizag) Limited.

She is the Chairperson of Audit Committee, Member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee of Rain Industries Limited, Chairperson of Audit Committee and Nomination and Remuneration Committee of Rain CII Carbon (Vizag) Limited and Member of Audit Committee and Nomination and Remuneration Committee of Rain Cements Limited.

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

#### • Ms. Radhika Vijay Haribhakti, Independent Director

Ms. Radhika Haribhakti (62 years) has over 31 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 Ltd, EIH Associated Hotels Ltd, ICRA Ltd, Navin Fluorine International Ltd and Mahanagar Gas Limited.

She is the Chairperson of the Audit Committee of EIH Associated Hotels Ltd, member of Audit Committee, Risk Management Committee and Chairperson of Nomination & Remuneration 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 Audit Committee and Stakeholders' Relationship Committee of Navin Fluorine International Limited and Member

of Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Performance Review Board Committee and Chairperson of Corporate Social Responsibility Committee of Mahanagar Gas Limited.

She has also been closely involved with issues of women empowerment and financial inclusion 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), a pioneer in the Microfinance Sector in India that supported several startups grow into leading Micro Finance Institutions. She has also Chaired the Board of Swadhaar Finaccess, engaged in promoting financial literacy amongst women in economically disadvantaged communities. She has also served on the Governing Council and Jury 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.

#### 2. Audit Committee

- a. Brief description of terms of reference:
  The terms of reference of the Audit
  Committee are as under:
  - 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;
  - 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:
    - 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;
- Changes, if any, in accounting policies and practices and reasons for the same;
- 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; and
- g. modified opinion in the draft audit report.
- 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;
- 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.
  - 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 5 Independent Directors with Ms. Nirmala Reddy, Independent Director as its Chairperson.

Composition of Audit Committee:

Name of the Director	Designation
Ms. Nirmala Reddy	Chairperson
Mr. H. L. Zutshi	Member
Mr. Brian Jude McNamara	Member
Mr. Varun Batra	Member
Ms. Radhika Vijay Haribhakti	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.
- As required under the Secretarial Standards, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him on his behalf shall attend the General Meeting of the Company. Mr. H.L. Zutshi, Chairman of the Audit Committee, was present at the 44th AGM of the Company held on 8th May, 2019 to address the Shareholders' queries pertaining to Annual Accounts of the Company.
- The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.
- Audit Committee meetings held and attendance during the Financial year ended December 31, 2019
  - Four Audit Committee Meetings were held during the Financial Year ended December 31, 2019. 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 26, 2019, May 7, 2019, August 13, 2019 and November 12, 2019.
- Attendance at the Audit Committee Meetings:

Name of the Director	Designation	Number	of Meetings
	Designation	Held	Attended
Ms. Nirmala Reddy	Chairperson	4	4
Mr. H. L. Zutshi	Member	4	4
Mr. S. L. Rao <sup>1</sup>	Member	1	1
Ms. Radhika Vijay Haribhakti	Member	4	3
Mr. Varun Batra	Member	4	4
Mr. Brian Jude McNamara <sup>2</sup>	Member	3	3

<sup>&</sup>lt;sup>1</sup> Mr. S.L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019.

<sup>&</sup>lt;sup>2</sup> Mr. Brian Jude McNamara was appointed as Director of the Company w.e.f. February 28, 2019.

#### 3. 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;
    - Evaluation of Independent Directors and 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 5 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. H. L. Zutshi	Member
Mr. Varun Batra	Member
Mr. Brian Jude McNamara	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.

As per section 178(7) of the Act and Secretarial Standards, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. The Chairperson of the Committee, Ms. Radhika Vijay Haribhakti was present at the 44th AGM of the Company held on 8th May, 2019.

### c. Nomination and Remuneration Committee meetings

- Two Nomination and Remuneration Committee Meetings were held during the Financial Year ended December 31, 2019.
- The Nomination and Remuneration Committee Meetings were held on February 26, 2019 and November 12, 2019.

Attendance at the Nomination and Remuneration Committee Meetings:

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

 $<sup>^{\</sup>rm 1}$  Mr. S. L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019.

#### 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.

 $<sup>^2</sup>$  Mr. Brian Jude McNamara was appointed as member of the Nomination and Remuneration Committee with effect from February 28, 2019.

### e. The Criteria for Evaluation of Independent Directors is given below:

- (a) Qualifications: Professional qualifications;
- (b) Experience: Experience relevant to the entity;
- (c) Knowledge and Competency:
  - (i) How the person fares for effective functioning of the entity and the Board; and
  - (ii) Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates;
- (d) Fulfillment of functions: Whether the person understands and fulfills the functions assigned to him/her as by the Board and the law;
- (e) Ability to function as a team: Whether the person is able to function as an effective team- member;
- Initiative: Whether the person actively takes initiative with respect to various areas;
- (g) Availability and attendance: Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay;
- (h) Commitment: Whether the person is adequately committed to the Board and the entity;
- Contribution: Whether the person contributed effectively to the entity and in the Board meetings;
- (j) Integrity: Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.);
- (k) Independence: Whether person is independent from the entity and the other directors and there is no conflict of interest; and
- Independent views and judgment: Whether the person exercises his/ her own judgment and voices opinion freely.

#### f. 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, interalia, 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.

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 SEBI.

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:

- 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.

#### 4. Meeting of Independent Directors

A separate meeting of the Independent Directors was held on November 12, 2019 under the Chairmanship of Mr. Varun Batra, Independent Director, inter-alia, to discuss evaluation of the performance of Non-Independent Directors, Managing Director, 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 timeliness 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.

#### 5. Lead Independent Director

The Board has appointed Mr. Varun Batra, Chairperson of the Independent Directors Meeting, as the Lead

Independent Director. The role of the lead Independent Director is to provide leadership to the Independent Directors, liaise on behalf of the Independent Directors and ensure the Board's effectiveness to maintain high-quality governance of the organization and the effective functioning of the Board.

#### 6. Succession planning

The Nomination and Remuneration Committee works with the Board on succession plan to ensure orderly succession in appointments to the Board and in the senior management. The Company strives to maintain an appropriate balance of skills and experience within Board of Directors and the organization to introduce new perspectives while maintaining experience and continuity.

#### 7. Remuneration of Directors

- There were no pecuniary transactions with any Non-Executive Director of the Company.
- b. The criteria for making payment to Non-Executive Directors is available on the website of the Company i.e., www.rain-industries.com
- c. 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 Financial Year ended December 31, 2019:

(In ₹. Million)

				(111 \. WITH 1011)
Name of the Director	Sitting Fee	s C	ommission	Total Amount
Mr. H. L. Zutshi	0.7	6	0.75	1.51
Mr. N. Radhakrishna Reddy¹	0.1	0	-	0.10
Mr. Varun Batra	0.7	6	0.75	1.51
Mr. Brian Jude McNamara <sup>2</sup>	0.5	4	0.725	1.27
Ms. Radhika Vijay Haribhakti	0.6	4	0.75	1.39
Ms. Nirmala Reddy	0.8	2	0.75	1.57
Mr. S. L. Rao <sup>3</sup>	0.2	2	0.25	0.47
Mr. N. Sujith Kumar Reddy		-	-	-
Mr. Jagan Mohan Reddy Nellore <sup>4</sup>		-	-	

<sup>&</sup>lt;sup>1</sup> Mr. N. Radhakrishna Reddy has been appointed as Managing Director of the Company for a period of 3 years with effect from March 31, 2019 (i.e., from March 31, 2019 to March 30, 2022).

<sup>&</sup>lt;sup>2</sup> Mr. Brian Jude McNamara has been appointed as Director of the Company w.e.f. February 28, 2019.

<sup>&</sup>lt;sup>3</sup> Mr. S.L. Rao resigned from the Directorship of the Company w.e.f. March 15, 2019.

<sup>&</sup>lt;sup>4</sup> Mr. Jagan Mohan Reddy Nellore resigned from the position of Managing Director but continues to be Director of the Company with effect from March 31, 2019.

#### d. The Remuneration paid to the Whole-time Director during the year is as follows:

/-	_		
(In	₹.	Mil	lion)

Name of the Director and Designation	Salary	Benefits	Bonuses	Pension	Commission	Performance linked incentives	Performance criteria	Service contracts	Notice period	Total
Mr. N.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Appointed	3	Nil
Radhakrishna								for a	Months	
Reddy								period of 3		
Managing								years		
Director 1										
Mr. Jagan	3.91*	0.25*	Nil	Nil	Nil	Nil	Nil	Appointed	3	4.16
Mohan Reddy								for a	Months	
Nellore,								period of 5		
Director 2								years		

<sup>&</sup>lt;sup>1</sup> Mr. N. Radhakrishna Reddy has been appointed as Managing Director of the Company for a period of 3 years with effect from March 31, 2019 (i.e., from March 31, 2019 to March 30, 2022).

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

#### 8. Stakeholders Relationship Committee

#### a. Composition

The Committee consists of the following Directors

Name of the Director	Designation
Mr. N. Sujith Kumar Reddy	Chairman
	(Non-Executive Director)
Mr. N. Radhakrishna Reddy	Member
Mr. Jagan Mohan Reddy Nellore	Member
Ms. Nirmala Reddy	Member
	(Independent Director)

#### b. Terms of Reference

- Resolving the grievances of the security holders including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, nonreceipt of new/duplicate certificates, etc.
- (ii) Review of measures taken for effective exercise of voting rights by shareholders.
- (iii) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (iv) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual

reports/statutory notices by the shareholders of the Company.

As per section 178(7) of the Act and the Secretarial Standards, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. The Chairman of the Committee, Mr. N. Sujith Kumar Reddy was present at the 44<sup>th</sup> AGM of the Company held on 8<sup>th</sup> May, 2019.

#### 9. Share Transfer Committee

#### a. Composition

The Committee consists of the following Directors

Name of the Director	Designation
	Chairman
	(Non-Executive Director)
	Member
Mr. Jagan Mohan Reddy Nellore	Member

#### b. Terms of Reference

- The Share Transfer Committee shall approve securities transfers/transmissions, split of Share Certificates, division and consolidation of share certificates, issue of duplicate Share Certificates, deletion of names, etc.; and
- The Committee oversees the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.
- Name and designation of Compliance Officer
   Mr. S. Venkat Ramana Reddy, Company Secretary

<sup>&</sup>lt;sup>2</sup> Mr. Jagan Mohan Reddy Nellore resigned from the position of Managing Director but continues to be Director of the Company with effect from March 31, 2019.

<sup>\*</sup>Salary and Benefits paid for the period January 01, 2019 to March 30, 2019.

### d. Number of Shareholders complaints received and resolved so far.

During the year ended December 31, 2019, the Company has received 442 and resolved 442 complaints.

- Number of complaints not resolved to the satisfaction of shareholders is Nil.
- f. Pending complaints as at the year end: NIL
- g. Email-id for Investor Grievances: secretarial@rain-industries.com

#### 10. 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 31 December	Date	Time	Venue
2018	May 8, 2019	3.00 P.M.	KLN Prasad Auditorium, The Federation of Telangana
2017 2016	May 11, 2018 May 5, 2017	3.00 P.M. 3.00 P.M.	and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI), Red Hills, Hyderabad-500004, Telangana State, India.

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

Year	Date	Time	Special Resolutions Passed
2018	May 8, 2019	3.00 P.M.	1. Re-appointment of Ms. Nirmala Reddy as an Independent Director.
			2. Appointment of Mr. N. Radhakrishna Reddy as
			Managing Director. 3. Authorisation to the Board of Directors to pay
			Commission to the Non-Executive Directors.
2017	May 11, 2018	3.00 P.M.	To re-appoint Ms. Radhika Vijay Haribhakti as an
			Independent Director
2016	May 5, 2017	3.00 P.M.	To amend the Object Clause of Memorandum of
			Association

c) No Extraordinary General Meeting was held during the past 3 years. No Special Resolution(s) requiring a Postal Ballot was passed last year or is being proposed at the ensuing AGM.

#### 11. Means of Communication

The Company recognizes the importance of two way communication with shareholders and of giving a balanced reporting of results and progress. Full and timely disclosure of information regarding the Company's financial position and performance is an important part of the Company's corporate governance ethos.

The Company follows a robust process of communicating with its stakeholders, security holders and investors through multiple channels of communications such as dissemination of information on the website of the Company and Stock Exchanges, Press Releases, Annual Reports and uploading relevant information on its website.

The unaudited quarterly results are announced within forty- five days of the close of each quarter, other than the last quarter. The audited annual results are announced within sixty days from the end of the financial

year as required under the Listing Regulations. The aforesaid financial results are announced to the Stock Exchanges within the statutory time period from the conclusion of the Board Meeting(s) at which these are considered and approved.

The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the Listing Regulations including material information having a bearing on the performance/ operations of the Company and other price sensitive information. All information is filed electronically on the online portal of BSE Limited – Corporate Compliance & Listing Centre (BSE Listing Centre) and on the online portal of National Stock Exchange of India Limited – NSE's Electronic Application Processing System (NEAPS).

Regular Presentations are also made to investors and analysts. These presentations and other disclosures which are required to be disseminated on the Company's website under the Listing Regulations have been uploaded on the website of the Company, viz.: https://rain-industries.com/investors/#events-presentations

The Annual Report of the Company, the quarterly/half-yearly and the audited financial statements and the official news releases of the Company are also disseminated on the Company's website. The quarterly, half-yearly and yearly results are also published in Business Standard (English daily all editions) and Andhra Prabha (Telugu daily all editions).

#### 12. General Shareholder information

a) Annual General Meeting: 45th Annual General Meeting

**Date** : August 13, 2020

Time : 11.00 a.m.

**Venue** : KLN Prasad Auditorium,

The Federation of Telangana Chambers of Commerce & Industry (FTCCI), Red Hills, Hyderabad-500 004, Telangana State, India.

b) Financial Year: January 1, 2020 to December 31, 2020.

Tentative Schedule for considering Financial Results:

For the Quarter ending : April / May, 2020

March 31, 2020

For the Quarter ending : July / August, 2020

June 30, 2020

For the Quarter ending : October / November, 2020

September 30, 2020

For the Quarter/Year ending : January / February, 2021

December 31, 2020

c) Dividend Payment Date: NA

d) Listing on Stock Exchanges: Company's equity shares are listed at:

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

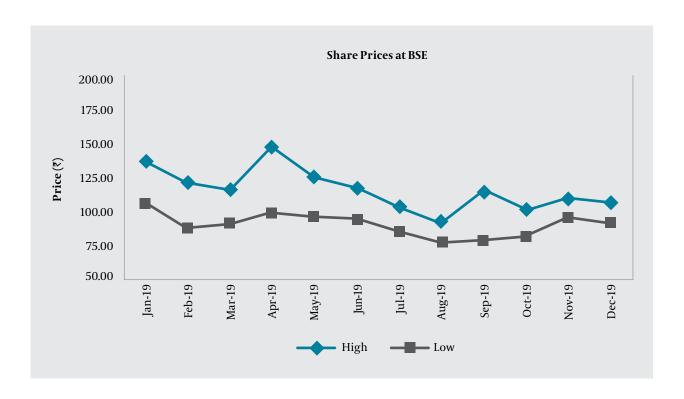
The listing fees for the year 2019 - 20 has been paid to the above stock exchanges.

#### 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			NSE		
Month	High (₹)	gh(₹) Low(₹) No. of Equity Shares traded High(₹)		Low (₹)	No. of Equity Shares traded	
January, 2019	136.65	106.30	2,411,555	137.00	106.35	15,341,712
February, 2019	121.00	88.20	3,461,090	120.80	88.00	23,929,266
March, 2019	116.60	91.50	4,391,267	116.45	91.70	28,710,325
April, 2019	148.00	98.40	6,927,579	147.80	98.50	55,767,213
May, 2019	125.90	95.65	4,934,118	125.70	95.40	41,377,723
June, 2019	117.45	94.00	1,833,408	117.40	94.10	14,913,243
July, 2019	103.10	84.40	1,846,780	103.30	84.25	14,987,881
August, 2019	91.45	77.05	989,024	91.45	77.05	10,861,902
September, 2019	114.10	78.70	4,580,769	114.35	78.55	38,120,887
October, 2019	101.40	81.00	1,662,655	100.85	82.80	15,406,909
November, 2019	109.60	96.15	4,842,549	109.60	96.00	27,441,462
December, 2019	105.60	91.45	1,132,526	105.50	91.55	12,066,836





#### 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)

#### KFin Technologies 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;

#### k) Distribution of Shareholding:

Shareholding pattern as on December 31, 2019

Phone: +91 4067162222 E-mail: einward.ris@kfintech.com Website: www.kfintech.com

#### j) Share Transfer System

The physical share transfers and transmissions 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 Share Transfer Committee and are noted at Board Meetings.

SI. No.	Category	No. of Shares held	Percentage of shareholding
1	Promoters/Directors/ Associates	138,230,536	41.10
2	Mutual Funds	2,927,139	0.87
3	Financial Institutions and Banks	1,039,762	0.31
4	Foreign Portfolio Investors	46,983,450	13.97
5	Bodies Corporate	29,410,839	8.74
6	Trusts	5,818	0.00
7	NBFC Registered with RBI	25,300	0.01
8	NRIs	14,287,162	4.25
9	Clearing Members	477,739	0.14
10	Investor Education Protection Fund (IEPF) A/c	2,872,011	0.85
11	Unclaimed Suspense Account	789,525	0.23
12	Indian Public	99,296,398	29.53
	Total	336,345,679	100.00

Distribution of shareholding according to nominal value as on December 31, 2019

Share Holding of	Shareholder		Shares	Shareholding	
nominal value of	Number	% to total No.	Silares	In (₹)	% to Total Amount
1-5000	129,071	96.35	35,696,394	71,392,788	10.61
5001-10000	2,473	1.85	9,125,276	18,250,552	2.71
10001-20000	1,140	0.85	8,338,934	16,677,868	2.48
20001-30000	401	0.30	5,060,633	10,121,266	1.50
30001-40000	199	0.15	3,510,936	7,021,872	1.04
40001-50000	147	0.11	3,343,343	6,686,686	0.99
50001-100000	226	0.17	8,001,935	16,003,870	2.38
100001& Above	310	0.23	263,268,228	526,536,456	78.27
TOTAL	133,967	100.00	336,345,679	672,691,358	100.00

#### I) 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).

329,867,449 equity shares were dematerialised representing 98.07% of the total paid up equity share capital of the Company as on December 31, 2019.

ISIN: INE855B01025

m) There are no outstanding Global Depository Receipts/ American Depository Receipts or Warrants or any convertible instruments as on December 31, 2019.

#### Commodity Price Risk or Foreign Exchange risk and hedging activities

The Company is not directly subject to commodity price risks, Company's payables and receivables are in foreign currency and due to fluctuations in foreign exchange prices, it is subject to foreign exchange risks. The Company and its subsidiaries have in place a robust risk management framework for identification and monitoring and mitigation of commodity price and foreign exchange risks. The risks are tracked and monitored on a regular basis and mitigation strategies are adopted in line with the risk management framework. The detailed impact on the above risks is explained in the MD&A Report

- 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

 $\pmb{E\text{-}mail:} secretarial@rain\text{-}industries.com$ 

(for investor grievance);

Website: www.rain-industries.com

#### q) Credit Rating

Given below are the ratings given to the Company by India Ratings & Research during the Financial Year ended December 31. 2019:

(i) Long term borrowing: IND A/Stable.

#### 13. Other Disclosures

#### a) Related Party Transactions

Transactions with related parties are disclosed in the Notes to Accounts in the Financial Statements. 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 Company has not entered into any transaction with any person or entity belonging to the Promoter/Promoter Group which hold(s) 10% or more shareholding in the Company.

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

#### b) Material Related Party Transactions

During the year ended December 31, 2019, there were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. The transactions with related parties are disclosed in the Note 30 to the Annual Accounts.

#### c) Details of non-compliance etc.,

A Statement on Compliance with all Laws and Regulations certified by the Managing Director and Company Secretary are placed at the meetings of the Board of Directors for their review.

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.

### d) 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 for all stakeholders including Directors, 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: https://rainindustries.com/investors/#policies

The ombudsman had not received any complaint during the Financial Year ended December 31, 2019.

- e) The policy for determining 'material' subsidiaries is available on the website of the Company https://rainindustries.com/investors/#policies
- f) The policy on dealing with related party transactions is available on the website of the Company: https:// rain-industries.com/investors/#policies
- g) The Company has not raised any funds through preferential allotment or qualified institutions placement during the Financial Year ended December 31, 2019.
- h) A certificate from a Company Secretary in Practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by SEBI or Ministry of Corporate Affairs or any such statutory authority is enclosed to this report.
- There has been no such incidence where the Board has not accepted the recommendation of the Committees of the Company during the year under review.

Given below are the details of fees paid to BSR & Associates LLP, Chartered Accountant, Statutory Auditors of the Company on a consolidated basis during the Financial Year ended December 31, 2019:

SI. No.	Payments to the Statutory Auditors (excluding taxes)	Fees paid in ₹ Million
1	Statutory Audit fees paid	6.02
	for Audit of the Company	
	and Subsidiary Companies	
	situated in India	
2	Fees paid for Limited	8.17
	review of the Company	
	and Subsidiary Companies	
	situated in India and	
	outside India	
3	Statutory Audit fees paid	46.77
	for Audit of Subsidiary	
	Companies situated outside	
	India	
4	Fees paid for other services	10.71
5	Reimbursement of expenses	2.64
	Total	74.31

j) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

SI. No.	Particulars	No.
1	Number of complaints on	Nil
	Sexual harassment received	
	during the year	
2	Number of Complaints	Not Applicable
	disposed off during the year	
3	Number of cases pending as	Not Applicable
	on end of the Financial Year	

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

# 15. 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) The position of Chairman of the Board of Directors and that of Managing Director are separate.
- ii) The audit report of the Company's Financial Statements for the year ended December 31, 2019 were unmodified (Unqualified).
- iii) Internal Auditor of the Company reports directly to the Audit Committee.

### 16. 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
17A	Maximum number 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
24A	Secretarial Compliance & Audit Report	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

#### 17. 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.

#### 18. Subsidiary Companies

Regulation 16 of the Listing Regulations defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated

income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, Rain Cements Limited, Rain CII Carbon (Vizag) Limited and Rain Carbon Inc. (Foreign Body Corporate) are material subsidiaries of the Company.

The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and adequate resources. For more effective governance, the minutes of Board Meetings and Financial Statements of subsidiaries of the Company are placed before the Audit Committee and Board of Directors of the Company for their review at every quarterly Meeting.

In addition to the above, Regulation 24 of the Listing Regulations requires that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. For the purpose of this provision, material subsidiary means a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

An Independent Director of the Company is also Director on the Board of these material subsidiaries

The other requirements of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for Subsidiary Companies have been complied with.

#### 19. 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.

#### 20. 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.

### 21. Disclosure with Respect to Demat suspense Account/ Unclaimed Suspense Account

Unclaimed Equity shares are held in Rain Industries Limited suspense account maintained with Stock Holding Corporation of India Limited, G6-G10, East Block, Swarna, Jayanthi Commercial Comp Next, Ameerpet, Hyderabad, Telangana 500002 vide DP ID: IN301330 and Client ID: 40195702.

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	590	872,940
	account lying at the beginning of the year i.e., January 1, 2019.		
2	No. of shareholders who approached the Company for transfer of shares from	16	16,785
	Unclaimed Suspense account during the year.		
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense	16	16,785
	account during the year.		
4	Transferred to Investor Education and Protection fund Authority	73	66,630
5	Aggregate number of shareholders and the outstanding shares lying in the	501	789,525
	Unclaimed Suspense account at the end of the year i.e., December 31, 2019 (1-3-4).		

The voting rights on the shares outstanding in the suspense account as on December 31, 2019 shall remain frozen till the rightful owner of such shares claim the shares.

### 22. Transfer of Shares to Investor Education and Protection Fund

As per the provisions of Section 124 of the Companies Act, 2013, 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. Accordingly, the Company has transferred 66,630 equity shares to Investor Education and Protection Fund during the Financial Year ended December 31, 2019.

### 23. Proceeds from public issues, rights issues, preferential issues, etc.

During the year ended December 31, 2019, there were no proceeds from public issues, rights issues, preferential issues, etc.

- **24.** 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 https://rain-industries.com/investors/#policies
- **25.** 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: https://rain-industries.com/investors/#policies
- **26.** The Company has adopted policy on Dividend Distribution. Policy on Dividend Distribution is available on the website of the Company: https://rain-industries.com/investors/#policies.

On behalf of the Board of Directors

for Rain Industries Limited

N. Radhakrishna Reddy Managing Director DIN: 00021052 Jagan Mohan Reddy Nellore
Director

Place: Hyderabad Date: February 28, 2020

DIN: 00017633

# STATUTORY REPORTS

#### **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, 2019.

for Rain Industries Limited

N. Radhakrishna Reddy Managing Director DIN: 00021052

Place: Hyderabad Date: February 28, 2020

#### **CEO AND CFO CERTIFICATE**

#### We hereby certify that:

- a) We have reviewed Audited Financial Statements and the Cash Flow Statement for the Financial Year ended December 31, 2019 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, 2020 N. Radhakrishna Reddy Managing Director DIN: 00021052 T. Srinivasa Rao Chief Financial Officer M. No. F29080

### REPORT ON CORPORATE GOVERNANCE (CONTINUED)

To The Members, Rain Industries Limited, Hyderabad.

### SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015

We, **DVM & Associates LLP**, Practicing Company Secretaries, have examined the registers, records, books and papers (online and physical) of **RAIN INDUSTRIES LIMITED** (**CIN: L26942TG1974PLC001693**) having its Registered Office at "Rain Center", 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on December 31, 2019.

In our opinion and to the best of our information and according to the examinations carried out by us and explanations and representation furnished to us by the Company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority as on December 31, 2019:

S. No.	Name of the Director	Designation	DIN No
1	Mr. H.L. Zutshi	Chairman (Independent Director)	00041002
2	Mr. N. Radhakrishna Reddy	Managing Director	00021052
3	Mr. Jagan Mohan Reddy Nellore	Director	00017633
4	Mr. N. Sujith Kumar Reddy	Director	00022383
5	Mr. Brian Jude McNamara	Independent Director	08339667
6	Mr. Varun Batra	Independent Director	00020526
7	Ms. Radhika Vijay Haribhakti	Independent Director	02409519
8	Ms. Nirmala Reddy	Independent Director	01673128

For DVM & Associates LLP

Company Secretaries L2017KR002100

**DVM Gopal** 

Partner M. No: F6280 CP No: 6798 UDIN: F006280A000595396

Place: Hyderabad Date: February 28, 2020

### INDEPENDENT AUDITOR'S CERTIFICATE ON THE 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 6 June 2019
- 2 Rain Industries Limited ('the Company') requires Independent auditor's certificate on corporate governance as per 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 01 January 2019 to 31 December 2019.

### **Management Responsibility**

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 Management is also responsible for compliance with conditions of corporate governance as stipulated in regulation 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 1 January 2019 to 31 December 2019. 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.

### **Auditor's Responsibility**

- 4 Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the above said compliances of the conditions of the Corporate Governance for the period 01 January 2019 to 31 December 2019.
- We have examined the compliance of the conditions of Corporate Governance by the Company for the period 01 January 2019 to 31 December 2019 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 Standalone IND AS financial statements of the Company.
- 6 We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ("Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of the 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.

### **Restrictions on Use**

This certificate is issued solely for the purpose of complying with regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 01 January 2019 to 31 December 2019 and may not be suitable for any other purpose. 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 BSR & Associates LLP

Chartered Accountants

Firm Registration Number: 116231W/W-100024

### Sriram Mahalingam

Partne

Membership Number: 049642 ICAI UDIN: 20049642AAAAAV5812

Place: Hyderabad Date: February 28, 2020

### **INDEPENDENT AUDITORS' REPORT**

### To the Members of Rain Industries Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

### **OPINION**

We have audited the standalone Ind AS financial statements of Rain Industries Limited ("the Company"), which comprise the standalone balance sheet as at 31 December 2019 and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2019 and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### The key audit matter

### Investments

As disclosed in note 5 of standalone Ind AS financial statements, the Company has investments in subsidiaries and associates of ₹9.169.65 Million.

The said investments are carried at cost less allowance for impairment, if any.

The Management reviews regularly whether there are any indicators of impairment of the said investments by reference to the requirements under Ind AS 36.

The management carries out impairment assessment for each investment by:

 Comparing the carrying value of each investment with the net worth of each company based on audited financials.

As impairment assessment involves significant assumption and judgement, we regard this as Key audit matter

### **BASIS FOR OPINION**

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

### **KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### How the matter was addressed in our audit

In view of the significance of the matter we applied the following audit procedures in this area

- Assessment of whether there were indications of impairment of such investments. We have assessed on whether management has estimated the recoverable amounts of these investments, the assumptions used by the management in making such estimates, and the allowance for impairment.
- Comparison of the carrying values of the company's investment in subsidiaries and associates with their respective net assets value and discussion with management of the performance and their outlook.

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### **OTHER INFORMATION**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of 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, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REOUIREMENTS

- As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143(3) of the Act, we report that:
    - 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 specified under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"

- (B) With respect to the other matters to be included in the Auditors' 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:
  - The Company has disclosed the impact of pending litigations as at 31 December 2019 on its financial position in its standalone Ind AS financial statements - Refer Note 31 to the standalone Ind AS financial statements.
  - 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.
  - iv. The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 December 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

### for BSR & Associates LLP

Chartered Accountants
ICAI Firm Registration No. 116231W/W-100024

### Sriram Mahalingam

Partner

Membership No: 049642 UDIN: 20049642AAAAAR5374

Place: Hyderabad Date: February 28, 2020

### **ANNEXURE A**

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF RAIN INDUSTRIES LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2019

With reference to 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 31 December 2019, 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 annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. In accordance with the program, fixed assets have been physically verified during the year and no material discrepancies were noticed on such physical verification.
  - (c) According to the information and explanations 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 Note 3 to these standalone Ind AS financial statements, are held in the name of the company.
- ii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- iii. The Company has granted unsecured loans to one subsidiary 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 amounts which are overdue for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans given and investments. However, the Company has not provided any guarantees or 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 is 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 is 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, Employees' State Insurance, Income-tax, Goods and Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.
  - According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Incometax, Goods and Service tax, Sales-tax, Value Added Tax and other material statutory dues were in arrears as at 31 December 2019 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no dues of Goods and Service tax, Sales-tax, Value Added Tax which have not been deposited with appropriate authorities on account of any dispute. However, the Company has the following disputed dues with respect to Income tax.

### **ANNEXURE A**

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF RAIN INDUSTRIES LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2019 (CONTINUED)

Name of the Statute	Nature of Dues	Amount in millions ()	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax and interest	91.24	AY 2004-05	Honorable High Court of Judicature at Hyderabad for
		(91.24)		the State of Telangana and the State of Andhra Pradesh
Income-tax Act, 1961	Income-tax and interest	25.61	AY 2008-09	Honorable High Court of Judicature at Hyderabad for
		(12.8)		the State of Telangana and the State of Andhra Pradesh
Income-tax Act, 1961	Income-tax and interest	167.70	AY 2009-10	Honorable High Court of Judicature at Hyderabad for
		(94.90)		the State of Telangana and the State of Andhra Pradesh
Income-tax Act, 1961	Income-tax and interest	200.44	AY 2010-11	Income Tax Appellate Tribunal
		(10.00)		
Income-tax Act, 1961	Income-tax and interest	51.90	AY 2011-12	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income-tax and interest	32.60	AY 2012-13	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income-tax and interest	18.40	AY 2013-14	Income Tax Appellate Tribunal

(Amount in parenthesis represents amount deposited under protest with respective authority)

- viii. According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans and 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, 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 material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- 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 of the Act.
- xii. The Company is not a Nidhi Company and the Nidhi Rules,2014 are not applicable to it. Accordingly, the provisions of Clause (xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act. The details of such related party transactions have been disclosed in

- Note 30 to the standalone Ind AS financial statements as required under Indian Accounting Standard 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause (xv) of the Order are not applicable to the Company.
- xvi. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) of the Order are not applicable to the Company.

### for BSR & Associates LLP

Chartered Accountants ICAI Firm Registration No. 116231W/W-100024

### Sriram Mahalingam

Partner

Membership No: 049642 UDIN: 20049642AAAAAR5374

Place: Hyderabad Date: February 28, 2020

### **ANNEXURE B**

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF RAIN INDUSTRIES LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2019

Report on the internal financial controls with reference to the aforesaid standalone Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **OPINION**

We have audited the internal financial controls with reference to financial statements of Rain Industries Limited ("the Company") as of 31 December 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 December 2019, based on the internal financial controls with reference to standalone Ind AS financial statements 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 (the "Guidance Note").

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE IND AS FINANCIAL STATEMENTS

A company's internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS

### **ANNEXURE B**

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF RAIN INDUSTRIES LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2019 (CONTINUED)

financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements,

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 with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### for BSR & Associates LLP

Chartered Accountants ICAI Firm Registration No. 116231W/W-100024

### Sriram Mahalingam

Partner

Membership No: 049642 UDIN: 20049642AAAAAR5374

Place: Hyderabad Date: February 28, 2020

### **BALANCE SHEET**

AS AT DECEMBER 31, 2019

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

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS		-	· · · · · · · · · · · · · · · · · · ·
1. Non-current assets			
(a) Property, plant and equipment	3	70.05	74.83
(b) Other Intangible assets	4	1.22	1.30
(c) Financial assets			
(i) Investments	5	9,169.65	9,169.65
(ii) Loans	6	2,281.70	2,904.32
(d) Deferred tax asset (net)	26	1.45	1.45
(e) Non-current tax assets (net)	26	254.04	311.21
(f) Other non-current assets	7	_	0.72
2. Current assets			
(a) Financial assets			
(i) Trade receivables	8	49.92	327.16
(ii) Cash and cash equivalents	9	202.67	18.17
(iii) Bank balances other than cash and cash equivalents	9	42.79	42.82
(iv) Loans	10	686.63	170.98
(v) Other financial assets	11	0.62	55.79
(b) Other current assets	12	2.71	2.34
TOTAL		12,763.45	13,080.74
EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	13	672.69	672.69
(b) Other equity	14	8,504.05	8,485.92
		9,176.74	9,158.61
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	2,699.16	3,308.70
(b) Provisions	16	6.57	4.97
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	17		
(A) total outstanding dues of micro enterprises and small		-	-
enterprises and			
(B) total outstanding dues of creditors other than micro		3.83	315.70
enterprises and small enterprises			
(ii) Other financial liabilities	18	739.88	224.04
(b) Other current liabilities	19	14.88	25.18
(c) Provisions	20	1.30	1.41
(d) Current tax liabilities (net)	26	121.09	42.13
TOTAL		12,763.45	13,080.74
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

ICAI Firm registration number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership number: 049642

Place: Hyderabad Date: February 28, 2020 For and on behalf of the Board of Directors of

Rain Industries Limited CIN: L26942TG1974PLC001693

N Radha Krishna Reddy Managing Director

Managing Director DIN: 00021052

T. Srinivasa Rao Chief Financial Officer M. No.: F29080 Jagan Mohan Reddy Nellore

Director DIN: 00017633

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

### STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 2019

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

		Note	For the year ended December 31, 2019	For the year ended December 31, 2018
1	TOTAL INCOME	21	637.91	1.052.52
	Revenue from operations Other income	21 22	610.16	1,053.53
	Total income	22	1,248.07	1,037.89 2,091.42
	Total income		1,248.07	2,091.42
2	EXPENSES Purchases of stock-in-trade		301.59	725.52
	Employee benefits expense	23	187.16	187.10
	Finance costs	24	186.70	196.08
	Depreciation and amortisation expense	3 & 4	5.86	5.20
	Loss / (gain) on foreign currency transactions and translations (net)	344	8.22	34.28
	Other expenses	25	171.37	169.90
	Total expenses	23	860.90	1,318.08
	Total expenses			1,010,00
3	PROFIT BEFORE TAX (1-2)		387.17	773.34
4	TAX EXPENSE	26		
	1. Current tax		32.78	168.68
	2. Deferred tax		-	-
5	PROFIT FOR THE YEAR (3-4)		354.39	604.66
<b>6</b> A.	<ul> <li>OTHER COMPREHENSIVE INCOME:</li> <li>(i) Items that will not be reclassified subsequently to profit or loss         <ul> <li>Remeasurements of the defined benefit plans</li> </ul> </li> <li>(ii) Income tax relating to items that will not be reclassified to profit or loss</li> </ul>		0.09	0.07
В.	(i) Items that will be reclassified subsequently to profit or loss		_	_
ъ.	(ii) Income tax relating to items that will be reclassified to profit or loss		_	_
	Total Other Comprehensive Income for the year		0.09	0.07
7	TOTAL COMPREHENSIVE INCOME FOR THE YEAR (5+6)		354.48	604.73
8	EARNINGS PER SHARE (FACE VALUE OF ₹ 2/- EACH)	32		
	Basic and Diluted (₹)		1.05	1.80
	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

ICAI Firm registration number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership number: 049642

Place: Hyderabad Date: February 28, 2020 For and on behalf of the Board of Directors of

Rain Industries Limited CIN: L26942TG1974PLC001693

N Radha Krishna Reddy

Managing Director DIN: 00021052

T. Srinivasa Rao
Chief Financial Office

Chief Financial Officer M. No.: F29080 Jagan Mohan Reddy Nellore

Director DIN: 00017633

S. Venkat Ramana Reddy

Company Secretary M. No.: A14143

### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

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

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'n	-	-	٠	ľ
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	f	f	f	٦

					Other equity	ţ			
			Reserv	Reserves and Surplus	SI		Other Compr	Other Comprehensive Income	
Particulars	Equity Share Capital	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	Total
Balance as on January 1, 2019	672.69	4,319.91	47.66	516.67	766.18	617.15	2,219.36	(1.01)	9,158.61
Profit for the year (A) Other comprehensive income (B)	1	1	1	•	•	354.39	1	•	354.39
Remeasurements of defined benefit plans (net of tax)	ı	1	ı		ı	•	ı	0.09	0.09
Total Comprehensive Income for the year (A+B)	•	•				354.39	•	0.00	354.48
Dividends including dividend distribution tax	•	ı	•	Ī	1	(336.35)	•	ı	(336.35)
(Refer note 13(11)) Transfer from retained earnings	•	•		•	35.44	(35.44)	•	I	
Balance as on December 31, 2019	672.69	4,319.91	47.66	216.67	801.62	599.75	2,219.36	(0.92)	9,176.74
					Other equity	ity			
	L		Reserv	Reserves and Surplus	SI		Other Compr	Other Comprehensive Income	
Particulars	Equity Share Capital	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	Total
Balance as on January 1, 2018	672.69	4,319.91	47.66	516.67	705.71	745.65	2,219.36	(1.08)	9,226.57
Profit for the year (A) Other commedencine income (R)	•	1	•	•	•	604.66	•	•	604.66
- Remeasurements of defined benefit plans (net of tax)	1	1	ı		ı	•	1	0.07	0.07
Total Comprehensive Income for the year (A+B)	1	1		•	1	604.66		0.07	604.73
Dividence including dividend distribution (ax (Refer note 13(ii))	ı	•	ı	1	, ,	(677.69)	ı	•	(672.69)
Hanster from retained earnings Balance as on December 31, 2018	672.69	4,319.91	47.66	516.67	766.18	617.15	2,219.36	(1.01)	9,158.61

### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019 (CONTINUED)

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

# (II) DESCRIPTION OF THE PURPOSES OF EACH RESERVE WITHIN EQUITY

### Reserves and Surplus:

- Capital reserve: It consists of pre-acquisition profits. During amalgamation, the excess of net assets taken, over the cost of consideration paid were treated as capital reserve in accordance with previous GAAP. **a**
- Securities premium: 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 **9**
- 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.
- **Retained earnings:** Retained earnings represents the net profits after all distributions and transfers to other reserves.

### Items of Other Comprehensive Income:

T

**e** 

- 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. **e**
- Remeasurements of defined benefit plans: Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets (excluding interest income) 9

For and on behalf of the Board of Directors of

CIN: L26942TG1974PLC001693 Rain Industries Limited

N Radha Krishna Reddy

ICAI Firm registration number: 116231W/W-100024 As per our report of even date attached for B S R & Associates LLP Chartered Accountants

Sriram Mahalingam

Date: February 28, 2020 Place: Hyderabad

Membership number: 049642

S. Venkat Ramana Reddy DIN: 00017633 Chief Financial Officer Managing Director I. Srinivasa Rao DIN: 00021052 M. No.: F29080

**Jagan Mohan Reddy Nellore** 

Company Secretary M. No.: A14143

### STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2019

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

		For the year ended December 31, 2019	For the year ended December 31, 2018
Α.	CASH FLOW FROM OPERATING ACTIVITIES		
Α.	Profit before taxation	387.17	773.34
	Adjustments for:	367.17	773.34
	Depreciation and amortisation expense	5.86	5.20
	Interest and other borrowing costs	186.70	196.08
	Interest income	(231.72)	(180.99)
	Dividend income from non-current investments	(366.34)	(846.26)
	Foreign exchange (gain) / loss, net	8.54	34.05
	Operating loss before working capital changes	(9.79)	(18.58)
	Adjustments for changes in working capital:		
	(Increase) / decrease in operating assets:	255.22	(212.15)
	Trade receivables	277.22	(312.17)
	Loans and other assets	20.65	(24.91)
	Increase / (decrease) in operating liabilities:	(	
	Trade payables	(311.86)	322.31
	Other current liabilities	(10.30)	0.63
	Other financial liabilities	(0.38)	5.15
	Provisions	1.58	1.17
	Cash used in operations	(32.88)	(26.40)
	Income taxes (paid) / refund received, net	164.46	(165.30)
	Net cash from/(used in) operating activities	131.58	(191.70)
В.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of property, plant and equipment, intangible assets including capital advances	(1.00)	(9.16)
	Loans given to subsidiaries		(1,472.90)
	Loans repaid by subsidiaries	172.15	1,492.74
	Bank balances other than cash and cash equivalents	0.03	(3.34)
	Interest received	205.61	183.25
	Dividend received from Subsidiaries	366.34	846.26
	Net cash from investing activities	743.13	1,036.85
C.	CASH FLOW FROM FINANCING ACTIVITIES		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	Proceeds from non-current borrowings	_	1.472.80
	Repayment of non-current borrowings	(172.37)	(1,461.00)
	Interest and other borrowing costs paid	(181.49)	(194.62)
	Dividend paid	(336.35)	(672.69)
	Net cash used in financing activities	(690.21)	(855.51)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	184.50	(10.36)
	Cash and cash equivalents - opening balance	18.17	28.53
	Cash and cash equivalents - closing balance (Refer note 9)	202.67	18.17
Not			10.17
(i)	The above cash flow statement has been prepared under the 'Indirect Method' as set out in the		
(1)			
(**)	Indian Accounting Standard - 7 on Statement on Cash Flows.		
(ii)	Components of Cash and cash equivalents		_
		As at	As at
		December 31, 2019	December 31, 2018
	Cash and cash equivalents		
	Balances with banks:		
	- in current accounts	32.60	18.17
	- in deposit accounts (with original maturity of 3 month or less)	170.07	-
	1	202.67	18.17
(iii)	Comparative figures of the previous year, where necessary, have been regrouped to conform to		10,17
(111)			
	those of the current year.	l	

As per our report of even date attached 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, 2020 For and on behalf of the Board of Directors of

**Rain Industries Limited** 

CIN: L26942TG1974PLC001693

N Radha Krishna Reddy

Managing Director DIN: 00021052

T. Srinivasa Rao

Chief Financial Officer M. No.: F29080 Jagan Mohan Reddy Nellore

Director DIN: 00017633

S. Venkat Ramana Reddy

Company Secretary M. No.: A14143

FORMING PART OF THE FINANCIAL STATEMENTS

### **NOTE 1: CORPORATE OVERVIEW**

Rain Industries Limited ('the Company') was incorporated on March 15, 1974 under the erstwhile Companies Act, 1956 and is domiciled in India with its registered office in Hyderabad. The Company is engaged in sale of products and duty scripts and providing shared 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 (as amended from time to time) notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

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, 2019 have been applied. The accounting policies are applied consistently to all the periods presented in the financial statements.

The standalone financial statements were authorised for issue by the Company's Board of Directors on February 28, 2020.

### (ii) Functional and presentation currency

These Standalone financial statements are presented in Indian Rupees (₹), 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
Certain financial assets and	Fair value
liabilities (refer accounting	
policy regarding financial	
instruments)	
Net defined benefit asset/	Fair value of plan assets
liability	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.

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 29)
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (refer note 31)
- Recognition and recoverability 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 26);
- Useful life of property, plant and equipment (refer note 2 (f))
- Impairment of financial assets and non-financial assets (refer note 27 and 2 (g))
- Expected Credit loss provision for doubtful debts (refer note 27.3)
- Measurement of borrowings at amortised cost (refer note 15)
- Assessment of functional currency (refer note 2(a)(ii))

### 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.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### Assets

An asset is classified as current when it satisfies any of the following criteria:

- 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 noncurrent 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 noncurrent 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.

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:

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

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.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### b) Business combinations

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 noncontrolling 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 statement of 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 statement of profit

and 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.

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)

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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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 fair value through other comprehensive income (FVOCI) as described above are measured at fair value through profit or loss (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

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 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 statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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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 statement of profit and 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 statement of profit and 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.

### 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

Ind AS 115 was issued on March 28, 2018 by Ministry of Corporate affairs and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company applied the modified retrospective method upon adoption of Ind AS 115 on January 1, 2019. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years.

Overall, the application of this standard did not have a material impact on the Company's revenue streams from the sale of goods, sale of duty scripts and service income.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods and sale of duty scripts are recognised at the point in time when control of the goods is transferred to the customer. The revenue is measured

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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on the basis of the consideration defined in the contract with a customer, including variable consideration, such as discounts, volume rebates, or other contractual reductions.

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

### 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 statement of profit and loss.

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under Non-current loans 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 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 statement of profit and 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 higher of its value in use and its fair value less costs to sell. 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 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".

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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### 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) Equity investments in subsidiaries

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

### 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 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 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 statement of profit and loss:

- Service costs comprising current service costs, pastservice 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 and 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

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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 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.

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 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.

### I) 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.

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

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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 statement of profit and loss.

### o) Statement of Cash Flow 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 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 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.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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### g) 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.

Interim dividend is recorded as a liability on the date of declaration by the Board of Directors.

### r) 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', 'Advanced Materials' and 'Cements' as its operating segments in the consolidated financial Statements

### s) Standards issued but not yet effective Ind AS 116 LEASES

In March 2019, MCA issued Ind AS 116 – Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous standard on leasing, Ind AS 17 -Leases. Ind AS 116, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. Ind AS 116 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by Ind AS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognise assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of profit and loss.

As Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

The Company will be adopting Ind AS 116 with effect from January 01, 2020, using the modified retrospective approach. Therefore, it shall recognise a lease liability

at the date of initial application at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and recognise a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Figures for comparative periods will not be restated. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortization for the right-to-use asset, and (b) interest accrued on lease liability.

The Company will use the exemption option available for existing leases and apply the available exemptions regarding the recognition of short-term leases and low value leasing assets. Basis assessment, the Company arrangements under operating leases, which are currently off Balance sheet, will be recorded as right to use assets and the future obligations in respect of such leases will be recorded as a liability in the Balance sheet as at January 1, 2020.

The Company will use following practical expedients of Ind AS 116 at the date of initial application:

- With leases previously classified as operating leases according to Ind AS 17, the lease liability will be measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at January 1, 2020. The respective right-of-use asset is generally recognised at an amount equal to the lease liability;
- An impairment review is not performed for right of use assets. Instead, right-of-use asset is adjusted by the amount of any provision for onerous leases recognised in the Balance sheet;
- Regardless of their original lease term, leases for which the lease term ends latest on December 31, 2020, are recognised as short-term leases;
- 4) At the date of initial application, the measurement of a right-to-use asset excludes the initial direct costs; and
- Hindsight is considered when determining the lease term if the contract contains options to extend or terminate the leases.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Following amendments to certain standards will be effective from financial year beginning April 1, 2019, hence applicable to the Company from January 1, 2020.

### Ind AS 109, Financial Instruments Prepayment of loans

The amendments notified in Ind AS 109 pertain to classification of a financial instrument with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through profit and loss, or fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied. Similarly, the holder may classify them either measured at fair value through profit and loss or measured at amortised cost in accordance with conditions of Ind AS 109.

### 2) Ind AS 12, Income Taxes

### a) Uncertain tax treatment

Another amendment relates to tax consequence of an item whose tax treatment is uncertain. Tax treatment of an item is considered as uncertain when there is uncertainty whether the relevant taxation authority will accept the tax treatment of that item or not. For example, if an entity has not included a particular income in taxable profit, it will be considered as uncertain tax treatment if its acceptability by taxation authority is uncertain. The amendment has been brought by introducing a new Appendix C to Ind AS 12.

If there is uncertainty over tax treatment of an item:

(i) An entity should determine an approach or method that predicts the resolution of the uncertainty. Based on the approach, the entity shall determine whether to consider

- each uncertain tax treatment separately or together with one or more other uncertain tax treatments.
- (ii) It shall assess whether it is probable that the taxation authority will accept the uncertain tax treatment, if the authority has full right to examine the treatment and has full knowledge of all related information.
- (iii) If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/ losses, tax bases, unused tax losses/credits and tax rates. In vice-versa case, the entity shall show the effect of the uncertainty for each uncertain tax treatment on amount of related aforesaid items by using either the most likely outcome or the expected outcome of the uncertainty.

### 3) Ind AS 19, Employee Benefits

When a change to a plan by way of either an amendment, curtailment or settlement takes place, Ind AS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments to Ind AS 19 require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, Ind AS 19 did not specify how to determine these expenses for the period after the change to the plan.

The Company is evaluating impact of above amendments issued by MCA to existing accounting standards.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

		Gross Block	lock			Accumulated Depreciation	epreciation		Net Block	ock
Description	Asat			Asat	Asat	,		Asat	Asat	Asat
-	January 1, 2019	Additions	Deletions	December 31, 2019	January 1, 2019	For the year	Deletions	December 31, 2019	December 31, 2019	December 31, 2018
Tangible assets										
Land - freehold	2.21	•	•	2.21	•	•	•	,	2.21	2.21
Buildings	29.99	•	•	66.67	4.04	1.35	•	5.39	61.28	62.63
Furniture and fixtures	10.22	•	5.35	4.87	10.22	•	5.35	4.87		•
Office equipment	21.06	0.93	0.15	21.84	11.77	4.24	0.15	15.86	5.98	9.29
Vehicles	1.06	•	•	1.06	0.36	0.12	•	0.48	0.58	0.70
Total	101.22	0.93	5.50	96.65	26.39	5.71	5.50	26.60	70.05	74.83

		Gross Block	lock			<b>Accumulated Depreciation</b>	epreciation		Net Block	ock
Description	Asat January 1, 2018	Additions	Deletions	As at December 31, 2018	As at January 1, For the year 2018	For the year	Deletions	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
<b>Tangible assets</b>										
Land - freehold	2.21	•	1	2.21	•	•	i	1	2.21	2.21
Buildings	66.67	•	•	66.67	2.69	1.35	•	4.04	62.63	63.98
Furniture and fixtures	10.22	•	•	10.22	10.22	•	•	10.22	•	•
Office equipment	13.30	7.76	•	21.06	8.14	3.63	1	11.77	9.29	5.16
Vehicles	1.06	•	•	1.06	0.24	0.12	•	0.36	0.70	0.82
Total	93.46	2.76		101.22	21.29	5.10	1	26.39	74.83	72.17

**Notes:**• Movable assets are pledged against borrowings availed from bank. Refer note 15 (ii) for the same.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 4: OTHER INTANGIBLE ASSETS**

		<b>Gross Block</b>	3lock		Ä	Accumulated Amortisation	mortisation		Net Block	lock
Description	Asat January 1, 2019	Additions	Deletions	As at December 31, 2019	As at January 1, 2019	For the year	Deletions	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Other Intangible assets: Software	1.40	0.07	,	1.47	0.10	0.15		0.25	1.22	1.30
Total	1.40	0.07	1	1.47	0.10	0.15		0.25	1.22	1.30
		Gross Block	lock		A	Accumulated Amortisation	mortisation		Net Block	lock
Description	As at January 1, 2018	Additions	Deletions	As at December 31, 2018	As at January 1, 2018	Forthe	Deletions	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Other Intangible assets:		,				7				
Software	•	1.40	'	1.40	•	0.10		0.10	1.30	
Total	•	1.40	•	1.40	•	0.10	-	0.10	1.30	•

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 5: NON-CURRENT INVESTMENTS**

		As at December 31, 2019	As at December 31, 2018
Investmen	nt (unquoted, at cost)		
A. Equity	yshares		
(i) of sub	osidiaries		
Rain	Cements Limited	2,128.10	2,128.10
29,80	5,000 (December 31, 2018 : 29,805,000) Equity Shares of ₹ 10 each fully paid up		
Rain	Commodities (USA) Inc		
20 (D	ecember 31, 2018 : 20) Common Stock at par value of US\$ 0.01 per share fully paid up	4.45	4.45
200,0	00 (December 31, 2018 : 200,000) Class B Redeemable Common Stock at par value of	902.80	902.80
US\$ 1	00 per share fully paid up		
Rain	CII Carbon (Vizag) Limited (refer note c below)	13.00	13.00
	,000 (December 31, 2018 : 1,000,000) Equity Shares of ₹ 10 each fully paid up		
B. Prefe	rence shares		
(i) of sub	osidiaries		
Rain	Commodities (USA) Inc.	6,121.30	6,121.30
97,80	0 (December 31, 2018 : 97,800) Convertible Redeemable Preferred Series - B at par		
value	US\$ 1,000 per share fully paid up		
Total		9,169.65	9,169.65
(a) aggre	gate value of unquoted investments	9,169.65	9,169.65
(b) aggre	gate value of quoted investments	-	-
(c) Invest	tments are pledged with banks against borrowings availed from banks. Refer note		
15 for	the same.		

### **NOTE 6: NON-CURRENT LOANS**

	As at December 31, 2019	As at December 31, 2018
(Unsecured, considered good, unless otherwise stated)		
Loans and advances		
- to related parties (Refer notes below and 30)	2,280.64	2,903.26
Electricity Deposit	1.06	1.06
Total	2,281.70	2,904.32

### Notes:

- A) The term loan of US\$ 30 Million, provided during the year 2016 with repayable terms of 10 quarterly installments starting from November 2019, carries interest of 3 months Libor plus 325 basis points for the year ended December 31, 2019 and 3 months Libor plus 425 basis points for the year ended December 31, 2018. The outstanding loan as at December 31, 2019 is repayable by Rain Commodities (USA) Inc. in 9 quarterly installments. Balance as at December 31, 2019 is ₹ 1,539.43 including current portion of ₹ 684.19 (December 31, 2018: ₹ 1,674.96 including current portion of ₹ 167.50).
- B) The loan of US\$ 20 Million, provided during the financial year ended December 31, 2018, carries interest of 3 months Libor plus 240 basis points for year one and two and interest of 3 months Libor plus 315 basis points for year three. This loan is repayable by Rain Commodities (USA) Inc. as a bullet repayment on October 25, 2021. Balance as at December 31, 2019 is ₹ 1,425.40 (December 31, 2018: ₹ 1,395.80).
- C) These loan were given for the purpose of making investment in subsidiaries outside India.

### **NOTE 7: OTHER NON-CURRENT ASSETS**

	As at	As at
	December 31, 2019	December 31, 2018
Excess contribution to Plan assets for Defined benefit plan (Refer note 29 (b))		0.72
Total	-	0.72

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### **NOTES**

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 8: TRADE RECEIVABLES**

	As at December 31, 2019	As at December 31, 2018
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	49.92	327.16
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired		-
	49.92	327.16
Less: Allowance for doubtful trade receivables		
Total	49.92	327.16

- (i) Trade receivables amounting to ₹ 48.32 (December 31, 2018: ₹ 327.16) are due from related parties. Refer Note 30
- (ii) The company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in Note 27.3 and 27.7

### **NOTE 9: CASH AND BANK BALANCES**

		As at December 31, 2019	As at December 31, 2018
A.	Cash and cash equivalents		
	Balances with banks:		
	- in current accounts	32.60	18.17
	- in deposit accounts (with original maturity of 3 month or less)	170.07	
		202.67	18.17
В.	Bank balances other than cash and cash equivalents		
	Unclaimed dividend accounts	42.79	42.82
		42.79	42.82
Tot	al [A+B]	245.46	60.99

Cash and bank balances are pledged to fulfill collateral requirements against borrowings availed from banks. Refer note 15 for the same.

### **NOTE 10: CURRENT LOANS**

	As at December 31, 2019	As at December 31, 2018
(Unsecured, considered good, unless otherwise stated)		
Loans to related parties* (Refer note 30)	684.19	167.50
Advance to employees	2.44	3.48
Total	686.63	170.98

<sup>\*</sup> For details of loans to related parties refer note 6

### **NOTE 11: OTHER CURRENT FINANCIAL ASSETS**

	As at December 31, 2019	As at December 31, 2018
(Unsecured, considered good, unless otherwise stated)		
Interest accrued on deposits	0.62	-
Interest accrued on loans (Refer note 30)	-	36.53
Unbilled revenue	<u> </u>	19.26
Total	0.62	55.79

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 12: OTHER CURRENT ASSETS**

	As at December 31, 2019	As at December 31, 2018
(Unsecured, considered good, unless otherwise stated)		
Prepaid expenses	0.12	0.06
Balances with Government authorities	2.33	0.85
Advance to supplier and service providers	0.26	1.43
Total	2.71	2.34

### **NOTE 13: SHARE CAPITAL**

	As at December 31, 2019		As at December 3:	1, 2018
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital:				
Equity Shares of ₹ 2 each	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of ₹ 100 each	4,900,000	490.00	4,900,000	490.00
Total	594,900,000	1,670.00	594,900,000	1,670.00
Issued, subscribed and fully paid up share capital				
Equity Shares of ₹ 2 each	336,345,679	672.69	336,345,679	672.69
Total	336,345,679	672.69	336,345,679	672.69

### Notes:

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

Particulars	As at December 31, 2019		As at December 31, 2018	
rai ticulai s	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Add/(Less): Changes in equity shares during	-	-	-	-
the year				
As at end of the year	336,345,679	672.69	336,345,679	672.69

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

The Company has only one class of equity shares having a par value of ₹ 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 November 13, 2019 has declared an interim dividend of 50% (₹ 1 per equity share of par value of ₹ 2 each amounting to ₹ 336.35) for the financial year ended December 31, 2019 and no further dividend recommended during the year.

The Board of Directors at its meeting held on November 14, 2018 has declared an interim dividend of 50% (₹ 1 per equity share of par value of ₹ 2 each amounting to ₹ 336.35) for the financial year ended December 31, 2018 and no further dividend recommended for the said year.

### (iii) Particulars of shareholders holding more than 5% of the equity shares:

Name of the Shareholder	As at December 31, 2019		As at December 31, 2018	
Name of the Shareholder	Number of Shares	%	Number of Shares	%
Sujala Investments Private Limited	37,766,675	11.23	37,766,675	11.23
Rain Enterprises Private Limited	25,316,465	7.53	25,316,465	7.53
N. Anupama Reddy	27,152,351	8.07	27,152,351	8.07
Meghamala Enterprises Private Limited	17,400,610	5.17	17,400,610	5.17

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 13: SHARE CAPITAL (CONTINUED)**

(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.

### **NOTE 14: OTHER EQUITY**

	As at December 31, 2019	As at December 31, 2018
Reserves and Surplus:		
(a) Capital reserve (Balance at the beginning and end of the year)	4,319.91	4,319.91
(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	766.18	705.71
Add: Transferred from surplus in Statement of Profit and Loss	35.44	60.47
Closing balance	801.62	766.18
(e) Retained earnings		
Opening balance	617.15	745.65
Add: Profit for the year	354.39	604.66
Less: Dividend	(336.35)	(672.69)
Transfer to General Reserve	(35.44)	(60.47)
Closing balance	599.75	617.15
Items of Other Comprehensive Income:		
(a) Foreign currency translation reserve (Balance at the beginning and end of the year)	2,219.36	2,219.36
(b) Remeasurements of defined benefit plans		
Opening balance	(1.01)	(1.08)
Add: Actuarial gain / (loss) on remeasurements of defined benefit plans	0.09	0.07
Closing balance	(0.92)	(1.01)
Total	8,504.05	8,485.92

### **NOTE 15: NON-CURRENT BORROWINGS**

		As at December 31, 2019	As at December 31, 2018
A.	Term loans		
	From banks		
	- Secured banks	3,383.35	3,476.20
	Less: Current portion of Non-current borrowings disclosed under Note 18 - Other current	684.19	167.50
	financial liabilities		
	Total	2,699.16	3,308.70

### Notes:

- (i) During the financial year ended December 31, 2016, the Company has borrowed Term loan of USD 30 Million from a bank and 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 the bank. It carries interest of 3 months Libor plus 300 basis points for the year ended December 31, 2019 and 3 months Libor plus 400 basis points for the year ended December 31, 2018. Balance as at December 31, 2019 is ₹ 1,967.05 (December 31, 2018: ₹ 2,093.70).
- (ii) During the financial year ended December 31, 2018, the Company has borrowed Term loan of USD 20 Million from a bank and is secured by:
  - a) Pari passu first charge by way of hypothecation on all movable assets both present and future of the Company
  - b) Corporate guarantee of Rain CII Carbon (Vizag) Limited in favour of the bank

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 15: NON-CURRENT BORROWINGS (CONTINUED)**

c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in Rain CII Carbon (Vizag) Limited, a wholly owned step-down subsidiary

The loan is repayable on October 29, 2021. It carries interest of 3 months USD Libor plus 215 basis points for year 1 & 2, 3 month USD LIBOR plus 290 basis points for year 3 payable monthly. Balance as at December 31, 2019 is ₹ 1,425.40 (December 31, 2018: ₹ 1,395.80)

- (iii) 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.
- (iv) The scheduled maturity of non-current borrowings and total number of installments are summarised as below:

Borrowings Repayable	As at December 31, 2019
Outstanding Term Loans from Banks:	
IDBI Bank Limited - US\$ 30.0 Million*	1,967.05
Citibank - US\$ 20.0 Million**	1,425.40
Total	3,392.45

<sup>\*</sup> US\$ 30 Million is repayable in 10 quarterly installments starting from December 2019.

- (v) The aggregate amount of loans outstanding (including current maturities of non-current borrowings) guaranteed by subsidiaries is ₹ 3,392.45 (December 31, 2018 : ₹ 3,489.50). (Refer note 30)
- (vi) Reconciliation of liabilities arising from financing activities\*

Particulars	As at December 31, 2019	As at December 31, 2018
Opening balance at the beginning of the year	3,476.20	3,179.00
Borrowings made during the year	-	1,472.80
Borrowings repaid during the year	(172.37)	(1,461.00)
Exchange (gain) loss on monetary items	75.32	281.20
Others - Amortisation of Deferred finance cost	4.20	4.20
Closing balance at the end of the year	3,383.35	3,476.20

<sup>\*</sup>Aforesaid reconciliation includes current maturities of non-current borrowings

### **NOTE 16: NON-CURRENT PROVISIONS**

	As at December 31, 2019	As at December 31, 2018
Provision for employee benefits:		
- Compensated absences (Refer note 29 (c))	5.36	4.97
- Gratuity (Refer note 29 (b))	1.21	
Total	6.57	4.97

<sup>\*\*</sup> US\$ 20 Million is a bullet repayment on October 29, 2021.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 17: TRADE PAYABLES**

	As at December 31, 2019	As at December 31, 2018
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	3.83	315.70
Total	3.83	315.70
Disclosures od dues to Micro Enterprises and Small Enterprises as per Micro, Small and		
<ul> <li>Medium Enterprises Development (MSMED) Act, 2006:</li> <li>(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.</li> </ul>	-	-
(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 during each accounting year.	-	-
(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 at the end of each accounting year; 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 27.4

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, 2019 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.

### **NOTE 18: OTHER CURRENT FINANCIAL LIABILITIES**

	As at December 31, 2019	As at December 31, 2018
Current maturities of non-current borrowings (Refer note 15)	684.19	167.50
Interest accrued but not due on borrowings	5.35	5.82
Employee payables	4.80	5.11
Payables to auditors	2.75	2.75
Unclaimed dividends*	42.79	42.82
Others		0.04
Total	739.88	224.04

<sup>\*</sup>There is no amount due and outstanding to be credited to Investor Education and Protection fund as at December 31, 2019 and 2018.

The Company's exposure to foreign currency, liquidity and interest rate risk is included in note 27.7, 27.4 and 27.6

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 19: OTHER CURRENT LIABILITIES**

	As at December 31, 2019	As at December 31, 2018
Provision for expenses	10.74	19.91
Other payables		
- Statutory liabilities	4.14	5.27
Total	14.88	25.18

### **NOTE 20: CURRENT PROVISIONS**

	As at December 31, 2019	As at December 31, 2018
Provision for employee benefits:	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
- Compensated absences (Refer note 29(c))	1.30	1.41
Total	1.30	1.41

### **NOTE 21: REVENUE FROM OPERATIONS**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Sale of products and duty scripts (Refer note 30)	303.38	732.88
Sale of services (Refer note 30)	334.53	320.65
Revenue from operations	637.91	1,053.53

### (i) Contract assets and contract liabilities:

Particulars		As at	As at
ган	Farticulars		December 31, 2018
A.	Contract assets recorded in balance sheet	-	19.26
B.	Contract liabilities recorded in balance sheet	_	-

### (ii) Reconciliation of Revenue from sale of products and duty scripts with contract price:

Par	ticulars	For the year ended December 31, 2019	For the year ended December 31, 2018
A.	Revenue as per contracted price	303.38	732.88
B.	Less - Reductions towards variable consideration components:		
	Sales returns		
C.	Revenue recognised (A-B) (Refer note 30)	303.38	732.88

### **NOTE 22: OTHER INCOME**

	December 31, 2019	December 31, 2018
Interest income		
Interest from banks on deposits	4.26	2.59
Interest on loans and advances (Refer note 30)	165.58	178.40
Interest on income tax refund	61.88	-
Dividend income from non-current investments (Refer note 30)	366.34	846.26
Other non-operating income		
Rental income from operating leases (Refer note 30)	11.62	10.57
Miscellaneous income	0.48	0.07
Total	610.16	1,037.89

**FINANCIAL** 

### **NOTES**

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 23: EMPLOYEE BENEFITS EXPENSE**

	December 31, 2019	For the year ended December 31, 2018
Salaries, wages and bonus	173.30	170.83
Contributions to provident and other funds (Refer note 29)	13.62	15.71
Staff welfare expenses	0.24	0.56
Total	187.16	187.10

### **NOTE 24: FINANCE COSTS**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest expense	181.54	191.81
Interest on income tax	0.77	-
Other borrowing costs	4.39	4.27
Total	186.70	196.08

### **NOTE 25: OTHER EXPENSES**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Repairs and maintenance	1.78	1.78
Insurance	1.04	1.24
Rent	4.42	3.69
Rates and taxes	7.01	8.16
Communication expenses	5.20	25.23
Traveling and conveyance	24.03	26.77
Printing and stationery	1.64	1.86
Advertisement expense	0.73	0.85
Corporate Social Responsibility and other donations (Refer note 33)	2.00	2.50
Consultancy charges	8.76	5.50
Payment to auditors (Refer note below)	4.56	4.24
Directors' sitting fees (Refer note 30)	3.84	3.92
Commission to directors (Refer note 30)	3.98	4.30
IT infrastructure expenses and licenses	91.81	69.78
Miscellaneous expenses	10.57	10.08
Total	171.37	169.90
Note:		
Payment to auditors comprises (excluding GST):		
Statutory audit	2.60	2.60
Limited review	1.20	0.90
Other services	0.31	0.15
Reimbursement of expenses	0.45	0.59
Total	4.56	4.24

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 26: INCOME TAXES**

### (i) Income tax expense recognised in statement of profit and loss:

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
Current tax		
(i) Tax for current year	32.78	168.68
(ii) Tax relating to earlier years	-	-
(iii) Minimum alternate tax credit entitlement	-	-
Net current tax	32.78	168.68
Deferred tax	-	-
Total	32.78	168.68

### (ii) Reconciliation of Effective tax rate:

Particulars	For the year ended December 31, 2019	· · ·
Income tax expense for the year to be reconciled to the accounting profit:		•
Profit before taxes	387.17	773.34
Enacted income tax rate in India	29.12%	34.94%
Computed expected tax expense	112.74	270.24
Effect off:		
Effects of tax-exempt income and other deductions	(63.33	) 46.30
Effect of income charged at special rate	(16.63	(147.86)
Total income taxes expenses	32.78	168.68
Effective tax rate	8.5%	21.8%

### (iii) Recognised deferred tax assets and liabilities:

Particulars	As at December 31, 2019	''' '''
Deferred tax assets		
Employee benefits	2.30	1.98
Land indexation	1.45	1.45
Tax on losses carried forward	6.74	10.80
Total deferred tax assets	10.49	14.23
Deferred tax liabilities		
Basis difference of property, plant, and equipment	(9.04	(12.78)
Total deferred tax liabilities	(9.04	(12.78)
Net deferred tax asset	1.45	1.45

### (iv) Movement in temporary differences:

Particulars	Balance as at January 1, 2018	Recognised in profit or loss during the year	Recognised in OCI during the year	Any other adjustment	Balance as at December 31, 2018	Recognised in profit or loss during the year	Recognised in OCI during the year	Any other adjustment	Balance as at December 31, 2019
On account of	(13.13)	0.35	-	-	(12.78)	3.74	-	_	(9.04)
depreciation and amortization					,				
On account of employee benefits	1.79	0.19	-	-	1.98	0.32	-	-	2.30
On account of	1.45	-	-	-	1.45	-	-	-	1.45
land indexation									
Tax on losses	11.34	(0.54)	-	-	10.80	(4.06)	-	-	6.74
carried forward									
Total	1.45	_		-	1.45	-	-	_	1.45

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 26: INCOME TAXES (CONTINUED)**

### (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 Decembe	r 31, 2019	As at December 31, 2018		
Particulars	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect	
Tax Losses	239.47	69.73	227.83	79.61	

### (vi) Non-current tax assets and current tax liabilities:

Particulars	As at December 31, 2019	As at December 31, 2018
Non-current tax assets (net of provision for tax ₹ 987.13 (December 31, 2018: ₹ 987.13)	254.04	311.21
Current tax liabilities (net of advance tax ₹ 490.21 (December 31, 2018: ₹ 487.03)	121.09	42.13

(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 27: FINANCIAL INSTRUMENTS DISCLOSURE**

### Note 27.1: 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:

٥.		As at December 31, 2019				As at December 31, 2018			
SI. No.	Particulars	Carrying Level of inputs used in			Carrying	Level of inputs used in			
NO.		value	Level 1	Level 2	Level 3	value	Level 1	Level 2	Level 3
I	Financial Assets at amortised cost								
	Investments in Equity instruments	9,169.65	-	-	-	9,169.65	-	-	-
	Loans	2,968.33	-	-	-	3,075.30	-	-	-
	Trade receivables	49.92	-	-	-	327.16	-	-	-
	Cash and cash equivalents	202.67	-	-	-	18.17	-	-	-
	Bank balances other than cash and cash equivalents	42.79	-	-	-	42.82	-	-	-
	Other current financial assets	0.62	-	-	-	55.79	-	-	-
		12,433.98	-	-	-	12,688.89	-	-	-
II	Financial Liabilities at amortised cost								
	Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	3,383.35	-	-	-	3,476.20	-	-	-
	Trade payables	3.83	-	-	-	315.70	-	-	-
	Other current financial liabilities	55.69	-	-	-	56.54	-	-	-
		3,442.87	-	-	-	3,848.44	-	-	-

### Note 27.2: 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 Company: 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

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

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 27.3: 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
- significant changes in the expected performance and behaviour 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	As at December 31, 2019	As at December 31, 2018
Financial assets that are neither past due nor impaired	49.92	327.16
Total	49.92	327.16

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	Carrying amount as at			
	December 31, 2019	December 31, 2018		
Europe	37.83	33.69		
Asia	12.09	293.47		
Total	49.92	327.16		

At December 31, 2019, the carrying amount of the Company's most significant customer is ₹ Nil (December 31, 2018: ₹ 293.47).

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

The Company's exposure to credit risk for loans (both current and non-current) by geographic region is as follows:

Particulars	Carrying amount as at			
rariculars	December 31, 2019	December 31, 2018		
United States	2,964.83	3,070.76		
Asia	1.06	1.06		
Total	2,965.89	3,071.82		

### **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 counterparties.

### 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.

### Note 27.4: 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, 2019, cash and cash equivalents are held with major banks.

### Maturity of financial liabilities

The table below provides details regarding the remaining contractual maturities of 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, 2019							
Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total	
Non-derivative financial liabilities								
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	3,383.35	684.19	2,195.12	513.14	-	-	3,392.45	
Trade payables	3.83	3.83	-	-	-	-	3.83	
Other current financial liabilities	55.69	55.69	-	-	-	-	55.69	

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

	As at December 31, 2018						
Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	3,476.20	167.50	669.98	2,652.02	-	-	3,489.50
Trade payables	315.70	315.70	-	-	-	-	315.70
Other current financial liabilities	56.54	56.54	-	-	-	-	56.54

<sup>\*</sup> Carrying value of borrowings is shown as net of deferred finance cost

### Note 27.5: 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 27.6: Interest rate risk

Interest rate risk is measured by using the cashflow sensitivity for change in variable interest rates. Any movement in the market interest rates could have an impact on the Company's cash flows as well as costs. In order to manage the Company's position with regard to interest rate risk, it adopts a policy of ensuring an optimal mix of its interest rate risk exposure. The Company's exposure to the risk of changes in market interest rates related primarily to the Company's borrowing with variable 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	
rarticulars	December 31, 2019 December 31, 20	
Variable rate instruments		
Financial assets	2,964.83	3,070.76
Financial liabilities	(3,392.45)	(3,489.50)

### Cash flow Sensitivity for variable rate instruments

Impact on Profit and loss due to 1% change in interest rate:

Particulars	For the year ended December 31, 2019		For the year ended De	cember 31, 2018
Farticulars	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
Impact on Profit and loss				
Variable-rate instruments	(4.28)	4.28	(4.19)	4.19

### **Note 27.7 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, shared service arrangements with group entities, 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.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 27: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2019:

	USD	EUR	Total
Assets:			
Trade receivables (Refer note 30)	-	37.83	37.83
Interest accrued on loans to subsidiary	-	-	-
Loans to subsidiary	2,964.83	-	2,964.83
	2,964.83	37.83	3,002.66
Liabilities:			
Interest accrued but not due on borrowings	5.35	-	5.35
Borrowings	3,392.45	-	3,392.45
	3,397.80	-	3,397.80

The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2018:

	USD	EUR	Total
Assets:			
Trade receivables (Refer note 30)	-	33.69	33.69
Interest accrued on loans to subsidiary	36.53	-	36.53
Loans to subsidiary	3,070.76	-	3,070.76
	3,107.29	33.69	3,140.98
Liabilities:		,	
Interest accrued but not due on borrowings	5.82	-	5.82
Borrowings	3,489.50	-	3,489.50
	3,495.32	-	3,495.32

### 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 Profit and loss due to 1% change in foreign currency rates:

Particulars	December 31,	2019	December 31,	2018
Farticulars	Strengthening	Weakening	Strengthening	Weakening
Impact on Profit and loss				
EUR	0.38	(0.38)	0.34	(0.34)
USD	(4.33)	4.33	(3.88)	3.88

### **NOTE 28: 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.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 28: CAPITAL MANAGEMENT (CONTINUED)**

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:

	As at	As at
	December 31, 2019	December 31, 2018
Total borrowings, net of cash and cash equivalents	3,180.68	3,458.03
Equity	9,176.74	9,158.61
Net debt to equity ratio	0.35	0.38

### NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS

### a) Contribution plans

Amounts towards defined contribution plans have been recognised under "Contributions to provident and other funds" in Note 23: ₹ 10.88 (December 31, 2018 - ₹ 10.87).

### 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, 2019. 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, 2019	As at December 31, 2018
Present value of funded obligation	13.72	13.79
Less: Fair value of plan assets	12.51	14.51
Net liability/(excess contribution to plan assets)	1.21	(0.72)

(ii) Amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
Current service cost	2.69	1.63
Past service cost	-	3.04
Interest on net defined benefit liability/(asset)	(0.09)	0.01
Total	2.60	4.68

Amount recognised in other comprehensive income for the year ended December 31, 2019 is ₹ 0.09 (December 31, 2018 - ₹ 0.07).

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

### (iii) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	As at December 31, 2019	As at December 31, 2018
Opening defined benefit obligation	13.79	8.62
Current service cost	2.69	1.63
Past service cost	-	3.04
Interest cost	0.94	0.63
Remeasurements due to:		
Changes in financial assumptions	0.82	-
Experience adjustments	(1.47)	0.42
Benefits paid	(3.05)	(0.55)
Closing defined benefit obligation	13.72	13.79

### (iv) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	As at December 31, 2019	As at December 31, 2018
Opening fair value of plan assets	14.51	7.99
Employer contributions	0.58	5.96
Interest on plan assets	1.03	0.62
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(0.56)	0.49
Benefits paid	(3.05)	(0.55)
Closing fair value of plan assets	12.51	14.51
Actual return on plan assets	0.47	1.11

### (v) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2019	As at December 31, 2018
Insurer managed funds	100%	100%

### (vi) Principal Actuarial assumptions used:

Particulars	Asat	As at
r ar ticular 5	December 31, 2019	December 31, 2018
Discount rates on benefit obligations	6.75%	7.55%
Expected salary increase rates	7.00%	7.00%
Retirement Age	58 Years	58 Years

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 2012-2014. The discount rate is based on the prevailing market yield in Indian government securities as at balance sheet date for estimated term of obligation.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### NOTE 29: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

### (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, 2019 shown below:

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(0.53)	0.57
Future salary growth (0.5% movement)	0.50	(0.46)

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, 2018 shown below:

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(0.49)	0.53
Future salary growth (0.5% movement)	0.42	(0.39)

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, 2020 is ₹ 1.00.
- (ix) As at December 31, 2019 the weighted average duration of the defined benefit obligation is 7.97 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, 2019 is  $\stackrel{?}{\scriptstyle \leftarrow} 6.66$  (December 31, 2018  $\stackrel{?}{\scriptstyle \leftarrow} 6.38$ ).

The principal assumptions used for computation of defined benefit plan equally apply to the computation of compensated absences and are accordingly considered in the estimation of benefits.

### **NOTE 30: RELATED PARTY DISCLOSURES**

### a) Names of related parties and description of relationship:

SI. No	Relationship	Name	
(a)	List of related parties where control exists		
(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	Rain Carbon Inc. [RCI]
		6	Rain Carbon Holdings, LLC [RCH]
		7	Rain CII Carbon (Vizag) Limited [RCCVL]
		8	Rain CII Carbon LLC [RCC]
		9	CII Carbon Corp [CIICC]
		10	Rain Carbon GmbH (RCG)

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)**

SI. No	Relationship	Nan	ne
(a)	List of related parties where control exists		
	(continued)	11	RÜTGERS Canada Inc. [RCan]
		12	RÜTGERS Polymers Limited [RPL]
		13	Handy Chemicals (USA) Ltd [HUSA]
		14	Rain Carbon BVBA
		15	VFT France SA [VFSA]
		16	RÜTGERS Holdings Germany GmbH [RHGmbH]*
		17	RÜTGERS Wohnimmobilien GmbH & Co.KG
		18	RÜTGERS Gewerbeimmobilien GmbH & Co.KG
		19	RÜTGERS Germany GmbH [RGmbH]
		20	Rain RÜTGERS LLC
		21	RÜTGERS Poland SP Zoo [RPZ]
		22	RÜTGERS Resins BV [RRBV]
		23	OOO RÜTGERS Severtar [OOOSevertar]
		24	Severtar Holding Ltd [Severtar]
		25	Rumba Invest BVBA & Co. KG [Rumba]
		26	RÜTGERS (Shanghai) Trading Co. Ltd.

(b)	Other related parties where transactions have taken place during the year/balances exists at year end		
(i)	Associates and joint ventures of subsidiaries	1	InfraTec Duisburg GmbH (IDGmbH) (Investment by RÜTGERS Germany GmbH)
(ii)	Enterprise where key managerial personnel along with their relatives exercise significant influence	1	Pragnya Priya Foundation (PPF)
(iii)	Key Managerial Personnel (KMP)  Non-executive directors	1 2. 3. 4. 1 2 3 4 5 6 7	Mr. N. Radha Krishna Reddy Managing Director (since March 31, 2019) Mr. Jagan Mohan Reddy Nellore Managing Director (till March 30, 2019) Mr. T. Srinivasa Rao Chief Financial Officer Mr. S. Venkat Ramana Reddy Company Secretary Mr. Jagan Mohan Reddy Nellore Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director Mr. Varun Batra - Independent Director Ms. Radhika Vijay Haribhakti - Independent Director Ms. Nirmala Reddy - Independent Director Mr. Brian Jude McNamara - Independent Director (since February 28, 2019)
		7 8	

<sup>\*</sup> Merged with Rain Carbon GmbH retrospectively with effect from 01.01.2019

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

### **NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)**

### b) Transactions with related parties for the year ended December 31, 2019

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)
Sales					
- RCCVL	123.27	-	-	-	_
Revenue from Services					
- RCCVL	58.83	-	-	-	-
- RCL	45.80	-	-	-	(10.49)
- RCC	90.86	-	-	-	
- RHGmbH*	82.34	-	-	-	-
- RCG	75.95	-	-	-	(37.83)
Loans Given					,
- RCUSA	_	-	-	-	(2,964.83)
Loans Repaid					, ,
- RCUSA	172.15	-	-	-	_
Interest Income					
- RCUSA	165.58	-	-	-	_
Rental Income					
- RCCVL	5.81	-	-	-	_
- RCL	5.81	<u>-</u>	-	_	_
Remuneration **					
(Short term employee benefits)					
- Jagan Mohan Reddy Nellore	_	<u>-</u>	4.16	_	_
- T Srinivasa Rao	_	-	16.24	-	_
- S Venkat Ramana Reddy	_	-	4.83	-	_
Dividend Paid	_	81.27	10.47	10.03	_
Donations given					
- PPF	_	2.00	-	_	_
Dividend Income Received from					
- RCL	223.54	-	-	-	_
- RCUSA	142.80	-	-	_	_
Sitting Fee	-	-	-	3.84	_
Commission	_	-	-	3.98	3.98
Reimbursement of payments made to					
Subsidiary					
- RCCVL	1.89	-	-	-	_
Reimbursements of payments made on					
behalf of					
- RCCVL	0.10	-	-	-	-
Corporate Guarantee (released)/ given on					
behalf of the company by					
- RCL	-	-	-	-	1,967.05
- RCCVL	_	-	_	_	1,425.40

<sup>\*</sup> Merged with Rain Carbon GmbH retrospectively with effect from 01.01.2019

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)**

### c) Transactions with related parties for the year ended December 31, 2018

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)
Sales					
- RCCVL	732.88	-	-	-	(293.47)
Revenue from Services					,
- RCCVL	51.27	-	-	-	-
- RCL	51.35	-	-	-	_
- RCC	83.55	-	-	-	-
- RHGmbH	115.23	-	-	-	(33.69)
Loans Given					,
- RCUSA	1,472.90	_	-	_	(3,070.76)
Loans Repaid	,				(-,,
- RCUSA	1,492.74	<u>-</u>	-	-	_
Interest Income					
- RCUSA	178.40	_	_	_	(36.53)
Rental Income					(====)
- RCCVL	5.28	_	_	_	_
- RCL	5.29	_	_	_	_
Remuneration **	j				
(Short term employee benefits)"					
- Jagan Mohan Reddy Nellore	_	_	16.84	_	_
- T Srinivasa Rao	_	_	15.35	_	_
- S Venkat Ramana Reddy	_	_	4.42	_	_
Dividend Paid	_	162.54	0.18	_	_
Donations given		102.01	0.10		
- PPF	_	2.50	_	_	_
Dividend Income Received from		<b>2.</b> 50			
- RCUSA	846.26	_	_	_	_
Sitting Fee	- 010.20	_	_	3.92	3.92
Commission	_	_	_	4.30	4.30
Reimbursement of payments made to Subsidiary				1100	1.00
- RCCVL	0.81	_	-	_	_
Customer Advances					
- RCCVL	22.28	-	-	-	_
Reimbursements of payments made on					
behalf of					
- RCCVL	0.39	-	-	-	_
Corporate Guarantee (released)/ given on					
behalf of the company by					
- RCL	_	<u>-</u>	-	_	2,093.70
- RCCVL	6.00	-	-	_	1,395.80

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 30: RELATED PARTY DISCLOSURES (CONTINUED)**

### 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, 2019	For the year ended December 31, 2018
As at the beginning of the year	3,070.76	2,844.89
Given during the year	-	1,472.90
Repaid during the year	172.15	1,492.74
Exchange gain / (loss)	66.22	245.71
As at the end of the year	2,964.83	3,070.76

Information pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	As at December 31, 2019	As at December 31, 2018
Loans to subsidiaries		
Loan to Rain Commodities (USA) Inc.:		
Amount outstanding as at the year ended	2,964.83	3,070.76
Maximum amount outstanding	3,070.76	4,317.79

### NOTE 31: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Par	ticulars	As at December 31, 2019	As at December 31, 2018
(I)	Contingent liabilities		
	(a) In respect of demands/ claims arising on account of:		
	- Income tax	170.74	170.74

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.

FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

### **NOTE 32: EARNINGS PER SHARE (EPS)**

Par	ticulars	As at December 31, 2019	As at December 31, 2018
a.	Profit for the year	354.39	604.66
b.	Weighted average number of equity shares of ₹ 2/- each outstanding during the year	336,345,679	336,345,679
	(Nos.)		
Eaı	nings per Share		
c.	Basic and Diluted - [a]/[b] - (₹)	1.05	1.80

### 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, 2019 is Nil (December 31, 2018: Nil)

	For the year ended December 31, 2019			
Particulars	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	2.00	-	2.00	
Total	2.00	-	2.00	

	For the y	ear ended December 3	1, 2018
Particulars	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
Total	2.50	-	2.50

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 BSR & Associates LLP Chartered Accountants

Firm registration number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership number: 049642

Place: Hyderabad Date: February 28, 2020 For and on behalf of the Board of Directors of

Rain Industries Limited CIN: L26942TG1974PLC001693

N Radha Krishna Reddy

Managing Director

DIN: 00021052

T. Srinivasa Rao

Chief Financial Officer M. No.: F29080

Jagan Mohan Reddy Nellore

Director DIN: 00017633

S. Venkat Ramana Reddy

Company Secretary M. No.: A14143

### **INDEPENDENT AUDITORS' REPORT**

### To the Members of Rain Industries Limited

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

### **OPINION**

We have audited the consolidated financial statements of Rain Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associates which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 of the Group and its associates as at 31 December 2019, of its consolidated profit and other

comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### **BASIS FOR OPINION**

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

### **KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matter

### Revenue recognition

The Company derives its revenue from carbon and carbon-based chemicals including advanced materials. Sales are made to domestic and international customers whereby the prices are subject to negotiations based on movements in raw material prices, levels of offtake, demand and supply situation in the market. Such prices are agreed through a formal contract. The discounts offered to these customers are mostly contractually agreed. Certain discounts are recognized as and when the negotiations thereon are completed and the rates are agreed.

The Company recognizes revenues when control of the product is transferred to the customer in accordance with the underlying terms of arrangements.

The terms of sales arrangements, customer acceptance terms including the timing of transfer of control, are varied and could affect the timing of recognition of the sales.

We identified the recognition of revenue as a key audit matter as revenue is one of the key performance indicators of the Company and is subject to an inherent risk of misstatement due to fraud in recognition of revenue.

Refer note 2(b) of the summary of significant accounting policies and note 28 to the Consolidated financial statements.

### **Impairment**

As disclosed in note 4, the Group has goodwill of 62,216.87 millions as at December 31, 2019 which represents goodwill acquired through various business combinations and allocated to cash generating units of the Company.

A cash generating unit to which goodwill has been allocated to or belongs to, is tested for impairment annually. As disclosed in note 39, impairment of goodwill is determined by assessing the recoverable amount of each cash generating unit to which these assets relates. The determination of the fair value of the reporting units requires management to make significant estimates and assumptions related to forecasts of future revenues and operating margins and discount rates.

The recoverable amount of the cash generating unit as at December 31, 2019 has been determined based on Discounted Cashflow method.

We identified this area as key audit matter because of the judgmental factors involved in impairment assessment and the significance of the carrying value.

### How the matter was addressed in our audit

Our audit procedures included the following:

- Evaluating the Company's key controls around revenue recognition including the design and operating effectiveness over existence, accuracy and timing of recognizing sales as per contractual terms
- Performed substantive test of details on the revenue recognised for the period on a sample basis to ensure revenue meets the applicable recognition criteria
- Performing enquiries with management on the revenue movements and performing select procedures on revenue recognized during the year focusing on understanding reasons for variances, price adjustments, inquire on unusual variances, if any
- Testing the company's controls over period end sales, obtaining supporting documentation, on a sample basis for sales transactions recorded near to balance sheet date as well as credit notes issued subsequent to the balance sheet date to determine whether revenue was recognized in the correct period.
- Performing enquiries with management on the appropriateness of discounts and price adjustments and obtaining representations from management
- Testing certain journal entries on select basis, relating to revenues focusing on unusual items, if any.

Our audit procedures in testing this area included the following:

- We have verified the model used in determining recoverable value / value in use of the CGUs to which the goodwill and intangible assets pertain to;
- Testing the arithmetical accuracy of the computation of recoverable amounts of cash generating units
- Testing the controls by the management relating to impairment testing, preparation of cash flow forecasts of the CGU and evaluating reasonableness of the assumptions used by comparing them to the budgets provided by the management, financial performance and our understanding of the industry's external factors.
- Evaluated the Company's process regarding impairment assessment by Management
- Involved our valuation experts to assist in testing the appropriateness of the impairment model, including an independent assessment of the underlying assumptions relating to discount rate, growth rate, terminal values and
- Assessing the disclosures provided by the Company in relation to its annual impairment test in the notes to the consolidated financial statements

### Key audit matter

### Provision for environment liabilities

As a chemical company, certain subsidiaries of the group has certain environmental obligations related to former and/or current production sites. The obligations as well as the measures taken to meet these obligations both present and future need to be monitored closely.

The need for additional provisions for remedial measures where there exists a present obligation, as well as the consumption of the provision through current measures must be calculated and needs to be reassessed on a regular basis. Further these remedial measures need to be revised annually based on agreed remediations. The Company may also be eligible for certain benefits claimed which it may need to give up if environmental compliances are not within relevant compliance framework.

Due to the level of judgement relating to recognition, measurement and presentation of environmental provision, this is a key audit matter.

Refer note 2(d) of the summary of significant accounting policies and note 51 to the Consolidated financial statements.

### How the matter was addressed in our audit

Our audit procedures in this area included the following:

- Understanding and evaluating the Company's processes for monitoring of environmental claims, litigations, compliances and assessment thereof for determining the likely outcome.
- Enquiring and discussing with the management, the Company's environmental specialists to understand the compliance mechanism, basis of management's judgements and estimates.
- Understanding management's action plans, judgements and assumptions on identified remedial measures and estimated provisions.
- Enquiring with management on claims if any relating to environmental benefits claimed and perusing external legal counsel opinion sought by management on the potential impact of any claims from the relevant authorities, if any.
- Assessing the reasonableness of provisioning based on assumptions made by the management and presentation in the financial statements.

### OTHER INFORMATION

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon. The holding Company's annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view

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and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of each company.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the
  consolidated financial statements, whether due to fraud
  or error, design and perform audit procedures responsive
  to those risks, and obtain audit evidence that is sufficient
  and appropriate to provide a basis for our opinion. The
  risk of not detecting a material misstatement resulting
  from fraud is higher than for one resulting from error, as
  fraud may involve collusion, forgery, intentional omissions,
  misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

- appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of
  the going concern basis of accounting in preparation of
  consolidated financial statements and, based on the audit
  evidence obtained, whether a material uncertainty exists
  related to events or conditions that may cast significant
  doubt on the appropriateness of this assumption. If we
  conclude that a material uncertainty exists, we are required
  to draw attention in our auditor's report to the related
  disclosures in the consolidated financial statements or, if
  such disclosures are inadequate, to modify our opinion. Our
  conclusions are based on the audit evidence obtained up to
  the date of our auditor's report. However, future events or
  conditions may cause the Group (company and subsidiaries)
  as well as associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content
  of the consolidated financial statements, including the
  disclosures, and whether the consolidated financial
  statements represent the underlying transactions and events
  in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the Key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **OTHER MATTERS**

- The consolidated financial statements include the audited financial statements of subsidiaries and associate, whose financial statements reflect Group's share of total assets of ₹165,592 million as at 31 December 2019, Group's share of total revenue of ₹79,380 million and Group's share of total net profit after tax of ₹1,774 million for the period from 01 January 2019 to 31 December 2019 respectively, as considered in the consolidated financial statements, which have been audited by their respective independent auditors. The above financial statements are before giving effect to any intra group eliminations and consolidation adjustments. The independent auditors reports on financial statements of these entities have been furnished. to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.
- b) The consolidated financial statements include the unaudited financial statements of subsidiaries and associate, whose financial statements reflect Group's share of total assets of ₹10,462 million as at 31 December 2019, Group's share of total revenue of ₹10,385 million and Group's share of total net profit after tax of ₹2,879 million

for the period from 01 January 2019 to 31 December 2019 respectively, as considered in the consolidated financial statements. The above financial statements are before giving effect to any intra group eliminations and consolidation adjustments. These unaudited financial statements have been furnished to us by the Board of Directors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### REPORT ON OTHER LEGAL AND REGULATORY REOUIREMENTS

- As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

- e) On the basis of the written representations received from the directors of the Group Companies incorporated in India as on December 31, 2019 taken on record by the 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, 2019 from being appointed as director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements 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".
- 2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, as noted in the 'Other Matters' paragraph:
  - The consolidated financial statements disclose the impact of pending litigations as at 31 December 2019 on the consolidated financial position of the Group and its associates. Refer Note 44 to the consolidated financial statements.
  - The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 December 2019
  - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund

- by the Holding Company during the year ended 31 December 2019
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 December 2019
- 3. With respect to the matter to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

### for BSR & Associates LLP

Chartered Accountants
ICAI Firm Registration No. 116231W/W-100024

### Sriram Mahalingam

Partner

Membership No: 049642 UDIN: 20049642AAAAAT6011

Place: Hyderabad Date: February 28, 2020

### **ANNEXURE A**

TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAIN INDUSTRIES LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

### **OPINION:**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of Rain Industries Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at December 31, 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the

respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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.

**FINANCIAL** 

### **ANNEXURE A**

TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAIN INDUSTRIES LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019 (CONTINUED)

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

- 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 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
- 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 financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### for BSR & Associates LLP

Chartered Accountants
Firm Registration No. 116231W/W-100024

### Sriram Mahalingam

Partner

Membership No: 049642 UDIN: 20049642AAAAAT6011

Place: Hyderabad Date: February 28, 2020

### **CONSOLIDATED BALANCE SHEET**

AS AT DECEMBER 31, 2019

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

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS			
1. Non-current assets  (a) Property, plant and equipment  (b) Capital work in progress  (c) Goodwill  (d) Other intangible assets	3 3 4 4	32,381.13 13,624.09 62,216.87 319,04	30,989.82 7,947.90 61,315.31 304.93
(e) Equity accounted investments	5	82.97	83.08
(f) Financial assets (i) Investments (ii) Loans (iii) Other financial assets (g) Deferred tax asset (net) (h) Non-current tax assets (net) (i) Other non-current assets	6 7 8 34 (iv) 34 (vii) 9	43.39 327.47 16.69 6,218.13 727.13 2,593.50	43.39 313.55 10.14 2,773.21 661.27 1,322.01
2. Current assets		,	,
(a) Inventories (b) Financial assets	10	17,421.58	23,683.33
(b) Financial assets (i) Investments (ii) Trade receivables (iii) Cash and cash equivalents (iv) Bank balances other than cash and cash equivalents (v) Loans (vi) Other financial assets (c) Current tax assets (net) (d) Other current assets (e) Assets held for sale  TOTAL	11 12 13 13 14 15 34 (vii) 16 54	260.00 10,978.32 10,951.58 738.26 16.05 1,042.09 340.96 1,916.74 61.41	16,044.02 7,734.16 778.25 22.07 608.52 763.46 2,832.25
EQUITY AND LIABILITIES			
1. Equity (a) Equity share capital (b) Other equity	17 18	672.69 48,926.36 49,599.05	672.69 45,554.72 46,227.41
(c) Non-controlling interests  2. Liabilities	40	1,954.70	1,433.25
Non-current liabilities			
(a) Financial liabilities (i) Borrowings (ii) Other financial liabilities (b) Provisions (c) Deferred tax liability (net) (d) Non-current tax liabilities (net) (e) Other non-current liabilities Current liabilities	19 20 21 34 (iv) 34 (vii) 22	73,555.51 140.86 12,275.08 2,372.45 417.90 54.25	72,420.19 138.86 9,823.21 1,236.71 420.44 94.25
(a) Financial liabilities (i) Borrowings	23	3,969.95	5,021.59
<ul> <li>(ii) Trade payables</li> <li>(A) total outstanding dues of micro enterprises and small enterprises and</li> <li>(B) total outstanding dues of creditors other than micro enterprises and small enterprises</li> </ul>	24	18.48 7,877.62	16.34 13,397.81
<ul> <li>(iii) Other financial liabilities</li> <li>(b) Other current liabilities</li> <li>(c) Provisions</li> <li>(d) Current tax liabilities (net)</li> </ul>	25 26 27 34 (vii)	5,674.87 1,126.81 2,377.58 862.29	3,936.05 929.55 1,609.07 1,525.94
TOTAL Corporate information	1	162,277.40	158,230.67
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 BSR & Associates LLP

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership number: 049642

Place: Hyderabad Date: February 28, 2020 For and on behalf of the Board of Directors of

**Rain Industries Limited** 

CIN: L26942TG1974PLC001693

N Radha Krishna Reddy

Managing Director

DIN: 00021052

T. Srinivasa Rao

Chief Financial Officer M. No.: F29080 Jagan Mohan Reddy Nellore

Director

DIN: 00017633

S. Venkat Ramana Reddy

Company Secretary M. No.: A14143

### **CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Note	For the year ended December 31, 2019	For the year ended December 31, 2018
1 INCOME			
Revenue from operations	28	123,607.97	140,489.93
Other income	29	1,562.28	407.81
Total income		125,170.25	140,897.74
2 EXPENSES		40.021.12	C1 CT 4 40
Cost of materials consumed		49,831.12	61,674.48
Purchases of stock-in-trade	20	13,805.15	18,095.78
Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	3,664.04	(2,499.37)
Employee benefits expense Finance costs	31 32	12,351.61	12,355.15
Depreciation and amortisation expense	384	4,524.01 5,940.15	4,565.13 5,550.86
Loss / (gain) on foreign currency transactions and translations (net)	304	(75.25)	213.66
Other expenses	33	29,222.11	30,994.32
Total expenses	33	119,262.94	130,950.01
3 PROFIT BEFORE SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND TAX (1-2)		5,907.31	9,947.73
4 Share of profit / (loss) of associates (net of income tax)		(0.21)	8.80
5 PROFIT BEFORE TAX (3-4)		5,907.10	9,956.53
6 TAX EXPENSE / (BENEFIT)	34 (i)	3,307.10	3,330.33
1. Current tax	0 1 (1)	3,154,40	4,229.32
2. Tax relating to earlier years		(178.19)	(12.42)
3. Deferred tax		(176.15)	(12.12)
(a) Deferred tax excluding (b) below		(1,540.07)	(573.68)
(b) Impact on account of change in tax rate in India		(153.38)	-
7 PROFIT FOR THE YEAR (5-6)		4,624.34	6,313.31
8 OTHER COMPREHENSIVE INCOME / (LOSS) (NET OF TAX)		<u> </u>	
A. (i) Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit plans		(1,860.78)	455.72
(ii) Income tax relating to items that will not be reclassified to profit or loss	34 (ii)	602.21	(155.18)
B. (i) Items that will be reclassified to profit or loss			
<ul> <li>Exchange differences in translating the financial statements of foreign operation</li> </ul>		1,281.03	1,144.65
- Effective portion of cash flow hedge		0.78	150.97
(ii) Income tax relating to items that will be reclassified to profit or loss	34 (ii)		(30.39)
Other comprehensive income for the year		23,24	1,565.77
9 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (7+8)		4,647.58	7,879.08
Attributable to:			
- Owners of the Company		3,753.94	7,459.07
- Non-controlling interests		893.64	420.01
10 OF THE TOTAL COMPREHENSIVE INCOME ABOVE:			
Profit for the year attributable to:		201204	E 016.26
- Owners of the Company		3,913.84	5,816.26
- Non-controlling interests		710.50	497.05
Other comprehensive income / (loss) attributable to:		(150.00)	1 642 91
- Owners of the Company		(159.90)	1,642.81
- Non-controlling interests  11 EARNINGS PER SHARE (FACE VALUE OF ₹ 2/- EACH)	47	183.14	(77.04)
	4/	11.64	17.20
Basic and Diluted (₹)	1	11.64	17.29
Corporate information Significant accounting policies	1 2		
agnineant accounting poncies			
$\underline{ \  \   } \   \underline{ \  \  } $	_		

As per our report of even date attached

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, 2020 For and on behalf of the Board of Directors of

**Rain Industries Limited** 

CIN: L26942TG1974PLC001693

N Radha Krishna Reddy

Managing Director DIN: 00021052

T. Srinivasa Rao

Chief Financial Officer M. No.: F29080 Jagan Mohan Reddy Nellore

Director DIN: 00017633

S. Venkat Ramana Reddy

Company Secretary M. No.: A14143

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

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

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	 		Resel	Reserves and Surplus	sn		Other Co	<b>omprehensive</b>	Other Comprehensive Income (loss)	Attributable	
Particulars	Equity Share	Capital Reserve	Capital Securities eserve Premium	Capital Redemption Reserve	General Reserve	General Retained Reserve Earnings	Effective portion of cash flow hedge	Effective Foreign cashflow Translation hedge Reserve	Remeasurements of Defined Benefit Plans	to Non- controlling interest	Total
Balance as on January 1, 2019	672.69	43.98	516.67	47.66	1,425.27	47.66 1,425.27 43,103.64	  -	859.74	(442.24)	1,433.25	1,433.25 47,660.66
Profit for the year	•	•	1	1	•	- 3,913.84	1	1		710.50	710.50 4,624.34
Other comprehensive income (loss) for											
the year											
- Effective portion of cash flow	٠	•	,	•	1	٠	0.78	1	•	1	0.78
hedge (net of tax)											
- Foreign currency translation	•	•	•	•	•	1	1	1,097.89	•	183.14	1,281.03
reserve (net of tax)											
- Remeasurements of defined	•	•	1	•	•	•	1	1	(1,258.57)	1	(1,258.57)
benefit plans (net of tax)											
Total Comprehensive Income for the year	•	•	1	1	•	3,913.84	0.78	1,097.89	(1,258.57)	893.64	4,647.58
Dividends including dividend	•	•	•	•	•	(382.30)	•	•	•	(372.19)	(372.19) (754.49)
distribution tax (Refer note 17(ii))										•	•
Transfer to general reserve	٠	•	•	•	121.28	121.28 (121.28)	•	•	•	•	•
Balance as on December 31, 2019	672.69	43.98	516.67	47.66	1,546.55	47.66 1,546.55 46,513.90	0.78	1,957.63	(1,700.81)	1,954.70	1,954.70 51,553.75

			Poso	Attribu	butable to (	Attributable to Owners of the Company	e Company	wisnehenein	impany Other Comprehensive Income (loss)		
	Fauity		2001	d monuscoa.	2		2		c tilcoille (1033)	Attributable	
Particulars	Share Capital	Capital Reserve	Capital Securities teserve Premium	Capital Redemption Reserve	General Reserve	General Retained Reserve Earnings	Effective portion of cash flow hedge	Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	to Non- controlling interest	Total
Balance as on January 1, 2018	672.69	43.98	516.67	47.66	1,364.80	47.66 1,364.80 38,020.54	(119.43)	(363.10)	(742.78)	1,013.24	1,013.24 40,454.27
Profit for the year		•	1	•	•	5,816.26				497.05	6,313.31
Other comprehensive income (loss) for the year											
- Effective portion of cash flow	•	•	1	•	•	•	119.43	1	•	•	119.43
hedge (net of tax)											
- Foreign currency translation	'	•	•	•	•	•	•	1,222.84	•	(77.04)	77.04) 1,145.80
reserve (net of tax)											
- Remeasurements of defined	•	•	1	•	•	•	1	•	300.54	•	300.54
benefit plans (net of tax)											
Total Comprehensive Income for the year		1	1	1	•	5,816.26	119.43	1,222.84	300.54	420.01	7,879.08
Dividends including dividend	'	•	•	•	•	(672.69)	•	•	•	•	(672.69)
distribution tax (Refer note 17(ii))											
Transfer to general reserve	•	•	1	1	60.47	(60.47)	1	•	•	1	1
Balance as on December 31, 2018	672.69	43.98	516.67	47.66	1,425.27	47.66 1,425.27 43,103.64	1	859.74	(442.24)	1,433.25	1,433.25 47,660.66

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019 (CONTINUED)

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

### **DESCRIPTION OF THE PURPOSES OF EACH RESERVE WITHIN EQUITY** Reserves and Surplus: $\Xi$

- 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. æ
- 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 Securities premium: The amount received in excess of face value of the equity shares is recognised in securities premium. It is utilized in accordance underwriting costs etc. 9
- 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. **②**
- 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.
- Retained earnings: Retained earnings are the net profits after all distributions and transfers to other reserves. **(e)**

### Items of Other Comprehensive income:

T

- 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. Foreign currency translation reserve (FCTR): Represents the FCTR of a foreign subsidiary. For the purpose of consolidation of subsidiaries financial The movement in this reserve is due to fluctuation in exchange rates of currencies in the current year. **a**
- Remeasurements of defined benefit plans: Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets (excluding interest income). **P**
- 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 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 adjustment to the non-financial hedged item.

For and on behalf of the Board of Directors of

CIN: L26942TG1974PLC001693

As per our report of even date attached for B S R & Associates LLP Chartered Accountants

ICAI Firm registration number: 116231W/W-100024

Membership number: 049642 Sriram Mahalingam

Date: February 28, 2020

Place: Hyderabad

fagan Mohan Reddy Nellore Company Secretary DIN: 00017633 N Radha Krishna Reddy Chief Financial Officer Managing Director T. Srinivasa Rao DIN: 00021052

S. Venkat Ramana Reddy M. No.: A14143 M. No.: F29080

### **CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2019

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

		For the year ended December 31, 2019	For the year ended December 31, 2018
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	5,907.10	9,956.53
	Adjustments for:		
	Depreciation and amortisation expense	5,940.15	5,550.86
	Profit on sale of property, plant and equipment (net)	(118.21)	(10.82)
	Gain on sale of investments in associate	- 1	(60.00)
	Gain on redemption of senior secured notes	-	(3.49)
	Interest and other borrowing costs	4,524.01	4,565.13
	Interest income	(403.22)	(208.35)
	Dividend income from current investments	(7.43)	(0.54)
	Advances written off	68.18	-
	Assets written off	20.99	_
	Provision / write down of inventories	127.74	115.89
	Liabilities / provisions no longer required written back	(481.25)	(124.61)
	Bad debts written off	2.33	(12 1.01)
	Provision for doubtful debts and advances	88.28	783.27
	Share of profit / (loss) of associates (net of income tax)	0.21	(8.80)
	Provision for plant closure costs	1,076.21	(0.00)
	Foreign exchange (gain) / loss, net	(95.54)	266.75
	Torcign exchange (gam) / 1033, net	10,742.45	10,865.29
	Operating profit before working capital changes	16,649.55	20,821.82
	Adjustments for changes in working capital:		
	Inventories	6,410.54	(2,975.23)
	Trade receivables	5,272.13	701.08
	Financial assets and other assets	563.81	204.91
	Trade payables, other liabilities and provisions	(3,249.26)	2,765.44
		8,997.22	696.20
	Cash generated from operations	25,646.77	21,518.02
	Income taxes paid, net	(3,246.97)	(4,462.94)
	Net cash from operating activities	22,399.80	17,055.08
В.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of property, plant and equipment and intangible assets, including capital advances	(11,936.71)	(11,630.54)
	Proceeds from sale of property, plant and equipment	21.67	95.21
	Loans repaid during the year	_	16.09
	Inter corporate deposits (placed)/released	(3.70)	(400.00)
	Purchase of current investments	(260.00)	(100,00)
	Proceeds from sale of investments, net	(200.00)	10.00
	Bank deposits and other bank balances	28.87	1,410.54
	Interest received	350.41	174.41
	Dividends received on current investments	7.43	0.54
	Net cash used in investing activities	(11,792.03)	(10,323.75)
	NET CASH USEU III IIIVESUNIY ACTIVILIES	(11,/92.03)	(10,343.73)

### **CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2019 (CONTINUED)

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

	For the year ended December 31, 2019	For the year ended December 31, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	-	31,767.92
Repayment of non-current borrowings	(327.41)	(33,416.18)
Proceeds/(Repayment) of current borrowings, net	(1,027.58)	1,601.87
Sales tax deferment paid	(53.06)	(58.98)
Interest and other borrowing costs paid	(4,365.85)	(5,407.90)
Dividend paid to owners of the company (including tax on dividend)	(382.30)	(672.69)
Dividend paid to non-controlling interests	(372.19)	` <u>-</u>
Net cash used in financing activities	(6,528.39)	(6,185.96)
Net increase in cash and cash equivalents (A+B+C)	4,079.38	545.37
Cash and cash equivalents - opening balance	7,734.16	7,241.69
Effect of exchange differences on restatement of foreign currency cash and cash	(861.96)	(52.90)
equivalents	, ,	` ′
Cash and cash equivalents - closing balance	10,951.58	7,734.16
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.		
· ·	Asat	Asat
	December 31, 2019	December 31, 2018
(ii) Components of Cash and cash equivalents		
Cash on hand	0.97	1.19
Cheques/ drafts on hand	3.55	1.26
Balances with banks:		
- in current accounts	7,443.42	5,289.80
- in exchange earners foreign currency (EEFC) accounts	135.88	2.73
- in deposit accounts (with original maturity of three months or less)	3,367.76	2,439.18
	10,951.58	7,734.16

As per our report of even date attached for BSR & Associates LLP

Chartered Accountants

ICAI Firm registration number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership number: 049642

Place: Hyderabad Date: February 28, 2020 For and on behalf of the Board of Directors of

**Rain Industries Limited** 

CIN: L26942TG1974PLC001693

N Radha Krishna Reddy

Managing Director DIN: 00021052

T. Srinivasa Rao

Chief Financial Officer M. No.: F29080

Jagan Mohan Reddy Nellore

Director DIN: 00017633

S. Venkat Ramana Reddy

Company Secretary M. No.: A14143

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, Advanced Materials and Cement. The Company's equity shares are listed at BSE Limited and National Stock Exchange of India Limited in India.

Carbon comprises of Calcined Petroleum Coke ("CPC"), Green Petroleum Coke ("GPC"), Coal Tar Pitch ("CTP"), Energy produced through Waste-heat recovery and other derivates of Coal Tar distillation. Advanced Materials represent the downstream operations of Coal Tar distillation and comprises of Engineered Products, Petro Chemical Intermediaries, Naphthalene Derivates and Resins. The manufacture and sale of Cement has been classified as Cement.

### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of preparation of Consolidated Financial Statements**

### 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 (as amended from time to time) notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

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, 2019 have been applied. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on February 28, 2020.

### (ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹) 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	Fair value
instruments	
Certain financial assets and	Fair value
liabilities (refer accounting	
policy regarding financial	
instruments)	
Net defined benefit asset/	Fair value of plan assets
liability	less present value of
	defined benefit plan
	obligation
Inventories	Lower of cost or net
	realisable value
Investment in Associates	Equity method
Joint Ventures	
Borrowings	Amortised cost using
	effective interest rate
	method

### (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 41)
- Recognition and measurement of provisions and contingencies: key assumptions about the

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

likelihood and magnitude of an outflow of resources (Refer note 44 and 52)

- Recognition and recoverability of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used & utilisation of Minimum Alternate Tax and Foreign Tax Credits (Refer note 34)
- Useful life of property, plant and equipment (Refer note 2(d))
- Impairment of financial & non-financial assets. (Refer note 35)
- Provision for inventories (Refer note 10)
- Provision for loss allowance on trade receivables (Refer note 35.4)
- Measurement of borrowings at amortised cost (Refer note 19)
- Assessment of functional currency (Refer note 2(a)(ii))

### **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:

- 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 noncurrent 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:

 It is expected to be settled in the Group's normal operating cycle;

- It is held primarily for the purpose of being traded;
- iii. It is due to be settled within 12 months after the reporting date; or
- iv. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of noncurrent 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.

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:

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

For changes that have occurred between levels in the hierarchy during the year, 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 35.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

### (vi) Principles of Consolidation

### **Business Combination**

In accordance with Ind AS 103- "Business Combinations", the Group accounts for 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.

### Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for noncontrolling 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 consolidated statement of profit and 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 cashgenerating unit retained.

### **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 and loss.

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.

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 reporting date and are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

### Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the Group has joint control of the rights to the net assets of the arrangement along with the other joint venture.

Interests in associates and joint ventures 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.

Unrealized gains arising from the transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

### **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.

### 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 ₹ 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 consolidated statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation 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 consolidated 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 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 consolidated 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 (₹). 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 consolidated statement of profit and 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, 2019 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 intragroup 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 along with Rain Industries Limited are:

C N	Nowe of the Occurrence	Balatianakia	Country of	Group's pro Ownership	•
5. N	o Name of the Company	Relationship	Incorporation	December 31, 2019	December 31, 2018
1	Rain Cements Limited (RCL)	Subsidiary of RIL	India	100	100
2	Rain Commodities (USA) Inc. (RCUSA)	Subsidiary of RIL	United States of America (U.S.A.)	100	100
3	Renuka Cement Limited (RenCL)	Subsidiary of RCL	India	100	100
4	Rain Global Services LLC (RGS)	Subsidiary of RCUSA	U.S.A.	100	100
5	Rain Carbon Inc. (RCI)	Subsidiary of RCUSA	U.S.A.	100	100
6	Rain Carbon Holdings, LLC (RCH)	Subsidiary of RCI	U.S.A.	100	100
7	Rain CII Carbon (Vizag) Limited (RCCVL)	Subsidiary of RCH	India	100	100
8	Rain CII Carbon LLC (RCC)	Subsidiary of RCH	U.S.A.	100	100
9	CII Carbon Corp. (CIICC)	Subsidiary of RCC	U.S.A.	100	100
10	Rain Carbon GmbH (RCG)	Subsidiary of RCC	Germany	100	100
11	Handy Chemicals (U.S.A.) Ltd. (HUSA)	Subsidiary of RCC	U.S.A.	100	100
12	RÜTGERS Canada Inc. (RCan)	Subsidiary of RCC	Canada	100	100
13	RÜTGERS Polymers Limited (RPL)	Subsidiary of RCC	Canada	100	100
14	Rain Carbon BVBA (RCBVBA)	Subsidiary of RCG	Belgium	100	100
15	RÜTGERS Holding Germany GmbH (RHGmbH)*	Subsidiary of RCG	Germany	-	100
16	Rain RÜTGERS LLC	Subsidiary of RCBVBA	Russia	100	100
17	VFT France S.A (VFSA)	Subsidiary of RCBVBA	France	100	100
18	Rumba Invest BVBA & Co. KG (Rumba)	Subsidiary of RHGmbH	Germany	94.9	94.9
19	RÜTGERS Germany GmbH (RGmbH)	Subsidiary of RHGmbH	Germany	99.7	99.7
20	Severtar Holding Ltd. (Severtar)	Subsidiary of RHGmbH	Cyprus	65.3	65.3
21	OOO RÜTGERS Severtar (OOOSevertar)	Subsidiary of Severtar	Russia	65.3	65.3
22	RÜTGERS Wohnimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
23	RÜTGERS Gewerbeimmobilien GmbH & Co. KG	Subsidiary of RGmbH	Germany	100	100
24	RÜTGERS Poland Sp. z o.o (RPZ)	Subsidiary of RGmbH	Poland	100	100
25	RÜTGERS Resins BV (RRBV)	Subsidiary of RGmbH	The Netherlands	100	100
26	RÜTGERS (Shanghai) Trading Co. Ltd.	Subsidiary of RGmbH	China	100	100
27	InfraTec Duisburg GmbH (IDGmbH)	Investment in Associates	Germany	30	30
		by RGmbH			

<sup>\*</sup>RHGmbH merged with RCG in July 2019 with effect from January 1, 2019.

### b) Revenue recognition

Ind AS 115 was issued on March 28, 2018 by Ministry of Corporate affairs and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group applied the modified retrospective method upon adoption of Ind AS 115 on January 1, 2019. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years.

Overall, the application of this standard did not have a material impact on the Group's revenue streams from the sale of goods, service income, Rental income and associated rebates and sales returns provisions.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer. The revenue is measured on the basis of the consideration defined in the contract with a customer, including variable consideration, such as discounts, volume rebates, or other contractual reductions.

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.

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets 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	1-77
Furniture and Fixtures	1-15
Land held under lease	125
Office equipment	3-20
Plant and equipment	1-60
Vehicles	4-20

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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 consolidated 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 such as costs of site preparation and remediation, and estimated costs of dismantling and removing/disposal of 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 consolidated statement of profit and 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

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
Trade names	8-15
Other intangibles	2-20

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 consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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 intangibles, research expenditure and brands, is recognised in consolidated 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 consolidated statement of profit and loss when the asset is derecognised.

### f) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in consolidated statement of profit and loss.

Once classified as held for sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated.

## g) 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 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".

## h) 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 the financial asset has increased significantly if there is an indication that the financial asset is outstanding significantly beyond the usual credit period. 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); and
- 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 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.

## i) 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, goods in transit, 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.

## j) Retirement and other employee benefits Defined contribution plans

Contributions paid/payable under defined contribution plans are recognised in the consolidated statement of profit and loss each year. The Group makes the contributions and has no further obligations under the plan beyond its contributions.

## **Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. 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 consolidated statement of profit and loss in subsequent periods.

Past service costs are recognised in consolidated 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:

- Service costs comprising current service costs, pastservice 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 consolidated statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. On amendment, curtailment and settlement of a defined benefit plan, entities should use the updated assumptions to determine the current service cost and net interest for the reminder of the annual reporting period.

## 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.

## **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 reportable segments:

- Carbon
- · Advanced Materials
- Cement

These have been defined as the operating segments of the Group because they are the segments that:

- engage in business activities from which revenue is earned and expenses are incurred;
- (2) whose operating results are regularly reviewed by the Group's CODM to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) for which discrete financial information is available.

## k) 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.

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.

## 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 fair value through other comprehensive income (FVOCI) as described above are measured at fair value through profit or loss (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.

## 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 consolidated 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 consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in consolidated 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 consolidated 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 consolidated statement of profit and loss.

**Equity investments at FVOCI:** These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit and 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 consolidated statement of profit and 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

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 consolidated statement of profit and loss are measured at fair value with all changes in fair value recognised in the consolidated 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 consolidated 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.

## m) 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 remeasured 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 consolidated statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to consolidated statement of profit and loss when the hedge item affects consolidated 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;
- 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 which has been de-designated during the current year. Accordingly, the translation gain/(loss) on such foreign currency loans, determined as an effective

net investment hedge through the designated period is recognised in Foreign Currency Translation Reserve (FCTR) included under OCI and would be transferred to the consolidated statement of profit and loss upon sale or disposal of the investment in the non-integral foreign operations.

## 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 consolidated 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.

## n) 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.

## o) 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 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 consolidated 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 consolidated statement of profit and loss.

## p) 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 consolidated statement of profit and loss. Other borrowings costs including redemption premium are recognised in the period in which they are incurred.

## q) 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.

## r) 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.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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, when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

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 amount of income recognized in accordance with the requirements of revenue recognition.

## s) 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.

## t) Standards issued but not yet effective

Ind AS 116 Leases

In March 2019, MCA issued Ind AS 116 – Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous standard on leasing. Ind AS 17 -Leases. Ind AS 116, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. Ind AS 116 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by Ind AS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognise assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognise depreciation of leased assets separately from interest on lease liabilities in the consolidated statement of Profit and Loss.

As Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, a lessor will continue to classify its leases as operating leases or

finance leases and to account for those two types of leases differently.

The Group will be adopting Ind AS 116 with effect from January 01, 2020, using the modified retrospective approach. Therefore, it shall recognise a lease liability at the date of initial application at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and recognise a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Figures for comparative periods will not be restated. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortization for the right-to-use asset, and (b) interest accrued on lease liability.

The Group will use the exemption option available for existing leases and apply the available exemptions regarding the recognition of short-term leases and low value leasing assets. Basis assessment, the Company arrangements under operating leases, which are currently off Balance sheet, will be recorded as right to use assets and the future obligations in respect of such leases will be recorded as a liability in the Balance sheet as at January 1, 2020.

The Group will use following practical expedients of Ind AS 116 at the date of initial application:

- With leases previously classified as operating leases according to Ind AS 17, the lease liability will be measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at January 1, 2020. The respective right-of-use asset is generally recognised at an amount equal to the lease liability;
- An impairment review is not performed for right of use assets. Instead, right-of-use asset is adjusted by the amount of any provision for onerous leases recognised in the Balance sheet;
- Regardless of their original lease term, leases for which the lease term ends latest on December 31, 2020, are recognised as short-term leases;
- At the date of initial application, the measurement of a right-to-use asset excludes the initial direct costs; and
- Hindsight is considered when determining the lease term if the contract contains options to extend or terminate the leases.

Following amendments to certain standards will be effective from financial year beginning April 1, 2019, hence applicable to the Company from January 1, 2020.

## Ind AS 109, Financial Instruments Prepayment of loans

The amendments notified in Ind AS 109 pertain to classification of a financial instrument with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through profit and loss, or fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied. Similarly, the holder may classify them either measured at fair value through profit and loss or measured at amortised cost in accordance with conditions of Ind AS 109.

## 2) Ind AS 12, Income Taxes

## a) Uncertain tax treatment

Another amendment relates to tax consequence of an item whose tax treatment is uncertain. Tax treatment of an item is considered as uncertain when there is uncertainty whether the relevant taxation authority will accept the tax treatment of that item or not. For example, if an entity has not included a particular income in taxable profit, it will be considered as uncertain tax treatment if its acceptability by taxation authority is uncertain. The amendment has been brought by introducing a new Appendix C to Ind AS 12.

If there is uncertainty over tax treatment of an item:

(i) An entity should determine an approach or method that predicts the resolution of the uncertainty. Based on the approach, the entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

- (ii) It shall assess whether it is probable that the taxation authority will accept the uncertain tax treatment, if the authority has full right to examine the treatment and has full knowledge of all related information.
- (iii) If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/losses, tax bases, unused tax losses/credits and tax rates. In vice-versa case, the entity shall show the effect of the uncertainty for each uncertain tax treatment on amount of related aforesaid items by using either the most likely outcome or the expected outcome of the uncertainty.

## 3) Ind AS 19, Employee Benefits

When a change to a plan by way of either an amendment, curtailment or settlement takes place, Ind AS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments to Ind AS 19 require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, Ind AS 19 did not specify how to determine these expenses for the period after the change to the plan.

4) Investments in Associates and Joint Ventures
Ind AS 109 excludes interest in associates and joint
ventures that are accounted for in accordance with
Ind AS 28, Investments in Associates and Joint
Ventures from its scope. This amendment to Ind AS 28
clarifies that Ind AS 109 should be applied to financial
instruments, including long-term interests in
associates and joint venture, that, in substance, form
part of an entity's net investment in associate or joint
venture, to which the equity method is not applied.

The Group is evaluating impact of above amendments issued by MCA to existing accounting standards.

NOTES
FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

			GrossBlock				Accur	Accumulated Depreciation	tion		Net Block	lock
Description	Asat January 1, 2019	Additions	Deletions / Adjustments	Exchange difference	As at December 31,2019	Asat January 1, 2019	For the year	Deletions / Adjustments	Exchange difference	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Land - freehold	1,017.45	24.10	57.43	13.17	997.29	9.32			0.02	9.34	987.95	1,008.13
Land - leasehold (Refer note (v) below)	43.66	1	•	1	43.66	1.03	0.37	ı	ī	1.40	42.26	42.63
Owned (Refer note (ii) below)	5,373.10	528.07	84.36	368.05	6,184.86	1,509.37	425.86	67.73	148.56	2,016.06	4,168.80	3,863.73
Finance lease (Refer note (iii) below)	10.18	ı	2.80	2.24	9.62	7.26	1.59	2.70	2.25	8.40	1.22	2:92
Owned (Refer note (ii) below)	36,942.63	3,934.09	296.51	1,012.67	41,592.88	12,534.40	4,938.87	260.36	564.46	17,777.37	23,815.51	24,408.23
Finance lease	212.09	955.45	2.81	13.05	1,177.78	127.55	80.21	2.81	1.30	206.25	971.53	84.54
Furniture and fixtures	1,427.70	72.11	15.34	4.21	1,488.68	519.26	201.30	12.21	4.68	713.03	775.65	908.44
Vehicles	336.37	725.73	54.66	48.41	1,055.85	33.28	57.51	49.17	7.02	48.64	1,007.21	303.09
Office equipment	602.64	356.37	48.84	20.43	930.60	234.53	125.51	55.18	14.74	319.60	611.00	368.11
Total Property, Plant and Equipment (A)	45,965.82	6,595.92	562.75	1,482.23	53,481.22	14,976.00	5,831.22	450.16	743.03	21,100.09	32,381.13	30,989.82
Capital work in	7,947.90	7,947.90 9,267.57	3,728.31	136.93	136.93 13,624.09	,					13,624.09	7,947.90
Total (A+B)	53,913.72 15,863.49	15,863.49	4,291.06	1,619.16	67,105.31	14,976.00	5,831.22	450.16	743.03	21,100.09	46,005.22	38,937.72

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 (CONTINUED)

			Gross Block				Accun	Accumulated Depreciation	tion		Net Block	lock
Description	As at January 1, 2018	Additions	Deletions / Adjustments	Exchange difference	As at December 31, 2018	As at January 1, 2018	For the year	Deletions / Adjustments	Exchange difference	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Land - freehold	776.29	198.96		42.20	1,017.45	5.03	'	(4.12)	0.17	9.32	1,008.13	771.26
Land - leasehold (Refer note (v) below) Buildings	41.93	1.73	•	1	43.66	0.67	0.36	1	1	1.03	42.63	41.26
Owned (Refer note (ii) below)	5,314.27	223.22	67.85	(96.54)	5,373.10	1,214.37	395.98	27.67	(73.31)	1,509.37	3,863.73	4,099.90
Finance lease (Refer note (iii) below)	10.88	1	ı	(0.70)	10.18	5.53	2.71	•	(0.98)	7.26	2.92	5.35
Plant and equipment												
Owned (Refer note (ii) below)	30,764.24	5,186.01	538.51	1,530.89	36,942.63	8,010.27	4,664.95	477.74	336.92	12,534.40	24,408.23	22,753.97
Finance lease	203.21	•	•	8.88	212.09	81.66	42.99	•	2.90	127.55	84.54	121.55
Furniture and fixtures	1,125.05	263.61	2.68	41.72	1,427.70	315.94	196.40	2.54	9.46	519.26	908.44	809.11
Vehicles	146.81	253.85	44.37	(19.92)	336.37	33.30	46.86	44.25	(2.63)	33.28	303.09	113.51
Office equipment	449.69	157.13	14.51	10.33	602.64	124.82	128.17	14.61	(3.85)	234.53	368.11	324.87
Total Property, Plant and	38,832.37 6,284.5	6,284.51	667.92	1,516.86 45,965.82	45,965.82	9,791.59	5,478.42	562.69	268.68	268.68 14,976.00	30,989.82	29,040.78
Equipment (A)												
Capital work in progress (B)	4,412.47	4,412.47 7,086.06	3,653.04	102.41	7,947.90	•	•	•	•	•	7,947.90	4,412.47
Total (A+B)	43,244.84 13,370.57	13,370.57	4,320.96	1,619.27 53,913.72	53,913.72	9,791.59	5,478.42	562.69	268.68	268.68 14,976.00	38,937.72	33,453.25

- Certain movable and immovable property, plant and equipment are hypothecated against the current and non-current borrowings availed by the Group. Refer Notes: (i) Cert
- Includes plant and equipment installed and buildings constructed on leasehold land and depreciated over lease period. (E)
- (iii) For details regarding future minimum lease payments at the end of the year, Refer note 46.
- (iv) For contractual commitments relating to capital work-in-progress, Refer note 44
- Leasehold land pertains to mining in Rain Cements Limited

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 4: GOODWILL AND OTHER INTANGIBLE ASSETS

	_		Gross Block				Accum	Accumulated Amortisation	tion		Net Block	lock
Description	As at January 1, 2019	Additions	Deletions	Exchange difference	Asat December 31,2019	As at January 1, 2019	For the year	Deletions	Exchange difference	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Goodwill (A)	61,315.31			901.56	901.56 62,216.87	'					62,216.87	61,315.31
Other Intangible assets:												
Licenses and franchise	305.97	117.50	1.09	2.11	424.49	33.01	101.99	2.02	1.47	134.45	290.04	272.96
Other intangible assets	34.58	•	•	4.50	39.08	2.61	6.94	•	0.53	10.08	29.00	31.97
Total Other Intangible	340.55	117.50	1.09	6.61	463.57	35.62	108.93	2.02	2.00	144.53	319.04	304.93
assets (B)												
Total A+B	61,655.86 117.50	117.50	1.09	908.17	908.17 62,680.44	35.62	108.93	2.02	2.00	144.53	62,535.91	61,620.24

			<b>Gross Block</b>				Accumu	Accumulated Amortisation	tion		Net Block	llock
Description	As at January 1, Additions 2018	Additions	Deletions	Exchange difference	As at December 31, 2018	Asat January 1, 2018	For the year	Deletions	Exchange difference	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Goodwill (A)	57,622.46			3,692.85	3,692.85 61,315.31						61,315.31	57,622.46
Other Intangible assets:												
Licenses and franchise	156.65	147.05	3.16	5.43	305.97	(40.02)	70.74	(5.17)	(2.88)	33.01	272.96	196.67
Other intangible assets	37.96	•	1	(3.38)	34.58	1.22	1.70		(0.31)	2.61	31.97	36.74
Total Other Intangible	194.61	147.05	3.16	2.05	340.55	(38.80)	72.44	(5.17)	(3.19)	35.62	304.93	233.41
assets(B)												
Total A+B	57,817.07 147.05	147.05	3.16	3.16 3,694.90 61,655.86	61,655.86	(38.80)	72.44	(5.17)	(3.19)	35.62	61,620.24	57,855.87

**Notes:**(i) For impairment analysis performed for Goodwill on consolidation, Refer Note 39.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 5: EQUITY ACCOUNTED INVESTMENTS**

	Asat	As at
	December 31, 2019	December 31, 2018
Associates (unquoted):		
- InfraTec Duisburg GmbH – 7,500 (December 31, 2018: 7,500) ordinary shares with no par value	82.97	83.08
Total	82.97	83.08

## **NOTE 6: NON-CURRENT INVESTMENTS**

		As at December 31, 2019	As at December 31, 2018
Α.	Investment in equity shares	2000111301 02,2020	
	(i) in other entities		
	At FVTOCI (Fair value through Other comprehensive income) (unquoted)		
	- Arsol Aromatics GmbH & Co. – 1,365,860 (December 31, 2018: 1,365,860) ordinary shares with no par value	27.23	27.19
	At FVTPL (Fair value through Profit and loss) (unquoted)		
	- Andhra Pradesh Gas Power Corporation Limited - 134,000 (December 31, 2018:	16.00	16.00
_	134,000) equity shares of ₹10 each fully paid up		
В.	Investment in Government securities carried at FVTPL (Fair value through Profit and		
	loss) (unquoted)		
	- National Savings Certificates	0.16	0.20
Tot	al	43.39	43.39
(a)	aggregate value of quoted investments	-	-
(b)	aggregate value of unquoted investments	43.39	43.39

## **NOTE 7: NON-CURRENT LOANS**

	As at	As at
<del></del>	December 31, 2019	December 31, 2018
(Unsecured, considered good, unless otherwise stated)		
Security deposits	125.21	109.98
Loans and advances		
- to employees	5.00	6.31
- to others	0.42	0.40
Electricity deposit	196.84	196.86
Total	327.47	313.55

## **NOTE 8: OTHER NON-CURRENT FINANCIAL ASSETS**

	As at	Asat
	December 31, 2019	December 31, 2018
Bank deposits due to mature after 12 months of the reporting date* (Refer note 13)	16.63	10.00
Interest accrued on deposits	0.06	0.14
Total	16.69	10.14

<sup>\*</sup> Includes lien marked deposits with government authorities and customers.

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## **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 9: OTHER NON-CURRENT ASSETS**

	As at December 31, 2019	As at December 31, 2018
(Unsecured, considered good, unless otherwise stated)		
Capital advances	2,548.75	1,273.06
Advances other than capital advances:		
Prepaid expenses	0.64	1.11
Prepaid operating lease rentals*	11.38	15.65
Balances with Statutory authorities	32.73	31.47
Excess contribution to Plan assets for Defined benefit plan (Refer note 41)		0.72
Total	2,593.50	1,322.01

<sup>\*</sup> 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 10: INVENTORIES**

	As at December 31, 2019	As at December 31, 2018
(At lower of cost and net realisable value)		
a) Raw materials	5,894.96	9,437.19
b) Work-in-progress	1,879.73	2,340.23
c) Finished goods	5,110.23	8,229.73
d) Stock-in-trade	1,613.02	1,600.64
e) Stores and spares	1,908.55	1,702.00
f) Packing materials	100.33	115.39
g) Fuel	914.76	258.15
Total	17,421.58	23,683.33
Goods-in-transit, included above		
a) Raw materials	77.38	972.25
b) Stock-in-trade	309.48	347.71
c) Stores and spares	1.35	3.72
d) Fuel	2.86	1.81
Total	391.07	1,325.49

The above inventories are net of provision for net realisable values of ₹ 513.14 and ₹ 516.99 as at December 31, 2019 and December 31, 2018 respectively. The write-down and reversal are included in cost of materials consumed or changes in inventories of finished goods, work-in-progress and stock-in-trade.

For details of inventories hypothecated against current borrowings, refer note 23.

## **NOTE 11: CURRENT INVESTMENTS**

	As at December 31, 2019	As at December 31, 2018
Investment in mutual funds of (quoted, at Fair value through Profit and loss):		
a) ICICI Prudential Ultra Short Term Fund - Direct Plan - Growth	40.00	-
b) Franklin India Ultra Short Bond Fund - Super Institutional Growth	220.00	-
Total	260.00	-
(a) Aggregate value of quoted investments	260.00	-
(b) Aggregate value of unquoted investments	-	-

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 12: TRADE RECEIVABLES**

	As at December 31, 2019	As at December 31, 2018
Trade receivables considered good - secured	347.35	1,379.64
Trade receivables considered good - unsecured	10,630.97	14,664.38
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	158.33	821.74
	11,136.65	16,865.76
Less: Allowance for doubtful trade receivables	158.33	821.74
<u>Total</u>	10,978.32	16,044.02

<sup>-</sup> For details of trade receivables hypothecated against current borrowings, refer note 23.

## **NOTE 13: CASH AND BANK BALANCES**

		As at December 31, 2019	As at December 31, 2018
A. Cash and cash equivalen	ts		
Cash on hand		0.97	1.19
Cheques/ drafts on hand		3.55	1.26
Balances with banks:			
<ul> <li>in current accounts</li> </ul>		7,443.42	5,289.80
<ul> <li>in exchange earners for</li> </ul>	eign currency (EEFC) accounts	135.88	2.73
<ul> <li>in deposit accounts (with</li> </ul>	th original maturity of three months or less)	3,367.76	2,439.18
		10,951.58	7,734.16
B. Bank balances other that	n cash and cash equivalents		
Balances held as margin	money against guarantees and other commitments	231.55	319.42
Unclaimed dividend acco	punts	42.79	42.82
Bank deposits due to ma	ture after three months of the reporting date	480.55	426.01
Less: Bank deposits due t	o mature after 12 months of the reporting date (Refer note 8)	16.63	10.00
		738.26	778.25
Total [A+B]		11,689.84	8,512.41

## **NOTE 14: CURRENT LOANS**

	As at December 31, 2019	As at December 31, 2018
(Unsecured, considered good unless otherwise stated)		
Advances to related parties		
- Pragnya Priya Foundation	-	10.00
Security deposits	5.68	3.28
Advance to employees	10.37	8.56
Others	-	0.23
Total	16.05	22.07

<sup>-</sup> The Group's exposure to credit and currency risks related to current loans are disclosed in note 35.

<sup>-</sup> The Group's exposure to credit and currency risks related to trade receivables are disclosed in note 35.

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## **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 15: OTHER CURRENT FINANCIAL ASSETS**

	As at December 31, 2019	As at December 31, 2018
(Unsecured, considered good unless otherwise stated)		
Derivative financial asset, net	0.36	-
Interest accrued on deposits	42.06	52.18
Unbilled revenue (Refer note 28)	198.18	129.31
Inter-corporate deposits with financial institutions	403.70	400.00
Advance to employees	1.41	4.44
Receivables on sale of fixed assets	157.76	-
Other receivables	238.62	22.59
Total	1,042.09	608.52

## **NOTE 16: OTHER CURRENT ASSETS**

	Asat	As at
	December 31, 2019	December 31, 2018
(Unsecured, considered good unless otherwise stated)		
Prepaid expenses	430.12	489.05
Balances with statutory authorities	958.13	1,886.35
Advance to suppliers and service providers	492.84	414.80
Advance to employees	11.62	13.60
Others	24.03	28.45
Total	1,916.74	2,832.25

## **NOTE 17: EQUITY SHARE CAPITAL**

	As at December 3	As at December 31, 2019		1, 2018
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital:				
Equity Shares of ₹ 2 each	590,000,000	1,180.00	590,000,000	1,180.00
Redeemable preference shares of ₹ 100 each	4,900,000	490.00	4,900,000	490.00
Total	594,900,000	1,670.00	594,900,000	1,670.00
Issued, subscribed and fully paid up share capital				
Equity Shares of ₹ 2 each	336,345,679	672.69	336,345,679	672.69
Total	336,345,679	672.69	336,345,679	672.69

## Notes:

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

Particulars	As at December 31	l, <b>2019</b>	As at December 31	l, 2018
rarticulars	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	-	-	-	-
As at end of the year	336,345,679	672.69	336,345,679	672.69

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

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

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 17: EQUITY SHARE CAPITAL (CONTINUED)**

The Board of Directors at its meeting held on November 13, 2019 has declared an interim dividend of 50% (₹ 1 per equity share of par value of ₹ 2 each amounting to ₹ 336.35, including tax on dividend) for the financial year ended December 31, 2019 and no further dividend has been recommended for the said year.

The Board of Directors at its meeting held on November 14, 2018 has declared an interim dividend of 50% (₹ 1 per equity share of par value of ₹ 2 each amounting to ₹ 336.35, including tax on dividend) for the financial year ended December 31, 2018 and no further dividend has been recommended for the said year.

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

Name of the Shareholder	As at December 31,	2019	As at December 31, 2	2018
Marile of the Shar enotice	Number of Shares	%	Number of Shares	%
Sujala Investments Private Limited	37,766,675	11.23	37,766,675	11.23
Rain Enterprises Private Limited	25,316,465	7.53	25,316,465	7.53
N. Anupama Reddy	27,152,351	8.07	27,152,351	8.07
Meghamala Enterprises Private Limited	17,400,610	5.17	17,400,610	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.

## **NOTE 18: OTHER EQUITY**

		As at December 31, 2019	As at December 31, 2018
(i) F	leserves and Surplus		
(	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	1,425.27	1,364.80
	Add: Transferred from retained earnings	121.28	60.47
	Closing balance	1,546.55	1,425.27
(	e) Retained earnings		
	Opening balance	43,103.64	38,020.54
	Add: Profit for the year	3,913.84	5,816.26
	Less: Dividend for the year (including tax on dividend)	382.30	672.69
	Less: Transfer to general reserve	121.28	60.47
	Closing balance	46,513.90	43,103.64
(ii) I	tems of other comprehensive income:		
(	a) Foreign currency translation reserve		
	Opening balance	859.74	(363.10)
	Add: Translation adjustments	1,097.89	1,222.84
	Closing balance	1,957.63	859.74
(	b) Remeasurements of defined benefit plans		
	Opening balance	(442.24)	(742.78)
	Add: Actuarial gain/(loss) on remeasurements of defined benefit plans	(1,258.57)	300.54
	Closing balance	(1,700.81)	(442.24)
(	c) Effective portion of cash flow hedges		
	Opening balance	-	(119.43)
	Add: Effective portion of cash flow hedges	0.78	119.43
	Closing balance	0.78	-
<b>Total</b>		48,926.36	45,554.72

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 19: NON-CURRENT BORROWINGS**

		As at December 31, 2019	As at December 31, 2018
A.	Bonds (Refer note (i))		
	- Secured banks		
	7.25% Senior secured notes (due for repayment in April 2025)	38,557.06	37,636.73
		38,557.06	37,636.73
В.	Term loans		·
	From banks (Refer note (ii) to (v))		
	- Secured	34,155.93	34,134.85
	Less: Current maturities of non-current borrowings disclosed under Note 25 -	684.19	167.50
	Other current financial liabilities		
		33,471.74	33,967.35
C.	Deferred payment liabilities		
	- Unsecured (Refer note (vi))	609.94	663.00
	Less: Current maturities of non-current borrowings disclosed under Note 25 - Other current financial liabilities	98.36	54.29
		511.58	608.71
D.	Non-current maturities of finance lease obligations		
	- Secured (Refer note (vii))	1,152.98	338.76
	Less: Current maturities of non-current borrowings disclosed under Note 25 -	137.85	131.36
	Other current financial liabilities		
		1,015.13	207.40
Tot	al [A+B+C+D]	73,555.51	72,420.19

## Notes:

- (i) 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 were used to either tender or redeem all of the outstanding 2018 Notes and USD 115 million of 2021 Notes. The 2025 Notes contain covenants and conditions that limit the Group Company's ability to, among other things, pay cash dividends, incur indebtedness and make investments. The Group Company 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 Group Company and are guaranteed by the Group Company's domestic subsidiaries on a joint and several basis. Balance (gross of transaction costs) as at December 31, 2019 is ₹ 39,198.5 (December 31, 2018: ₹ 38,384.50).
- (ii) During the financial year ended December 31, 2016, the Company has borrowed Term loan of USD 30 Million from a bank and 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 the bank. It carries interest of 3 months Libor plus 300 basis points for the year ended December 31, 2019 and 3 months Libor plus 400 basis points for the year ended December 31, 2018. Balance as at December 31, 2019 is ₹ 1,967.05 (December 31, 2018: ₹ 2,093.70).
- (iii) During the financial year ended December 31, 2018, the Company has borrowed Term loan of USD 20 Million from a bank and is secured by:
  - a) Pari passu first charge by way of hypothecation on all movable assets both present and future of the Company
  - b) Corporate guarantee of Rain CII Carbon (Vizag) Limited in favour of the bank
  - c) Pledge over 1,000,000 equity shares of ₹ 10 each held by the Company in Rain CII Carbon (Vizag) Limited, a wholly owned step-down subsidiary

The loan is repayable on October 29, 2021. It carries interest of 3 months USD Libor plus 215 basis points for year 1 and 2 and 3 month USD LIBOR plus 290 basis points for year 3 payable monthly. Balance (gross of transaction costs) as at December 31, 2019 is ₹ 1,425.40 (December 31, 2018: ₹ 1,395.80)

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 19: NON-CURRENT BORROWINGS (CONTINUED)**

- (iv) The term loans availed (mentioned in points (ii) & (iii)) 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.
- (v) On January 16, 2018, one of the Group Companies in United States repaid its erstwhile 2021 Notes financed by a new Term Loan B of EUR 390 million ("TLB") borrowed in the Wholly Owned Subsidiary in Germany. Interest rate on the TLB is EURIBOR (subject to a 0.0% floor) plus 3%. The TLB is First Lien Debt having priority over 2025 Notes. The TLB contain covenants and conditions that limit the Group Company's ability to, among other things, pay cash dividends, incur indebtedness and make investments. The TLB is secured by substantially all of the assets of the Group Company and are guaranteed by the Group Company's domestic subsidiaries on a joint and several basis. The TLB will mature in 7 years after the closing date i.e. in January 2025. The TLB is repayable after December 31, 2019 in the manner specified under the provisions for mandatory and voluntary prepayment in the credit agreement. The prepayment is determined at the percentage on excess cash flows at specified financial leverages in the credit agreement. Balance (gross of transaction costs) as at December 31, 2019 is ₹ 31,1153.19 (December 31, 2018: ₹ 31,114.20).
- (vi) Sales tax deferment represents interest free liability in Rain Cements Limited. Balance outstanding is repayable in 67 monthly installments based on deferment schedule.
- (vii) Finance leases are secured by assets financed under the leasing agreement. Refer note 46.
- (viii) Reconciliation of liabilities arising from financing activities:

	As at December 31, 2019	As at December 31, 2018
	December 31, 2019	December 31, 2016
Opening balance at the beginning of the year	72,773.34	70,132.22
Borrowings made during the year	-	31,767.92
Borrowings repaid during the year	(327.41)	(33,416.18)
Sales tax deferment paid	(53.06)	(58.98)
Effect of changes in foreign exchange rates	1,883.70	4,296.98
Others	199.34	51.38
Closing balance at the end of the year	74,475.91	72,773.34

## **NOTE 20: OTHER NON-CURRENT FINANCIAL LIABILITIES**

	Asat	Asat
	December 31, 2019	December 31, 2018
Lease rentals straightlining	74.29	55.13
Payables on purchase of property, plant and equipment	1.03	17.03
Employee payables	65.54	66.70
Total	140.86	138.86

## **NOTE 21: NON-CURRENT PROVISIONS**

	As at December 31, 2019	As at December 31, 2018
Provision for employee benefits:		· · · · · · · · · · · · · · · · · · ·
- Compensated absences (Refer note 41)	244.76	121.44
- Defined benefit plans (net) (Refer note 41)	11,433.31	9,076.62
Provision - others		
- Provision for environment liabilities (Refer note 51)	565.99	584.06
- Other provisions (Refer note 52)	31.02	41.09
Total	12,275.08	9,823.21

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## **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 22: OTHER NON-CURRENT LIABILITIES**

	Asat	As at
	December 31, 2019	December 31, 2018
Income received in advance (Unearned revenue)	54.22	94.25
Others	0.03	-
Total	54.25	94.25

## **NOTE 23: CURRENT BORROWINGS**

	As at December 31, 2019	As at December 31, 2018
Loans repayable on demand		
From banks - Secured		
- Buyer's credit (Refer note (i))	266.27	-
- Packing credit foreign currency loan (Refer note (ii))	545.55	1,841.59
- Supplier's credit facility (Refer note (iii))	-	756.77
<ul> <li>Revolver credit facility (Refer note (iv))</li> </ul>	2,900.07	2,423.23
From other parties - Unsecured (Refer note (v))	258.06_	
Total	3,969.95	5,021.59

## Notes:

- (i) During 2019, the Group Company incorporated in India, entered into an agreement with a Bank for Buyer's credit which is repayable on demand and is secured by pari-passu first charge over Current Assets (present and future) and first pari-passu charge over movable fixed assets (present and future) of the Group Company. They carry interest rate of 6 months LIBOR plus 30 basis points. Balance as on December 31, 2019 is ₹ 266.27 (December 31, 2018: ₹ Nil).
- (ii) During 2013, the Group Company incorporated in India, entered into agreements with two banks for an aggregated facility amount of ₹ 5,224.09 (USD 73.3 million) which can be utilized for issuance of letter of credits, bank guarantees, suppliers credit facility and cash drawings. Outstanding letters of credit issued under these facilities are subject to a fee of 0.75% per annum. The Group Company is not obliged to pay commitment fee on unused portion of the working capital line of credit under this facility. Cash drawings under these facilities are subject to interest rate of LIBOR plus 120 basis points and LIBOR plus 150 basis points per annum for each bank.

These facilities are secured by pari-passu first charge over current assets comprising of all inventories and book debts both present and future of the said company.

At December 31, 2019, cash drawings outstanding under the facility aggregated to ₹ 545.55 (USD 7.7 million) towards Packing Credit foreign currency loan.

At December 31, 2018, cash drawings outstanding under the facility aggregated to ₹ 2,598.36 (USD 37.2 million), of which ₹ 1,841.59 (USD 26.4 million) were towards Packing Credit and ₹ 756.77 (USD 10.8 million) were towards supplier credit facility.

At December 31, 2019, bank guarantees outstanding were ₹ 64.14 (USD 0.9 million) under the facility.

At December 31, 2018, letters of credit outstanding were ₹ 607.17 (USD 8.7 million) and bank guarantees outstanding were ₹ 41.87 (USD 0.6 million) under the facility.

As at December 31, 2019, available limit under both facilities amounts to ₹ 4,611.17 (USD 64.7 million).

(iii) During 2013, the Group Company incorporated in India, entered into an agreement with a bank for a cash credit facility. The facility was renewed in 2017 with a reduced limit of ₹ 810.00 (USD 11.4 million). The facility can be utilized by drawing on working capital loans from the lender up to ₹ 140.00 (USD 2.0 million) and by issuance of letters of credit, bank guarantees up to maximum facility.

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## **NOTE 23: CURRENT BORROWINGS (CONTINUED)**

Outstanding letters of credit issued under these facilities are subject to a fee of 0.75% per annum. The Group Company is not obliged to pay a commitment fee on the unused portion of the working capital line of credit under this facility. Cash drawings under the above said facility are subjected to interest rate of LIBOR plus 120 basis points per annum.

As of December 31, 2019 bank guarantees outstanding under the facility aggregated to ₹ 178.18 (USD 2.5 million).

As of December 31, 2018 bank guarantees outstanding was ₹ 174.48 (USD 2.5 million) with no cash drawings under the facility.

As at December 31, 2019, available limits were ₹ 634.30 (USD 8.9 million).

(iv) On January 16, 2018, the Group Companies Rain Carbon Inc, Rain CII Carbon LLC, RÜTGERS Canada Inc., Rain Carbon GmbH, RÜTGERS Germany GmbH and Rain Carbon BVBA entered into a Revolver Credit Facility (RCF) Agreement with three banks. The agreement provides for a ₹ 10,690.50 (USD 150.0 million) RCF loan commitment of which ₹ 2,850.80 (USD 40.0 million) were separated in an Ancillary facility for documentary business needs for the aforesaid companies. Allocation of limit for the Ancillary facility between the aforesaid companies is flexible. The interest rates are variable and depend on currency of the borrowing. At December 31, 2019 rate for USD borrowings was LIBOR plus 250 basis points and for EUR borrowings EURIBOR plus 250 basis points.

The RCF is secured by substantially all of the assets of the Group Company and are guaranteed by the Group Company's domestic subsidiaries on a joint and several basis.

At December 31, 2019 cash drawings outstanding under the RCF aggregated to ₹ 2,900.07 (USD 40.7 million) of which ₹ 1,781.75 (USD 25.0 million) were drawn by Rain CII Carbon LLC and ₹ 1,118.32 (EUR 14.0 million) by RÜTGERS Germany GmbH. Variable interest rate depends on the type of borrowing.

At December 31, 2018 cash drawings outstanding under the RCF aggregated to ₹ 2,423.23 (USD 34.7 million) of which ₹ 348.95 (USD 5.0 million) were drawn by Rain CII Carbon LLC and ₹ 2,074.28 (EUR 26.0 million) by RÜTGERS Germany GmbH. Variable interest rate depends on the type of borrowing.

At December 31, 2019, letters of credit outstanding aggregated ₹ 370.60 (USD 5.2 million) under the North-America facility and ₹ 990.65 (USD 13.9 million) under the European Ancillary facility.

At December 31, 2018, letters of credit outstanding aggregated ₹ 362.91 (USD 5.2 million) under the North-America facility and ₹ 773.87 (EUR 9.7 million) under the European Ancillary facility.

As at December 31, 2019, available limit under both the facilities amounts to ₹ 6,428.55 (USD 90.2 million).

- (v) During the year, the Group Company incorporated in Russia has taken unsecured loans from a third party, Melsonda Holdings Limited repayable on demand by way of assignment of an existing loan which was payable to its holding company in Cyprus. The outstanding balance of such loans which are denominated in EUR and USD as at December 31, 2019 is ₹ 236.55 and ₹ 21.51 (EUR 2.9 million and USD 0.3 million) and carrying interest at the rate of 12 months EURIBOR plus 2.5% and 12 months LIBOR plus 2.5% respectively.
- (vi) Reconciliation of liabilities arising from financing activities:

	As at December 31, 2019	As at December 31, 2018
Opening balance at the beginning of the year	5,021.59	3,190.80
Borrowings made during the year	10,420.40	14,254.75
Borrowings repaid during the year	(11,447.98)	(12,652.88)
Effect of changes in foreign exchange rates	(24.06)	228.92
Closing balance at the end of the year	3,969.95	5,021.59

The Group's exposure to currency, liquidity risks and interest risks related to borrowings is disclosed in note 35.

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## **NOTES**

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## **NOTE 24: TRADE PAYABLES**

	As at December 31, 2019	As at December 31, 2018
Total outstanding dues of micro enterprises and small enterprises	18.48	16.34
Total outstanding dues of creditors other than micro enterprise and small enterprises	7,877.62	13,397.81
Total	7,896.10	13,414.15

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 35

## **NOTE 25: OTHER CURRENT FINANCIAL LIABILITIES**

	As at December 31, 2019	As at December 31, 2018
Current maturities of non-current borrowings (Refer note 19)	920.40	353.15
Interest accrued but not due on borrowings	946.80	886.26
Trade and security deposits	104.19	83.59
Employee payables	810.26	589.67
Deposits from contractors	370.75	364.23
Unclaimed dividends*	42.79	42.82
Derivative financial liability	-	3.40
Others		
- Payables on purchase of property, plant and equipment	1,856.60	1,015.70
- Lease rentals straightlining	-	0.21
- Retention money	5.29	16.09
- Others	617.79	580.93
Total	5,674.87	3,936.05

<sup>\*</sup>There is no amount due and outstanding to be credited to Investor Education and Protection fund as at December 31, 2019.

The Group's exposure to currency and liquidity risks related to other current financial liabilities is disclosed in note 35

## **NOTE 26: OTHER CURRENT LIABILITIES**

	Asat	As at
	December 31, 2019	December 31, 2018
Income received in advance (Unearned revenue)	53.85	42.67
Other payables		
- Statutory liabilities	520.36	537.76
- Advances from customers (Refer note 28)	186.62	178.09
- Discounts payable	220.17	6.13
- Others	145.81	164.90
Total	1,126.81	929.55

## **NOTE 27: CURRENT PROVISIONS**

	December 31, 2019	December 31, 2018
Provision for employee benefits:		
- Compensated absences (Refer note 41)	64.92	62.97
- Defined benefit plans (net) (Refer note 41)	12.90	6.22
- Other provisions (Refer note 52)	228.34	367.33
Provision - Others:		
- Provision for environment liabilities (Refer note 51)	763.13	1,172.55
- Other provisions (Refer note 52)	1,308.29	-
Total	2,377.58	1,609.07

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 28: REVENUE FROM OPERATIONS**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Sale of products	122,710.42	139,428.49
Sale of services	162.53	179.63
Other operating revenues [Refer note below]	735.02	881.81
Revenue from operations	123,607.97	140,489.93

## Note:

## (i) Other operating revenues comprises:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Scrap sales	40.88	29.97
Duty drawback on exports	31.39	49.25
Rentalincome	200.48	206.48
Insurance claims	71.68	270.05
Dock revenue	85.69	101.75
Others	304.90	224.31
Total	735.02	881.81

## (ii) Contract assets and contract liabilities:

	Asat	As at
	December 31, 2019	December 31, 2018
Contract assets recorded in balance sheet	198.18	129.31
Contract liabilities recorded in balance sheet	186.62	178.09

## (iii) Reconciliation of revenue from sale of products and duty scripts with contract price:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Contract price (A)	125,001.79	141,114.27
Less - Reductions towards variable consideration components: (B)		
Sales returns	16.48	9.51
Discounts and rebates	2,174.03	1,618.93
Performance bonus	18.53	-
Other such reductions	82.33	57.34
Revenue recognised (A-B)	122,710.42	139,428.49

## **NOTE 29: OTHER INCOME**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income		
Interest from banks on deposits	297.44	203.97
Interest on income tax refund	97.02	-
Other interest	8.76	4.38
Dividend income from current investments	7.43	0.54
Other non-operating income		
Gain on sale of investments in associate	-	60.00
Insurance claims	516.13	-
Liabilities / provisions no longer required written back	481.25	124.61
Gain on redemption of senior secured notes	-	3.49
Profit on sale of property, plant and equipment (net)	118.21	10.82
Miscellaneous income	36.04_	
Total	1,562.28	407.81

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## **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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## NOTE 30: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	For the year ended December 31, 2019	For the year ended December 31, 2018
Opening Stock		
Finished goods	8,229.73	5,794.53
Work-in-progress	2,340.23	1,520.83
Stock-in-trade	1,600.64	1,982.77
	12,170.60	9,298.13
Closing Stock		
Finished goods	5,110.23	8,229.73
Work-in-progress	1,879.73	2,340.23
Stock-in-trade	1,613.02	1,600.64
	8,602.98	12,170.60
(Increase)/decrease in stock	3,567.62	(2,872.47)
Foreign currency translation adjustment	96.42	373.10
Net (increase)/decrease	3,664.04	(2,499.37)

## **NOTE 31: EMPLOYEE BENEFITS EXPENSE**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Salaries, wages and bonus	10,930.56	10,967.72
Contributions to provident and other funds	881.14	862.60
Staff welfare expenses	539.91	524.83
Total	12,351.61	12,355.15

## **NOTE 32: FINANCE COSTS**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest expense	4,245.27	4,225.36
Interest on income tax	2.23	24.84
Other borrowing costs	276.51	314.93
Total	4,524.01	4,565.13

## **NOTE 33: OTHER EXPENSES**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Consumption of stores and spares	1,603.66	1,692.91
Consumption of packing materials	787.98	883.57
Power and fuel	5,447.23	6,682.38
Repairs and maintenance		
- Plant and machinery	2,952.33	2,496.83
- Buildings	85.89	131.37
- Others	590.79	716.98
Insurance	559.04	477.16
Rent (Refer note 45)	1,578.48	1,220.45
Rates and taxes	460.52	473.90
Travelling and conveyance	372.84	449.82
Selling and distribution expense	3,036.42	2,982.68
Freight expense	6,625.95	6,260.35
Corporate social responsibility and other donations (Refer note 50)	196.93	198.25
Consultancy charges	2,252.83	2,504.07
Payment to auditors [Refer note below]	74.31	80.21
Directors' sitting fees	24.25	34.03
Commission to directors	13.98	4.30

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 33: OTHER EXPENSES (CONTINUED)**

	For the year ended December 31, 2019	For the year ended December 31, 2018
Provision for loss allowance on trade receivables	88.28	783.27
Miscellaneous expenses	2,687.52	3,014.43
	29,439.23	31,086.96
Less: Expenses capitalised	217.12_	92.64
Total	29,222.11	30,994.32
Note: Payments to the auditors comprise (excluding taxes):		
Statutory audit	6.02	5.75
Limited review	8.17	8.20
Other audit fees	46.77	52.31
Other services	10.71	6.74
Reimbursement of expenses	2.64	7.21
Total	74.31	80,21

## **NOTE 34: INCOME TAXES**

## (i) Income tax expense/(benefit) recognised in consolidated statement of profit and loss:

	Year ended December 31, 2019	Year ended December 31, 2018
Current tax:		
Tax for current year	3,154.40	4,241.69
Tax relating to earlier years	(178.19)	(12.42)
Minimum alternate tax credit entitlement	<u> </u>	(12.37)
Net current tax	2,976.21	4,216.90
Deferred tax:		
Attributable to the origination and reversal of temporary differences	(1,540.07)	(573.68)
Tax rate change (Refer (iii) below)	(153.38)	
Total	1,282.76	3,643.22

## (ii) Income tax expense/(benefit) recognised in other comprehensive income:

	Year ended	Year ended
	<b>December 31, 2019</b>	December 31, 2018
a. Remeasurements of defined benefit plans	(602.21)	155.18
b. Exchange differences in translating the financial statements of foreign operation	-	(1.15)
c. Effective portion of cash flow hedge		31.54
Total	(602.21)	185.57

## (iii) Reconciliation of Effective tax rate:

	Year ended December 31, 2019	Year ended December 31, 2018
Income tax expense for the year to be reconciled to the accounting profit:		
Profit before tax	5,907.10	9,956.53
Enacted income tax rate in India	34.94%	34.94%
Computed expected tax expense	2,063.94	3,478.81
Effect off:		
Transition tax	-	215.03
Global Intangible Low Taxed Income (GILTI)	146.94	242.51
Tax-exempt income and other deductions	(57.4)	(20.02)
Tax rate changes	(153.38)	12.50

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## **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 34: INCOME TAXES (CONTINUED)**

	Year ended December 31, 2019	Year ended December 31, 2018
Tax related to prior years	(178.19)	(12.42)
Permanent differences and non-deductible expenses	282.63	138.55
Change in valuation allowance	(528.25)	807.77
Deferred tax benefit on Foreign tax credit	- 1	(2,046.30)
Unutilized Net Operating Losses written off	- 1	1,081.58
Difference in tax rates	(671.92)	(44.53)
Tax effects on tax base transfers	(2.60)	(31.46)
Others, net	380.99	(178.80)
Total income tax expense	1,282.76	3,643.22
Effective tax rate	21.72%	36.59%

## (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:

	As at December 31, 2019	As at December 31, 2018
Property, plant and equipment and Intangible assets	(1,919.55)	(3,196.85)
Employee benefits	2,750.10	2,015.18
Inventories	168.95	187.09
Interest carried forward	1,639.17	968.75
Tax losses carry forward	(79.54)	241.78
Foreign tax credit	1,608.41	1,354.88
Taxes on unremitted foreign earnings	(170.66)	(54.83)
Other	(151.20)	20.50
Net Deferred tax asset/ (liability)	3,845.68	1,536.50
Deferred tax asset	6,218.13	2,773.21
Deferred tax liability	(2,372.45)	(1,236.71)
Net Deferred tax asset/ (liability)	3,845.68	1,536.50

## (v) Movement in temporary differences:

	Balance as at January 1, 2019	Recognised in consolidated statement of profit and loss during 2019	Recognised in other comprehensive income during 2019	Impact of changes in tax rate	Exchange differences on translation / other adjustment	Balance as at December 31, 2019
Property, plant and equipment and Intangible assets	(3,196.85)	1,176.17	-	184.91	(83.78)	(1,919.55)
Employee benefits	2,015.18	126.61	602.21	(12.37)	18.47	2,750.10
Inventories	187.09	(17.95)	-		(0.19)	168.95
Interest carried forward	968.75	646.12	-	-	24.30	1,639.17
Tax losses carry forward	241.78	(350.93)	-	-	29.61	(79.54)
Foreign tax credit	1,354.88	220.39	-	-	33.14	1,608.41
Taxes on unremitted foreign earnings	(54.83)	(114.64)	-	-	(1.19)	(170.66)
Others	20.50	(145.70)	-	(19.16)	(6.84)	(151.20)
Total	1,536.50	1,540.07	602.21	153.38	13.52	3,845.68

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 34: INCOME TAXES (CONTINUED)**

	Balance as at January 1, 2018	Recognised in consolidated statement of profit and loss during 2018	Recognised in other comprehensive income during 2018	Impact of changes in tax rate	Exchange differences on translation / other adjustment	Balance as at December 31, 2018
Property, plant and equipment and Intangible assets	(2,966.86)	(78.52)	-	-	(151.47)	(3,196.85)
Employee benefits	1,953.02	123.74	(155.18)	-	93.60	2,015.18
Inventories	292.84	(111.42)	-	-	5.67	187.09
Interest carried forward	365.71	575.09	-	-	27.95	968.75
Tax losses carry forward	1,005.43	(790.30)	-	-	26.65	241.78
Foreign tax credit	-	1,327.31	-	-	27.57	1,354.88
Taxes on unremitted foreign earnings	(54.83)	-	-	-	-	(54.83)
Others	482.23	(472.22)	(30.39)	-	40.88	20.50
<u>Total</u>	1,077.54	573.68	(185.57)		70.85	1,536.50

## (vi) Unrecognised deferred tax liabilities and Unrecognised deferred tax assets:

	As at Decembe	r 31, 2019	As at December 31, 2018			
Particulars	Gross amount Unrecognised tax effect Gross amou		Gross amount	Unrecognised tax effect		
Tax losses carry forward	425.68	117.44	1,971.26	516.97		
Interest losses carry forward	1,006.92	292.64	1,968.06	571.97		
Total	1,432.60	410.08	3,939.32	1,088.94		

	December 31, 2019	Expiry date	December 31, 2018	Expiry date
To expire under current tax legislation	109.08	2020-2028	1,870.34	2019-2027
Not to expire under current tax legislation	77.13	-	100.95	-

## (vii) Non-current and current tax assets and liabilities:

	Asat	Asat
	December 31, 2019	December 31, 2018
Non-current tax assets (net)	727.13	661.27
Non-current tax liabilities (net)	417.90	420.44
Current tax assets (net)	340.96	763.46
Current tax liabilities (net)	862.29	1,525.94

- (viii) One of Group's Indian subsidiary company has elected to exercise the option permitted u/s 115BAA of the Income-tax act, 1961 as introduced by the Taxation Laws (Amendment) ordinance, 2019 (tax ordinance). Accordingly, the Group has computed provision for income tax for the year ended December 31, 2019 with respect to the Indian subsidiary using the new tax rate and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The change in tax rate has resulted in reversal of Deferred Tax Liabilities amounting to ₹ 153.38 during the year ended December 31, 2019.
- (ix) On December 22, 2017, the Tax Cuts and Jobs Act (Tax Legislation) was enacted. The Tax Legislation significantly revises the U.S. corporate income tax by, among other things, lowering corporate income tax rates, implementing the territorial tax system and imposing a repatriation tax on deemed repatriation of accumulated earnings of foreign subsidiaries as of December 31, 2017.

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

## **NOTE 34: INCOME TAXES (CONTINUED)**

The Group assessed the impact of the changes in reforms during the year 2018 and the Company's US Subsidiary has filed its 2018 U.S. tax return on due date of October 15, 2019. For the year 2018, at the time of finalizing its tax return, management has opted for the Group election under section 163J as compared to single entity election for the purposes of determining its total taxable income at the time of finalizing its 2018 annual consolidated financial statements resulting in a refund of taxes paid for the year 2018 in October 2019 amounting to ₹ 287.00 (USD 4.0 million) and accordingly recorded the impact of the same as a reversal of earlier year income tax expense during the year ended December 31, 2019 as it considers the election as a reasonable tax claim. Any consequential impact of the Company's US Subsidiary continued assessment of the estimates will be recorded in the period in which the estimates are revised.

For the year 2019, at the time of finalizing consolidated financial results, the Company's US Subsidiary has undistributed current earnings generated from its foreign subsidiaries which are subject to GILTI required by the 2017 Tax Act. Based on currently available information, the company's GILTI tax for the year 2019 is estimated to be ₹ 146.94 (\$2.1 million) approximately.

(x) Till December 2018, Company has not provided any Deferred income taxes on undistributed earnings of subsidiaries outside India where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. Accordingly, the Group has only recorded a deferred tax liability of ₹ 54.83 towards dividend expected to be repatriated out of profits from its US subsidiaries to India.

Prior to 2019, RÜTGERS Germany GmbH (RGGmbH), Germany asserted that the unremitted earnings of its foreign subsidiaries Rain Carbon BVBA, Belgium and Severtar Holding Ltd, Cyprus were permanently reinvested. In 2019, RGGmbH withdrew its permanent investment assertion for Subsidiaries future earnings. RGGmbH has planned fixed dividends in future years contingent on future earning of the foreign subsidiaries.

Prior to 2019, Severtar Holding Ltd, Cyprus asserted that the unremitted earnings of its foreign subsidiary OOO Severtar Limited, Russia was permanently reinvested. In 2019, Severtar withdrew its permanent investment assertion for subsidiary future earnings. Company has planned fixed dividends in future years contingent on future earning of the foreign subsidiaries.

Based on the above, the Group has provided Deferred Tax Liability of ₹ 114.03 (USD 1.6 million) on the estimated future dividends.

(xi) 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.

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE**

## Note 35.1: 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).

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

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

	A	s at Decembe	er 31, 2019		As at December 31, 2018			
Particulars	Carrying	Level	of inputs used	lin	Carrying	Carrying Level of inputs used in		lin
	Amount	Level 1	Level 2	Level 3	Amount	Level 1	Level 2	Level 3
Financial Assets							,	
At Amortised cost								
Trade receivables	10,978.32	-	-	-	16,044.02	-	-	-
Cash and cash equivalents	10,951.58	-	-	-	7,734.16	-	-	-
Bank balances other than cash and cash equivalents	738.26	-	-	-	778.25	-	-	-
Loans	343.52	-	-	-	335.62	-	-	-
Other non-current financial assets	16.69	-	-	-	10.14	-	-	-
Other current financial assets	1,041.74	-	-	-	608.52	-	-	-
At Fair value through Profit and Loss (FVTPL)								
Non-current investments	16.16	0.16	-	16.00	16.20	-	0.20	16.00
Current investments	260.00	260.00	-	-	-	-	-	-
Derivatives (included in other current financial assets)	0.16	-	0.16	-	-	-	-	-
At Fair value through other								
comprehensive income (FVTOCI)								
Non-current investments	27.23	-	27.23	-	27.19	-	27.19	-
Derivatives (included in other	0.20	-	0.20	-	-	-	-	-
current financial assets)								
Financial Liabilities								
At Amortised cost								
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	77,292.88	-	-	-	77,456.17	-	-	-
excluding finance lease obligations Finance lease obligations (including current maturities included in other current financial liabilities)	1,152.98	-	-	-	338.76	-	-	-
Other non-current financial liabilities	140.86	-	-	-	138.86	-	-	-
Trade payables	7,896.10	-	-	_	13,414.15	-	-	_
Other current financial liabilities	4,754.47	-	-	_	3,579.50	-	-	_
At Fair value through Profit and Loss (FVTPL)	,				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
Derivatives (included in other current financial liabilities)	-	-	-	-	3.40	-	3.40	-

## **Note 35.2: Valuation Techniques**

- (a) Investments at FVTPL/FVTOCI: The Group measures the fair values of such investments using expected cash flow model.
- (b) 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.
- (c) **Borrowings (at amortised cost):** The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.
- (d) The fair value of trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

## Note 35.3: 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 35.4: 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 forward-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 behaviour 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 expect for the amounts disclosed as credit impaired in the below table.

The age wise break up of trade receivables, net of allowances is given below:

Particulars	As at December 31, 2019	As at December 31, 2018
Financial assets that are neither past due nor impaired	9,149.10	13,268.19
Financial assets that are past due but not impaired		
Past due 0-30 days	1,281.74	2,375.25
Past due 31-60 days	288.83	133.12
Past due 61-90 days	118.67	51.70
Past due over 90 days	139.98	215.76
Total past due but not impaired	1,829.22	2,775.83
Credit impaired	158.33	821.74
Less: Loss allowance	158.33	821.74
Total	10,978.32	16,044.02

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

Movement in loss allowance for doubtful trade receivables:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Balance at the beginning of the year	821.74	63.06
Additional provision	88.28	783.27
Provisions utilised/reversed	(772.08)	-
Foreign exchange fluctuation	20.39	(24.59)
Balance at the end of the year	158.33	821.74

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

	Carrying	gamount
Particulars	As at December 31, 2019	As at December 31, 2018
United States	3,434.92	3,640.25
North America excluding United States	916.91	1,768.29
South America	139.25	150.14
Europe including CIS	3,375.49	4,629.98
Middle East	413.71	908.49
Africa	619.88	900.84
Australia	1.14	22.87
Asia excluding Middle East	2,077.02	4,023.16
Total	10,978.32	16,044.02

At December 31, 2019, the carrying amount of trade receivable of the Group's most significant customer is  $\ref{1,948.12}$  (December 31, 2018:  $\ref{2,265.10}$ ).

The Group's exposure to credit risk for loans (both current and non-current) by geographic region is as follows:

	Carrying	amount
Particulars	As at December 31, 2019	As at December 31, 2018
United States	4.56	4.88
North America excluding United States	-	0.23
Europe including CIS	8.45	6.71
Asia excluding Middle East	328.07	320.32
Total	341.08	332.14

## **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.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

## Note 35.5: Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group 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 Group's reputation. The Group'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 Group's net liquidity position through rolling forecasts on the basis of expected cash flows. As of December 31, 2019, cash and cash equivalents are held with major banks.

## Maturity of financial liabilities

The table below provides details regarding the remaining contractual maturities of 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, 2019

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities:		"	'		"	'	
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	78,445.86	5,011.23	2,329.90	1,021.71	71,114.17	-	79,477.01
Other non-current financial liabilities	140.86	-	1.03	37.28	28.26	74.29	140.86
Trade payables	7,896.10	7,896.10	-	-	-	-	7,896.10
Other current financial liabilities	4,754.47	4,754.47	-	-	-	-	4,754.47
Derivative financial liabilities:							
Forward exchange contracts used for hedging:							
Outflow	-	-	-	-	-	-	-
Inflow	-	-	-	-	-	-	-

The table below provides details regarding the remaining contractual maturities of 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, 2018

Contractual cash flows	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	Total
Non-derivative financial liabilities:		·					
Borrowings (including current maturities of	77,794.93	5,374.74	975.74	2,974.88	69,686.19	-	79,011.55
non-current borrowings included in other							
current financial liabilities)							
Other non-current financial liabilities	138.86	-	20.99	43.68	37.25	36.94	138.86
Trade payables	13,414.15	13,414.15	-	-	-	-	13,414.15
Other current financial liabilities	3,579.50	3,579.50	-	-	-	-	3,579.50
Derivative financial liabilities:							
Forward exchange contracts used for hedging:							
Outflow	(22.32)	(22.32)	-	-	-	-	(22.32)
Inflow	25.72	25.72	-	-	-	-	25.72

<sup>\*</sup> Carrying value of borrowings is shown as net of deferred finance cost

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

## Note 35.6: 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 35.7: Interest rate risk

Interest rate risk is measured by using the cashflow sensitivity for change in variable interest rates. Any movement in the market interest rates could have an impact on the Group's cash flows as well as costs. In order to manage the Group's position with regard to interest rate risk, it adopts a policy of ensuring an optimal mix of its interest rate risk exposure. The Group's exposure to the risk of changes in market interest rates related primarily to the Group's borrowing with variable interest rates.

## 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		
rarticulars	December 31, 2019 December 31, 20		
Variable rate instruments			
Financial assets	-	-	
Financial liabilities	(39,054.84)	(40,130.74)	
	(39,054.84)	(40,130.74)	

## Cash flow Sensitivity for variable rate instruments

**Impact on Profit and loss due to 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 3	31, 2019	December 31, 2018		
rai ticulai s	Increase in rate Decrease in rate		Increase in rate	Decrease in rate	
Impact on profit and loss					
Variable-rate instruments	(390.55)	390.55	(401.31)	401.31	
Total Impact	(390.55)	390.55	(401.31)	401.31	

## Note 35.8 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 analyses foreign currency risk from non derivative financial instruments as at December 31, 2019:

Particulars*	USD	EUR	CAD	Others**	Total
Assets:					
Cash and bank balances	1,671.99	13.16	0.03	2.27	1,687.45
EEFC balance	135.88	-	-	-	135.88
Trade receivables	4,324.70	124.65	-	69.85	4,519.20
Loans	553.89	0.36	-	-	554.25
Loans and advances to subsidiary	2,964.83	-	-	-	2,964.83
·	9,651.29	138.17	0.03	72.12	9,861.61
Liabilities:					
Trade payables	1,787.93	701.83	-	29.45	2,519.21
Borrowings	4,483.39	1,223.11	-	-	5,706.50
Other financial liabilities	5.40	-	-	-	5.40
Contractually reimbursable expenses	81.44	42.95	-	-	124.39
Payables on purchase of fixed assets	223.39	-	-	-	223.39
•	6,581,55	1.967.89	_	29.45	8,578,89

<sup>\*</sup>Includes intercompany balances

<sup>\*\*</sup>Others include GBP, CHF and others

**FINANCIAL** 

## **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

The following table analyses foreign currency risk from non derivative financial instruments as at December 31, 2018:

Particulars*	USD	EUR	CAD	Others**	Total
Assets:					
Cash and bank balances	1,153.46	39.63	0.05	4.77	1,197.91
EEFC balance	2.73	-	-	-	2.73
Trade receivables	7,175.08	108.23	-	46.06	7,329.37
Loans	464.39	-	22.25	-	486.64
Loans and advances to subsidiary	3,070.76	-	-	-	3,070.76
Other financial assets	36.53	-	-	-	36.53
Capital advances	163.63	-	-	-	163.63
	12,066.58	147.86	22.30	50.83	12,287.57
Liabilities:					
Trade payables	5,479.59	1,618.00	-	45.11	7,142.70
Borrowings	6,511.87	1,209.57	-	-	7,721.44
Other financial liabilities	122.42	11.66	-	-	134.08
	12,113.88	2,839.23	-	45.11	14,998.22

<sup>\*</sup>Includes intercompany balances

## **Sensitivity Analysis**

A reasonably possible strengthening/weakening of the US dollar (USD), Euro (EUR), Canadian Dollar (CAD) against all other currencies as at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected 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.

## Impact on Profit and loss due to 1% change in foreign currency rates:

Particulars	December 31,	2019	December 31, 2018		
rarticulars	Strengthening	Weakening	Strengthening	Weakening	
USD	30.70	(30.70)	(0.47)	0.47	
EUR	(18.30)	18.30	(26.91)	26.91	
CAD	0.00	(0.00)	0.22	(0.22)	
Others*	0.43	(0.43)	0.06	(0.06)	

<sup>\*</sup>Others include GBP, CHF and others

## Note 35.9: The Group has the following outstanding foreign exchange forward derivative contracts:

## As at December 31, 2019

Category	Currency	Cross Currency	Amounts in Millions	Buy/Sell	Purpose
Forward contract	USD	INR	USD 0.39	Buy	Hedging
Forward contract	USD	INR	USD 1.00	Buy	Hedging

## As at December 31, 2018

Category	Currency	Cross Currency	Amounts in Millions	Buy/Sell	Purpose
Forward contract	USD	CAD	USD 5.00	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	USD	INR	USD 1.00	Buy	Hedging

<sup>\*\*</sup>Others include GBP, CHF and others

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

## Note 35.10: Cashflow hedges

The amounts as at December 31, 2019 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
Foreign currency risk			
Settlement of foreign currency payables	0.20	-	-

The amounts as at December 31, 2018 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
Foreign currency risk			
Settlement of foreign currency payables	-	-	-

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:

	December 31, 2019			
Particulars	Equity head 'Effective portion of cash flow' hedges	Equity head 'Cost of hedging'		
Balance as at January 1, 2019	-	-		
Cash flow hedges				
Changes in fair value:				
Foreign currency risk – inventory purchases	2.29	-		
Foreign currency risk – inter-company debt	-	-		
Amount reclassified to profit or loss:				
Foreign currency risk – inventory purchases	(2.09)	-		
Tax on movements in relevant items of Other comprehensive income during the year		-		
Balance as at December 31, 2019	0.20	-		

	December 31, 2018			
Particulars	Equity head 'Effective portion of cash flow' hedges	Equity head 'Cost of hedging'		
Balance as at January 1, 2018	(119.43)	-		
Cash flow hedges				
Changes in fair value:				
Foreign currency risk – inventory purchases	-	-		
Foreign currency risk – inter-company debt	150.97	-		
Amount reclassified to profit or loss:				
Foreign currency risk – inventory purchases	-	-		
Tax on movements in relevant items of Other comprehensive income during the year	(31.54)	-		
Balance as at December 31, 2018	-	-		

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## **NOTE 35: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

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, 2019	December 31, 2018
Cash flows in US Dollars		
<1month	3.74	-

The amounts relating to items designated as hedging instruments and hedge ineffectiveness as at and for the year ended December 31, 2019 are as follows:

	Carrying amount as at December 31, 2019		Du			
Particulars	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
Foreign currency risk						
Foreign exchange contracts-	-	-	-	-	-	-
forward exchange contracts -						
repayment of inter-company debt			_ •		<b></b>	
Settlement of foreign currency	-	0.20	Other current	-	(0.20)	Gain on
receivables and payables			financial assets			foreign currency
						transactions and
. <u></u> .						translations (net)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness as at and for the year ended December 31, 2018 are as follows:

	Carrying amount as at December 31, 2018			Du		
Particulars	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
Foreign currency risk						
Foreign exchange contracts-	-	-	-	(119.43)	-	-
forward exchange contracts -						
repayment of inter-company debt						

## **NOTE 36: INVESTMENT IN EQUITY ACCOUNTED INVESTEES**

The Group holds investments in the following unconsolidated companies:

- 1. InfraTec Duisburg GmbH (IDGmbH) is a 30% owned company which is involved in infrastructure services located in Germany.
- 2. 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". The investment in Rain Coke Limited has been sold to Greenko Group on December 15, 2018.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# **NOTE 36: INVESTMENT IN EQUITY ACCOUNTED INVESTEES (CONTINUED)**

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 e	ended December 31
Farticulars	2019	2018
Total current assets	1,280.17	1,197.58
Total non-current assets	557.46	505.07
Total assets	1,837.63	1,702.65
Equity	276.58	276.93
Total current liabilities	355.50	300.50
Total non-current liabilities	1,205.55	1,125.22
Total equity and liabilities	1,837.63	1,702.65
Revenue	1,942.60	1,877.32
Expenses	1,943.29	1,847.97
Profit for the year, net	(0.69)	29.35

#### **NOTE 37: 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	As at December 31, 2019	As at December 31, 2018
Total borrowings, net of cash and cash equivalents	67,494.28	70,060.77
Equity	49,599.05	46,227.41
Net debt to equity ratio	1.36	1.52

#### **NOTE 38: SEGMENTAL INFORMATION**

# a) Business Segment

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.

The Group evaluates performance and determines resource allocations based on a number of factors, the primary measure being operating profit. Operating profit does not include depreciation and amortization expense, finance costs, share of profit of associates, other income, gain / loss on foreign currency transactions, exceptional items and income taxes. All inter segment transactions are accounted for at agreed upon rates based on transfer pricing agreements.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# **NOTE 38: SEGMENTAL INFORMATION (CONTINUED)**

	Year ended December 31, 2019		Yea	ar ended Dece	mber 31, 20	)18		
Particulars	Carbon	Advanced Materials	Cement	Total	Carbon	Advanced Materials	Cement	Total
Revenue								
External Sales	81,225.37	31,347.70	10,299.88	122,872.95	95,681.64	34,843.60	9,082.88	139,608.12
Inter- Segment Sales	5,275.58	2,502.35	66.87	7,844.80	1,169.10	2,572.29	46.07	3,787.46
Total	86,500.96	33,850.05	10,366.75	130,717.75	96,850.74	37,415.89	9,128.95	143,395.58
Less: Eliminations	(5,275.58)	(2,502.35)	(66.87)	(7,844.80)	(1,169.10)	(2,572.29)	(46.07)	(3,787.46)
Total Revenue from sale of products and from services provided	81,225.38	31,347.70	10,299.88	122,872.95	95,681.64	34,843.60	9,082.88	139,608.12
Other operating income	342.61	373.37	19.04	735.02	443.23	429.66	8.92	881.81
Total Revenue from operations	81,567.99	31,721.07	10,318.92	123,607.97	96,124.87	35,273.26	9,091.80	140,489.93
Result								
Operating Profit	11,687.63	1,490.78	1,555.53	14,733.94	15,688.70	3,471.54	709.33	19,869.57
Unallocable (income)/expense								
Depreciation and amortisation				5,940.15				5,550.86
expense								
Finance costs				4,524.01				4,565.13
Other Income (excluding forex gain)				(1,562.28)				(407.81)
Forex loss / (gain)				(75.25)				213.66
Share of profit / (loss) of associates				0.21				(8.80)
(net of income tax)								
Profit before taxation				5,907.10				9,956.53
Tax expense, net				1,282.76				3,643.22
Profit after tax and before				4,624.34				6,313.31
minority interest								

# Segmental assets and liabilities

As certain assets of the Company are often deployed interchangeably between segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for segment assets and liabilities have not been disclosed in the above table.

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)

	Revenue fron	n operations	Non-current assets as at*	
Particulars	Year ended December 31, 2019	Year ended December 31, 2018	December 31, 2019	December 31, 2018
India	21,191.01	25,035.92	11,203.76	8,012.10
Outside India	102,416.96	115,454.01	100,658.00	94,528.42
	123,607.97	140,489.93	111,861.76	102,540.52

<sup>\*</sup>Non-current assets exclude financial instruments, equity accounted investments, deferred tax assets and post-employment benefit assets.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# **NOTE 38: SEGMENTAL INFORMATION (CONTINUED)**

	Revenue from operations		Non-current assets as at*		
Particulars	Year ended December 31, 2019	Year ended December 31, 2018	December 31, 2019	December 31, 2018	
Europe including CIS	49,886.28	53,340.15	49,108.37	45,928.82	
Asia excluding Middle East (Including India)	24,216.83	29,111.34	11,203.76	8,012.10	
United States	23,833.46	23,488.57	44,570.61	42,365.70	
North America excluding United States	14,466.10	17,273.27	6,979.02	6,233.90	
Others	11,205.30	17,276.60			
Total	123,607.97	140,489.93	111,861.76	102,540.52	

<sup>\*</sup>Non-current assets exclude financial instruments, equity accounted investments, deferred tax assets and post-employment benefit assets.

Note: Revenue by geographic area in the above table are attributed by the destination country of sale.

#### Revenue from major products:

Major product	Year ended	Year ended December 31		
Major product	2019	2018		
Calcined petroleum coke	31,903.26	45,745.82		
Coal tar pitch	28,898.75	28,354.28		
Other carbon products	18,002.11	19,260.16		
Resins	12,498.57	14,094.58		
Cement	10,299.88	9,082.88		

#### 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 39: 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 amount of goodwill allocated to each unit are as follows:

	Asat	Asat
	December 31, 2019	December 31, 2018
(a) Carbon	58,054.97	57,289.39
(b) Advanced Materials	3,960.53	3,824.55
(c) Cement	201.37	201.37
	62,216.87	61,315.31

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.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 39: IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL (CONTINUED)

# Key assumptions on which the Group has based its determination of value-in-use include:

- a) Estimated cash flows for five years based on management's budgets and estimates.
- b) 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.
- c) The post-tax discount rates used are based on the Group's weighted average cost of capital.
- d) 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 40: NON-CONTROLLING INTEREST**

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations:

December 31, 2019	000 RÜTGERS Severtar	Severtar Holdings Limited	Total
Non-controlling interest percentage	34.7%	34.7%	
Non-current assets	2,407.91	1,959.63	4,367.54
Current assets	3,575.17	838.21	4,413.38
Non-current liabilities	(437.50)	-	(437.50)
Current liabilities	(1,161.24)	(1.46)	(1,162.70)
Net assets	4,384.34	2,796.38	7,180.72
Net assets attributable to non-controlling interests	1,521.37	970.34	2,491.71
Revenue	8,476.53	-	8,476.53
Profit for the year	2,224.04	(174.03)	2,050.01
Other comprehensive income (loss)	494.24	-	494.24
Total comprehensive income	2,718.28	(174.03)	2,544.25
Profit allocated to non-controlling interests	770.89	(60.39)	710.50
Other comprehensive income (loss) allocated to non-controlling interests	183.14	-	183.14
Total comprehensive income allocated to non-controlling interests	954.03	(60.39)	893.64
Cash flows from (used in) operating activities	1,880.83	1,343.87	3,224.70
Cash flows from (used in) investing activities	(9.05)	17.59	8.54
Cash flows from (used in) financing activities (dividends to NCI: Nil)	(1,299.52)	(1,072.62)	(2,372.14)
Effect of exchange differences on restatement of foreign currency cash and	287.49	2.76	290.25
cash equivalents			
Net increase (decrease) in cash and cash equivalents	859.75	291.60	1,151.35

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

#### **NOTE 40: NON-CONTROLLING INTEREST (CONTINUED)**

December 31, 2018	000 RÜTGERS Severtar	Severtar Holdings Limited	Total
Non-controlling interest percentage	34.7%	34.7%	
Non-current assets	2,314.89	1,957.17	4,272.06
Current assets	2,171.97	812.52	2,984.49
Non-current liabilities	(40.09)	-	(40.09)
Current liabilities	(1,536.35)	(1.37)	(1,537.72)
Net assets	2,910.42	2,768.32	5,678.74
Net assets attributable to non-controlling interests	1,009.92	960.61	1,970.53
Revenue	6,680.15	-	6,680.15
Profit for the year	1,408.05	21.20	1,429.25
Other comprehensive income (loss)	(350.59)	-	(350.59)
Total comprehensive income	1,057.46	21.20	1,078.66
Profit allocated to non-controlling interests	489.69	7.36	497.05
Other comprehensive income (loss) allocated to non-controlling interests	(77.04)	-	(77.04)
Total comprehensive income allocated to non-controlling interests	412.65	7.36	420.01
Cash flows from (used in) operating activities	1,529.63	(3.94)	1,525.69
Cash flows from (used in) investing activities	(393.90)	-	(393.90)
Cash flows from (used in) financing activities (dividends to NCI: Nil)	(496.81)	4.40	(492.41)
Effect of exchange differences on restatement of foreign currency cash and	(121.13)	-	(121.13)
cash equivalents			
Net increase (decrease) in cash and cash equivalents	517.79	0.46	518.25

# **NOTE 41: 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 31 of ₹ 208.50 for the year ended December 31, 2019 (December 31, 2018 - ₹ 191.77).

# 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 the Group's 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, 2019 is ₹ 309.68 (December 31, 2018 - ₹ 184.41).

The following table sets forth the status of the compensated absences:

Particulars	As at December 31, 2019	As at December 31, 2018
Net Liability		
- Current	64.92	62.97
- Non-current	244.76	121.44
Total	309.68	184.41

#### 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

(D) Pension plan in Belgium

(B) Pension plan in USA

(E) Pension plan in Canada

(C) Pension plan in Germany

(F) Health care plan in Canada

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#### **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### 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 and its Indian subsidiaries have 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 contribution in Gratuity funds of 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, 2019. 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, 2019	As at December 31, 2018
Present value of funded obligation	201.72	169.68
Less: Fair value of plan assets	47.76	46.69
Net liability	153.96	122.99

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Current service cost	14.24	10.62
Past service cost	-	14.38
Interest cost	8.84	6.94
Total	23.08	31.94

#### (iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Remeasurements of defined benefit plans	19.18	9.01

#### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening defined benefit obligation	169.68	136.64
Current service cost	14.24	10.62
Past service cost	-	14.38
Interest Cost	11.28	9.63
Actuarial loss/(gain)		
Changes in financial assumptions	25.62	7.17
Experience adjustments	(6.09)	2.39
Amount paid to employees	(13.01)	(11.15)
Closing defined benefit obligation	201.72	169.68

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ende December 31, 201	
Opening fair value of plan assets	46.6	9 38.72
Interest on plan assets	2.4	4 2.69
Actuarial (loss)/gain	0.3	5 0.55
Contribution by employer	11.2	9 15.88
Amount paid to employees	(13.0	1) (11.15)
Closing fair value of plan assets	47.7	6 46.69
Actual return on plan assets	2.8	0 1.20

#### (vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2019	As at December 31, 2018
Insurer managed funds	100%	100%

# (vii) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Discount rates on benefit obligations	6.60% - 6.75%	7.55%
Expected salary increase rates	7.00% - 7.50%	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, 2019 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(5.20)	5.55
Future salary growth (0.5% movement)	5.26	(4.99)

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, 2018 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(5.11)	5.44
Future salary growth (0.5% movement)	5.24	(4.97)

- (ix) The expected contribution to be made by the Group during the financial year ending December 31, 2020 is ₹ 19.76.
- (x) As at December 31, 2019, the weighted average duration of the defined benefit obligation is in the range of 5.19 to 7.97 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.

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#### **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### B. Pension plan in USA

The subsidiaries in the United States of America (USA) have a non-contributory 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, 2019. 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, 2019	As at December 31, 2018
Present value of funded obligation	863.52	705.02
Less: Fair value of plan assets	619.55	515.74
Net liability	243.97	189.28

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Current service cost	24.65	23.61
Past service cost	16.60	15.86
Interest cost	29.03	24.16
Expected return on plan assets	(36.09)	(36.06)
Total	34.19	27.57

(iii) Net employee benefits expense (recognised in other comprehensive income):

Bentiavlana	Year ended	Year ended
Particulars	December 31, 2019	December 31, 2018
Remeasurements of Defined Benefit Plans	33.86	(14.91)

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	ear ended r 31, 2019	Year ended December 31, 2018
Opening defined benefit obligation	705.02	684.33
Current service cost	24.65	23.61
Past service cost	16.60	15.86
Interest Cost	29.03	24.16
Actuarial loss/(gain)	95.70	(90.80)
Amount paid to employees	(23.10)	(20.70)
Exchange differences	15.62	68.56
Closing defined benefit obligation	863.52	705.02

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening fair value of plan assets	515.74	508.71
Interest on plan assets	36.09	36.06
Actuarial (loss)/gain	61.84	(75.89)
Contribution by employer	17.61	16.34
Amount paid to employees	(23.10)	(20.70)
Exchange differences	11.37	51.22
Closing fair value of plan assets	619.55	515.74
Actual return on plan assets	97.93	(32.74)

# (vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	December 31, 2	As at 2019	As at December 31, 2018
Equity securities		49%	50%
Debt securities		49%	48%
Others		2%	2%

#### (vii) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Discount rates on benefit obligations	3.15%	4.16%
Expected rate of return on plan assets	7.00%	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, 2019 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	364.31	(507.88)
Attrition rate (0.5% movement)	425.19	(428.31)
Future mortality (0.5% movement)	472.57	(383.12)

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, 2018 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	285.61	(387.52)
Attrition rate (0.5% movement)	328.64	(331.87)
Future mortality (0.5% movement)	338.22	(322.19)

- (ix) The expected contribution to be made by the Group during the financial year ending December 31, 2020 is ₹ 29.93.
- (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.

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# **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### 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 dependent's 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, 2019. 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, 2019	As at December 31, 2018
Present value of unfunded obligation	10,174.20	8,068.15
Less: Fair value of plan assets		
Net liability	10,174.20	8,068.15

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Current service cost	333.47	358.62
Interest cost	122.14	106.05
Total	455.61	464.67

#### (iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended	Year ended
rarticulars	December 31, 2019	December 31, 2018
Remeasurements of Defined Benefit Plans	1,635.24	(502.69)

# (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening defined benefit obligation	8,068.15	7,759.91
Current service cost	333.47	358.62
Interest Cost	122.14	106.05
Actuarial loss/(gain)	1,635.24	(502.69)
Plan participant contributions	59.15	64.23
Amount paid to employees	(76.42)	(72.60)
Exchange differences	32.47	354.63
Closing defined benefit obligation	10,174.20	8,068.15

# (v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening fair value of plan assets	-	-
Contribution by employer	17.27	8.38
Plan participant contributions	59.15	64.23
Amount paid to employees	(76.42)	(72.60)
Closing fair value of plan assets	-	-
Actual return on plan assets	-	-

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### (vi) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Discount rates on benefit obligations	0.77%	1.54%
Expected salary increase rates	3.00%	3.00%

#### (vi) 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, 2019 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(1,233.39)	1,482.80
Future salary growth (0.5% movement)	32.78	(32.22)
Weighted average duration	NA	27.21 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, 2018 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(913.44)	1,086.22
Future salary growth (0.5% movement)	71.99	(70.34)
Weighted average duration	NA	25.27 years

- (vii) The expected contribution to be made by the Group during the financial year ending December 31, 2020 is ₹ 31.07.
- (viii) 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, 2019. 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, 2019	As at December 31, 2018
Present value of funded obligation	1,415.78	1,143.69
Less: Fair value of plan assets	915.35	781.02
Net liability	500.43	362.67

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# **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Current service cost	96.66	82.65
Interest cost	17.24	13.24
Expected return on plan assets	(12.51)	(9.46)
Total	101.39	86.43

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended	Year ended
rarticulars	December 31, 2019	December 31, 2018
Remeasurements of Defined Benefit Plans	158.18	51.73

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening defined benefit obligation	1,143.69	979.06
Current service cost	96.66	82.65
Interest Cost	17.24	13.24
Actuarial loss/(gain)	184.53	63.07
Administrative expenses, taxes and insurance premiums	(37.19)	(33.78)
Plan participant contributions	22.37	18.58
Amount paid to employees	(15.91)	(19.97)
Exchange differences	4.39	40.84
Closing defined benefit obligation	1,415.78	1,143.69

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening fair value of plan assets	781.02	660.68
Interest on plan assets	12.51	9.46
Actuarial (loss)/gain	26.35	11.34
Contribution by employer	123.47	106.62
Plan participant contributions	22.37	18.58
Administrative expenses, taxes and insurance premiums	(37.19)	(33.78)
Amount paid to employees	(15.91)	(19.97)
Exchange differences	2.73	28.09
Closing fair value of plan assets	915.35	781.02
Actual return on plan assets	38.86	20.80

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	Asat	As at
rarticulars	December 31, 2019	December 31, 2018
Insurer managed funds	100%	100%

(vii) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Discount rates on benefit obligations	0.77%	1.54%
Expected rate of return on plan assets	2.20%	2.20%
Expected salary increase rates	2.50%	2.50%

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### (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, 2019 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(102.38)	111.81
Weighted average duration	NA	15.20 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, 2018 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(82.64)	90.65
Weighted average duration	NA	15.26 years

- (ix) The expected contribution to be made by the Group during the financial year ending December 31, 2020 is ₹ 124.87.
- (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.

#### 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, 2019. 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	Asat
	December 31, 2019	December 31, 2018
Present value of funded obligation	1,925.88	1,622.47
Less: Fair value of plan assets	1,928.15	1,585.73
Net liability / (asset)	(2.27)	36.74

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Current service cost	31.17	33.88
Interest cost	63.43	59.04
Expected return on plan assets	(62.91)	(58.52)
Administrative expenses	5.31	5.28
Total	37.00	39.68

**FINANCIAL** 

# **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended	Year ended
Particulars	December 31, 2019	December 31, 2018
Remeasurements of Defined Benefit Plans	(27.86)	20.48

# (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening defined benefit obligation	1,622.47	1,660.02
Current service cost	31.17	33.88
Interest Cost	63.43	59.04
Actuarial loss/(gain)	167.67	(92.88)
Plan participant contributions	4.91	5.36
Amount paid to employees	(83.14)	(57.02)
Exchange differences	119.37	14.07
Closing defined benefit obligation	1,925.88	1,622.47

# (v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening fair value of plan assets	1,585.73	1,625.62
Interest on plan assets	62.91	58.52
Actuarial (loss)/gain	195.53	(113.36)
Contribution by employer	48.94	57.52
Plan participant contributions	4.91	5.36
Administrative expenses, taxes and insurance premiums	(5.31)	(5.28)
Amount paid to employees	(83.14)	(57.02)
Exchange differences	118.58	14.37
Closing fair value of plan assets	1,928.15	1,585.73
Actual return on plan assets	258.44	(54.84)

# (vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2019	As at December 31, 2018
Equity securities	49%	50%
Debt securities	49%	49%
Others		1%

# (vii) Principal Actuarial assumptions used:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Discount rates on benefit obligations	3.10%	3.85%
Expected rate of return on plan assets	4.40%	4.40%
Expected salary increase rates	3.00%	3.00%

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### (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, 2019 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(149.31)	186.56
Future salary growth (0.5% movement)	6.61	(9.79)
Weighted average duration	NA	15.60 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, 2018 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(119.40)	132.61
Future salary growth (0.5% movement)	5.86	(5.81)
Weighted average duration	NA	13.33 years

- (ix) The expected contribution to be made by the Group during the financial year ending December 31, 2020 is ₹ 59.68.
- (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.

# 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, 2019. 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, 2019	As at December 31, 2018
Present value of funded obligation	375.92	302.29
Less: Fair value of plan assets	-	-
Net liability	375.92	302,29

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Current service cost	8.28	8.79
Interest cost	11.83	11.14
Total	20.11	19.93

**FINANCIAL** 

# **NOTES**

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 41: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	Year ended	Year ended
Particulars	December 31, 2019	December 31, 2018
Remeasurements of Defined Benefit Plans	42.78	(19.34)

#### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening defined benefit obligation	302.29	310.53
Current service cost	8.28	8.79
Interest Cost	11.83	11.14
Actuarial loss/(gain)	42.78	(19.34)
Amount paid to employees	(11.90)	(11.62)
Exchange differences	22.64	2.79
Closing defined benefit obligation	375.92	302.29

#### (v) Principal Actuarial assumptions used:

Particulars	Year ended	Year ended
rai ticulai 5	December 31, 2019	December 31, 2018
Discount rates on benefit obligations	3.10%	3.85%
Annual increase in health cost		
Initial trend rate	5.83%	6.00%
Ultimate trend rate	4.00%	4.00%
Year ultimate trend rate is reached	2040	2040

# (vi) 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, 2019 shown below.

Particulars	Increase	Decrease
Health care cost trend rates (0.5% movement)	23.12	(16.42)

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 they earended December 31, 2018 shown below.

Particulars	Increase	Decrease
Health care cost trend rates (0.5% movement)	16.28	(13.14)

(vii) 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.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# **NOTE 42: RELATED PARTY DISCLOSURES**

# a) Names of related parties and description of relationship:

Key Managerial Personnel (KMP) and their relatives	1.	Mr. N. Radha Krishna Reddy
cy Manageriai i Cisonnei (RMI) and then relatives	1.	Managing Director (since March 31, 2019)
	2.	Mr. Jagan Mohan Reddy Nellore
	۷.	Vice chairman (since March 31, 2019)
		Managing Director (till March 30, 2019)
	2	
	3.	Mr. N. Sujith Kumar Reddy Relative of Managing Director
	4	
	4.	Mr. N. Venkata Pranav Reddy Relative of Managing Director
	_	
	5.	Mr. N. Shiv Keshav Reddy
	C	Relative of Managing Director
	6.	Mr. N. Sridutt Reddy
	_	Relative of Managing Director
	7.	Mr. T. Srinivasa Rao
	0	Chief Financial Officer
	8.	Mr. S. Venkat Ramana Reddy
		Company Secretary
Enterprise where key managerial personnel along with their	1.	Rain Enterprises Private Limited (REnPL)
relatives exercise significant influence	2.	Rain Entertainments Private Limited (REPL)
	3.	Nivee Property Developers Private Limited (NPDPL)
	4.	Pragnya Priya Foundation (PPF)
	5.	Arunachala Logistics Private Limited
Non-executive directors		
	1	Mr. Jagan Mohan Reddy Nellore
von-executive unectors	1.	Mr. Jagan Mohan Reddy Nellore Vice Chairman (since March 31, 2019)
Non-executive directors	1.	Vice Chairman (since March 31, 2019)
Non-executive directors		Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019)
Non-executive directors	2.	Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director
Non-executive directors		Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director
Non-executive directors	2. 3.	Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director (Chairman)
Non-executive directors	2. 3. 4.	Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director (Chairman) Mr. Varun Batra - Independent Director
Non-executive directors	2. 3. 4. 5.	Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director (Chairman) Mr. Varun Batra - Independent Director Ms. Radhika Vijay Haribhakti - Independent Director
Non-executive directors	2. 3. 4. 5. 6.	Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director (Chairman) Mr. Varun Batra - Independent Director Ms. Radhika Vijay Haribhakti - Independent Director Ms. Nirmala Reddy - Independent Director
Non-executive directors	2. 3. 4. 5.	Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director (Chairman) Mr. Varun Batra - Independent Director Ms. Radhika Vijay Haribhakti - Independent Director Ms. Nirmala Reddy - Independent Director Mr. Brian Jude McNamara - Independent Director
Non-executive directors	2. 3. 4. 5. 6.	Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director (Chairman) Mr. Varun Batra - Independent Director Ms. Radhika Vijay Haribhakti - Independent Director Ms. Nirmala Reddy - Independent Director
Equity accounted investees	2. 3. 4. 5. 6. 7.	Vice Chairman (since March 31, 2019) Managing Director (till March 30, 2019) Mr. N. Sujith Kumar Reddy - Director Mr. H.L. Zutshi - Independent Director (Chairman) Mr. Varun Batra - Independent Director Ms. Radhika Vijay Haribhakti - Independent Director Ms. Nirmala Reddy - Independent Director Mr. Brian Jude McNamara - Independent Director (since February 28, 2019)

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# **NOTE 42: RELATED PARTY DISCLOSURES (CONTINUED)**

# b) Transactions with related parties:

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Purchases and services (net of reimbursements) from:		· · · · · · · · · · · · · · · · · · ·
a) InfraTec Duisburg GmbH	640.20	650.34
b) Arunachala Logistics Private Limited	3,657.89	3,494.85
Sale of cement:		, , , , , ,
a) Pragnya Priya Foundation	0.14	3.79
b) Nivee Property Developers Private Limited	8.93	12.14
c) Arunachala Logistics Private Limited	1.95	1.60
Other operating income	1.55	1.00
a) InfraTec Duisburg GmbH	70.07	71.67
b) Arunachala Logistics Private Limited - Rental Income	0.35	0.35
c) Arunachala Logistics Private Limited - Scale of Scrap	0.55	1.56
Other income		1.50
a) Pragnya Priya Foundation	0.12	0.25
Reimbursement of expenses	0.12	0.23
		1.55
a) Arunachala Logistics Private Limited Advances to suppliers	-	1.55
a) Rain Enterprises Private Limited		2 202 40
	-	2,303.40
Refund of advances		2 202 40
a) Rain Enterprises Private Limited	-	2,303.40
Managerial remuneration (Short term employee benefits) (See Note (iii) below)	4.10	1004
a) Jagan Mohan Reddy Nellore	4.16	16.84
b) T. Srinivasa Rao	16.24	15.35
c) S. Venkat Ramana Reddy	4.83	4.42
Remuneration, commission and sitting fees to relatives of KMP		
a) N. Sujith Kumar Reddy	32.42	27.16
(managing director of a wholly owned subsidiary)		
b) N. Venkata Pranav Reddy	0.80	0.56
(son of managing director of a wholly owned subsidiary)		
c) N. Shiv Keshav Reddy	0.18	0.12
(son of managing director of a wholly owned subsidiary)		
d) N. Sridutt Reddy	0.52	-
(relative of managing director)"		
Sitting fees to Non-executive directors of the Company	4.40	4.54
Commission to Non-executive directors of the Company	3.98	4.30
Dividend paid		
a) Enterprise where key managerial personnel along with their relatives exercise	81.27	162.54
significant influence		
b) Key Managerial Personnel		
N. Radha Krishna Reddy	10.38	-
T. Srinivasa Rao	0.09	0.18
c) Non-executive directors	10.03	-
Donations given		
a) Pragnya Priya Foundation	70.00	67.50
Loans given		
a) Pragnya Priya Foundation	_	10.00
Loans returned back		15.50
a) Pragnya Priya Foundation	10.00	_

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# **NOTE 42: RELATED PARTY DISCLOSURES (CONTINUED)**

The Group has the following dues from / to related parties:

Particulars	As at December 31, 2019	As at December 31, 2018
Amounts receivable from		
a) InfraTec Duisburg GmbH	53.48	88.87
b) Pragnya Priya Foundation	-	10.31
Amounts payable to		
a) Arunachala Logistics Private Limited	13.29	31.31
b) InfraTec Duisburg GmbH	81.85	87.48
c) Sitting fees payable to Non-executive directors	-	3.92
d) Commission payable to Non-executive directors	3.98	4.30
e) N. Sujith Kumar Reddy	10.00	5.00
(managing director of a wholly owned subsidiary)"		

- (i) No trade or other receivables are due by directors or other officers of the Group 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 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

		As at Decemb	er 31, 2019	9 For the year ended December 31, 2019					
S. No Name of the Company		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	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
	Parent								
	Rain Industries Limited	5.68	9,176.74	4.01	354.40	0.29	0.09	3.99	354.49
	Subsidiaries								
	Indian								
1	Rain Cements Limited	2.99	4,827.26	11.13	984.78	(48.33)	(15.09)	10.92	969.69
2	Renuka Cement Limited	0.18	293.24	0.06	4.91	-	-	0.06	4.91
3	Rain CII Carbon (Vizag) Limited	7.78	12,566.09	6.31	558.49	2.72	0.85	6.30	559.34
	Foreign								
4	Rain Commodities (USA) Inc.	7.82	12,645.23	(0.73)	(64.39)	(148.05)	(46.22)	(1.25)	(110.61)
5	Rain Carbon Inc.	12.09	19,544.92	5.25	464.21	(98.72)	(30.82)	4.88	433.39
6	Rain Carbon Holdings, LLC	12.17	19,668.07	5.23	462.53	-	-	5.21	462.53
7	Rain Global Services LLC	(0.00)	(0.66)	2.61	230.87	0.13	0.04	2.60	230.91

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

		As at Decemb	er 31, 2019	For the year ended December 31			cember 31, 20	nber 31, 2019		
0.11.11			., Total Assets otal Liabilities	Share in Profit or Loss		Other comprehensive income (OCI)		Total comprehensive income (TCI)		
5. N	Name of the Company	Asa% of		Asa% of		Asa% of		Asa%of		
		Consolidated Net Assets	Amount	Consolidated Profit or Loss	Amount	Consolidated OCI	Amount	Consolidated TCI	Amount	
8	Rain CII Carbon LLC	15.69	25,361.05	(21.13)	(1,868.62)	571.96	178.56	(19.03)	(1,690.06)	
9	CII Carbon Corp.	-	-	-	-	-	-	-	-	
10	RÜTGERS Polymers Ltd.	1.79	2,889.56	4.02	355.31	570.98	178.26	6.01	533.57	
11	RÜTGERS Canada Inc.	4.37	7,054.71	16.79	1,485.47	1,280.33	399.72	21.23	1,885.19	
12	Handy Chemicals (U.S.A.) Ltd.	0.04	70.61	0.40	35.39	9.48	2.96	0.43	38.35	
13	Rain Carbon BVBA	10.66	17,227.68	22.45	1,986.34	(298.78)	(93.28)	21.32	1,893.06	
14	VFT France S.A	0.70	1,126.02	0.27	23.63	1.92	0.60	0.27	24.23	
15	Rumba Invest BVBA & Co. KG	(0.00)	(1.87)	1.00	88.33	(0.10)	(0.03)	0.99	88.30	
16	RÜTGERS Holding Germany	-	-	-	-	-	-	-	-	
	GmbH (See note 1 below)									
17	RÜTGERS Germany GmbH	4.49	7,257.38	(3.10)	(274.65)	(3,227.61) (	1,007.66)	(14.44)	(1,282.31)	
18	RÜTGERS Resins BV	0.96	1,549.78	17.26	1,527.51	21.43	6.69	17.28	1,534.20	
19	Severtar Holding Ltd.	1.73	2,796.38	12.40	1,096.87	11.47	3.58	12.39	1,100.45	
20	OOO RÜTGERS Severtar	2.71	4,384.36	25.15	2,225.28	1,662.91	519.16	30.91	2,744.44	
21	Rain RÜTGERS LLC	0.13	203.06	0.08	7.17	36.03	11.25	0.21	18.42	
22	RÜTGERS Poland Sp. z o.o	0.22	349.04	0.26	22.91	12.20	3.81	0.30	26.72	
23	RÜTGERS (Shanghai) Trading Co. Ltd	0.05	82.73	0.05	4.62	2.11	0.66	0.06	5.28	
24	RÜTGERS Wohnimmobilien GmbH & Co	0.12	194.76	(0.09)	(7.54)	1.02	0.32	(0.08)	(7.22)	
25	RÜTGERS Gewerbeimmobilien GmbH & Co	0.34	546.60	1.04	92.28	5.35	1.67	1.06	93.95	
26	Rain Carbon GmbH	7.30	11,792.01	(10.72)	(948.34)	(268.74)	(83.90)	(11.63)	(1,032.24)	
20	Sub total		161,604.75	100.00	8,847.76	100.00	31.22	100.00	8,878.98	
	Less: Inter company	100.00	(112,005.70)		(4,223.21)	100.00	(7.98)	100.00	(4,231.19)	
	adjustments/eliminations		(112,003.70)		(4,225.21)		(7.50)		(4,231.13)	
	Non-controlling interests				(710.50)		(183.14)		(893.64)	
	Share of profit / (loss)		-		(710.50)		(103.14)		(033.04)	
	of associates									
	(net of income tax):									
	InfraTec Duisburg GmbH		_		(0.21)		_		(0.21)	
	TOTAL		49,599.05	-	3.913.84	-	(159.90)		3,753.94	
	TOTAL	l	40,000.00		3,313.04		(133.30)		3,733.34	

Net assets and share in profit or 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.

#### Notes:

1 Merged into Rain Carbon GmbH, retrospectively with effect from January 1, 2019.

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

# NOTE 43: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

		As at Decemb	er 31, 2018	For the year ended December 31, 2			ecember 31, 20	,2018		
	Name of the Occurrence	Net Assets i.e., minus Total		Share in Prof	it or Loss	Other compr income (		Total compr		
5. N	o Name of the Company	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount	
	Parent									
	Rain Industries Limited	5.13	9,158.61	3.77	604.66	-	0.07	2.38	604.73	
	Subsidiaries									
	Indian									
1	Rain Cements Limited	2.31	4,127.07	1.69	271.20	(0.05)	(4.60)	1.05	266.60	
2	Renuka Cement Limited	0.16	288.34	(0.04)	(6.30)	-	-	(0.02)	(6.30)	
3	Rain CII Carbon (Vizag) Limited Foreign	6.73	12,006.74	10.53	1,690.16	(0.01)	(1.30)	6.64	1,688.86	
4	Rain Commodities (USA) Inc.	11.06	19,724.20	25.26	4,056.52	8.01	749.73	18.90	4,806.25	
5	Rain Carbon Inc.	10.87	19,393.65	9.83	1,578.01	18.18	1,703.10	12.91	3,281.11	
6	Rain Carbon Holdings, LLC	11.02	19,666.63	7.36	1,181.41	18.27	1,710.83	11.38	2,892.24	
7	Rain Global Services LLC	(0.13)	(231.56)	(0.01)	(1.38)	(0.21)	(19.38)	(0.08)	(20.76)	
8	Rain CII Carbon LLC	15.42	27,512.23	(0.86)	(137.92)	28.30	2,650.07	9.88	2,512.15	
9	CII Carbon Corp.	-		(0.00)	(107.02)		_,000.07	-	_,5115	
10	RÜTGERS Polymers Ltd.	1.32	2,355.95	2.13	342.73	0.03	3.10	1.36	345.83	
11	RÜTGERS Canada Inc.	2.90	5,167.59	13.73	2,204.72	(0.43)	(40.00)	8.51	2,164.72	
12	Handy Chemicals (U.S.A.) Ltd.	0.05	86.22	0.19	29.81	0.05	4.90	0.14	34.71	
13	Rain Carbon BVBA	9.92	17,702.20	11.96	1,920.22	12.35	1,156.38	12.10	3,076.60	
14	VFT France S.A	0.62	1,100.68	0.14	23.18	0.07	6.09	0.12	29.27	
15	Rumba Invest BVBA & Co. KG	(0.00)	(1.86)	0.54	87.43	0.01	0.59	0.35	88.02	
16	RÜTGERS Holding Germany	7.81	13,934.40	(2.51)	(403.65)	7.15	669.72	1.05	266.07	
	GmbH		,	,	,					
17	RÜTGERS Germany GmbH	4.00	7,141.39	5.29	850.15	6.07	568.53	5.58	1,418.68	
18	RÜTGERS Resins BV	0.01	14.50	(2.16)	(346.80)	(0.18)	(16.48)	(1.43)	(363.28)	
19	Severtar Holding Ltd.	1.55	2,768.33	0.13	21.01	1.24	115.95	0.54	136.96	
20	OOO RÜTGERS Severtar	1.63	2,910.42	8.69	1,395.48	(3.99)	(373.46)	4.02	1,022.02	
21	Rain RÜTGERS LLC	0.01	23.97	(0.10)	(15.85)	(0.05)	(4.31)	(0.08)	(20.16)	
22		0.20	357.82	0.45	73.06	(0.09)	(7.97)	0.26	65.09	
23		0.04	77.57	0.05	7.81	0.01	0.69	0.03	8.50	
24	Co. Ltd RÜTGERS Wohnimmobilien	0.11	202.05	(0.10)	(16.60)	0.10	9.52	(0.03)	(7.08)	
2 <del>-1</del>	GmbH & Co	0.11	202.03	(0.10)	(10.00)	0.10	3.32	(0.03)	(7.08)	
25	RÜTGERS Gewerbeimmobilien	0.25	452.36	0.17	28.05	0.19	17.40	0.18	45.45	
23	GmbH & Co	0.23	432.30	0.17	26.03	0.13	17.40	0.16	43.43	
26	Rain Carbon GmbH	6.99	12,474.56	3.87	620.66	4.98	466.60	4.28	1,087.26	
20	Sub total	100.00	178,414.06		16,057.77	100.00	9,365.77		25,423.54	
	Less: Inter company		(132,186.65)		(9,753.26)		(7,800.00)	100.00	(17,553.26)	
	adjustments/eliminations	·	(132,100.03)		(3,733.20)		(7,000.00)		(17,555,20)	
	Non-controlling interests		_		(497.05)		77.04		(420.01)	
	Share of profit / (loss) of				(137.03)		77.01		(120.01)	
	associates:									
	InfraTec Duisburg GmbH		_		8.80		_		8.80	
	Rain Coke Limited (Refer		-		5.00		_		0.00	
	note 36)		-		-		-		-	
	TOTAL		46,227.41		5,816,26		1,642.81		7,459.07	
	TOTAL	l	10,447.11		3,010,20		1,074.01		7,TJJ.U7	

Net assets and share in profit or 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.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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)

Part	iculars	As at December 31, 2019	As at December 31, 2018
(I)	Contingent liabilities		
(a)	In respect of demands/ claims arising on account of:		
	- Income tax	369.09	365.72
	- Wheeling charges [Refer note below]	461.88	191.94
	- Operating charges of state load dispatch centre and minimum energy/ demand	12.53	12.53
	- Customs Duty, Sales Tax, Service Tax and Excise Duty related matters under dispute	801.64	459.30
	- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	34.57	34.57
Not	e: 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 Honorable Supreme Court of India against the order of the Honorable High Court of Andhra Pradesh. The Company had issued a bank guarantee amounting to ₹146.96 for the aforesaid matter.		
	During the year, the Honorable Supreme court pronounced its judgement ordering that the wheeling charges are to be levied as per the tariff order passed by APERC. Subsequently, the Company received a claim from APSPDCL amounting to ₹461.88 (including additional claim towards cross subsidy charges).		
	The Company has disputed the aforesaid claim as the Management believes that the claim is not tenable based on the judgement given by the Supreme Court. 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		
(b)	Claims against the Group not acknowledged as debt	309.70	233.01

#### (c) Other contingencies:

(i) Minnesota Pavement Sealer Cases. Rain Carbon Inc. and its wholly owned subsidiaries, Rain Carbon Holdings and Rutgers Canada Inc., were three of several defendants in separate federal lawsuits which have been filed since December 2018, by eleven municipalities in the state of Minnesota. These lawsuits were filed in the United States District Court for the District of Minnesota. Plaintiffs in each of the lawsuits claim that contamination allegedly caused by coal tar-based pavement sealer products has impacted their stormwater retention ponds, resulting in substantially increased disposal costs when the ponds are periodically dredged. The plaintiffs seek to recover compensatory damages and other costs in addition to compelling the defendants to remove the alleged contamination from the plaintiffs' stormwater retention ponds and other stormwater-management devices.

In May 2019, the plaintiffs agreed to voluntarily dismiss Rain Carbon Inc. and Rain Carbon Holdings from the cases, and on May 15, 2019, the plaintiffs, Rain Carbon Inc. and Rain Carbon Holdings filed a notice of dismissal in all cases.

On May 17, 2019, the defendants (including Rutgers Canada Inc.) filed a joint motion to dismiss the lawsuits. The hearing on these motions was held on September 20, 2019, and on December 20, 2019 all claims against Rutgers Canada Inc. and the other coal tar refiner defendants were dismissed. The court also dismissed certain claims against the other defendants, who are manufacturers of pavement sealers, while permitting certain claims against the pavement sealer manufacturer defendants to continue.

In January 2020, the plaintiffs sought leave to request reconsideration of the decision dismissing all claims against Rutgers Canada Inc. and the other coal tar refiner defendants, and on February 4, 2020 the court denied this request. The plaintiffs have until March 5, 2020 to file an appeal of the court's decision to dismiss the claims against Rutgers Canada Inc. and the other coal tar refiner defendants.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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) (CONTINUED)

The Group has not created a provision for the pavement sealer lawsuits because, at this time, it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. The timing of resolution of these cases cannot be reasonably determined.

(ii) Ontario Ministry of Environment Conservation and Parks ("MECP") Investigations. a. The MECP has initiated separate investigations related to two separate product spills and the alleged improper disposal of hazardous waste that occurred in connection with activities undertaken at the Group's distillation facility in Ontario, Canada on or about July 29, 2019 and December 17, 2019, respectively. The Group is fully cooperating with the MECP in connection with the investigations. At this time, no formal charges relating to these investigations have been filed.

The Group has not created a provision in connection with these investigations because, at this time, it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. The timing of resolution of these investigations, including any related charges and fines that may be levied, cannot be reasonably determined.

Part	ticulars	As at December 31, 2019	As at December 31, 2018
(II)	Commitments		
	Estimated amounts of contracts remaining to be executed on capital account [net of	4,426.69	3,483.78
	Capital advances ₹ 2,548.75 (December 31, 2018: ₹ 1,273.06)]		

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.

# **NOTE 45: OPERATING LEASES**

Particulars	As at December 31, 2019	As at December 31, 2018
- Not later than 1 year	1,020.50	1,078.80
- Later than 1 year and not later than 5 years	2,673.43	2,670.61
- Beyond 5 years	1,845.63	322.30

#### **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, 2019 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	258.73	44.38	303.11
- Later than 1 year and not later than 5 years	218.96	120.37	339.33
- Beyond 5 years	675.29	130.63	805.92

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

#### **NOTE 46: FINANCE LEASES (CONTINUED)**

The future minimum lease payments and their present values as at December 31, 2018 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	131.36	15.59	146.95
- Later than 1 year and not later than 5 years	207.40	9.26	216.66
- Beyond 5 years		-	-

# **NOTE 47: EARNINGS PER SHARE (EPS)**

Particulars	As at December 31, 2019	As at December 31, 2018
a. Profit for the year	3,913.84	5,816.26
b. Weighted average number of equity shares of ₹ 2/- each outstanding during the year	336,345,679	336,345,679
(Nos.)		
Earnings per Share		
c. Basic and Diluted - [a]/[b] - (₹)	11.64	17.29

#### **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, 2019 on such foreign currency loan, determined as an effective net investment hedge, recognized in the foreign currency translation reserve included in Note 18 - Other equity is ₹ 8.88 (December 31, 2018: ₹ 35.16).

# **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 ₹ Nil (December 31, 2018: ₹ (3.34)) (net of non-controlling interests) has been transferred to foreign currency translation reserve. However, the non-current loans have been de-designated during the previous year.

# **NOTE 50: 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, 2019	Year ended December 31, 2018
Amount to be spent	75.01	78.81
Amount paid in cash - on purposes other than construction / acquisition of any asset –	91.67	81.31
donations for scholarship		
Amount yet to be paid in cash	-	-

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

# NOTE 51: PROVISION FOR ENVIRONMENT LIABILITIES INCLUDING SITE RESTORATION

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Balance at beginning of year	1,756.61	1,395.56
Additional provision made	150.44	526.87
Provisions utilised/reversed	(438.83)	(211.36)
Changes in estimates, including timing	1.83	(8.59)
Accretion expense	5.12	1.16
Unused amounts reversed during the year	(144.76)	(1.19)
Foreign currency exchange rate changes	(1.29)	54.16
Balance at end of year	1,329.12	1,756.61
Non-current provision	565.99	584.06
Current provision	763.13	1,172.55
Total	1,329.12	1,756.61

#### **NOTE 52: OTHER PROVISIONS**

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Balance at beginning of year	408.42	118.16
Additional provision made (Refer note below)	1,332.10	412.68
Provisions utilised/reversed	(172.87)	(122.42)
Balance at end of year	1,567.65	408.42

Note: On August 6, 2019, Board of Rain Carbon Inc., a wholly owned step down subsidiary of the Company, has decided to close down one of the Group's facility in Uithoorn, Netherlands in light of eroding profitability for hydrocarbon and C9 aromatic resins, particularly for printing inks and adhesive in a phased manner by March 31, 2020. Although the facility in Uithoorn is getting closed, the operations are being transferred to Duisburg, Germany by way of a business transfer compensation agreement.

The Management has evaluated the costs of closure and created a total provision for ₹ 1,076.11 (EUR 13.70 million) for the year ended December 31, 2019. Out of this, ₹ 235.64 (EUR 3.00 million) was recorded in Employee benefits expense towards severance payments and ₹ 840.47 (EUR 10.70 million) was recorded in Other expenses; of which ₹ 653.52 (EUR 8.32 million) was disclosed in Repairs and Maintenance (Plant and Machinery), ₹ 183.02 (EUR 2.33 million) was disclosed in Rent and ₹ 3.93 (EUR 0.05 million) was disclosed in Insurance.

In addition to the above provision, depreciation and amortisation expense includes an accelerated depreciation of Plant and Machinery amounting to ₹ 806.12 (EUR 10.20 million) for the year ended December 31, 2019.

#### **NOTE 53: PROVISION FOR INVENTORIES**

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Balance at beginning of year	516.99	401.10
Additional provision made / (utilised)	(14.07)	77.52
Exchange differences	10.22	38.37
Balance at end of year	513.14	516.99

#### **NOTE 54: ASSETS HELD FOR SALE**

The Management has decided to sell the assets in its Moundsville plant located in US. Pending completion of the transaction, the assets have been classified as "Assets held for sale" in the statement of Consolidated Assets and Liabilities as at December 31, 2019.

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

#### **NOTE 55: INTERNAL REORGANISATION**

During the year ended December 31, 2019, the Group has completed an internal reorganisation by merging a German Holding Company with the German Ultimate Holding 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, 2019.

# **NOTE 56: SUBSEQUENT EVENTS**

German Renewable Energy Act ("EEG") Surcharge Inquiry. On February 4th, 2020, Rain Carbon Inc.'s wholly owned subsidiary, Rutgers Germany GmbH ("Rutgers Germany"), received a letter from its Transmission System Operator ("TSO"), Amprion GmbH ("Amprion"), requesting information related to determinations made by Rutgers Germany and three of its formerly existing affiliated companies that they were not required to pay EEG surcharges during the period between 2010 through 2017. EEG surcharges are amounts that German TSOs are required to collect from electricity suppliers in Germany to reimburse TSOs for costs relating to building renewable energy infrastructure. Generally, any German company that supplies energy to a third party is required to pay EEG surcharges. However, if a German company produces energy and consumes the energy itself, it is not required to pay an EEG surcharge.

During the period in question, Rutgers Germany and three affiliate companies that were under common ownership with Rutgers Germany had business operations at the Group production facility in Castrop-Rauxel, Germany, and all four of these companies consumed energy that they each produced at the Castrop-Rauxel facility. The three entities affiliated with Rutgers Germany were merged out of existence in 2017. Amprion's information request relates to whether the internal arrangements amongst these four affiliated companies relating to the production and use of energy at the Castrop-Rauxel facility was sufficient to exempt them from EEG surcharges. The Group responded to Amprion's information request on February, 14, 2020.

The Group has not created a provision related to the Amprion inquiry because, at this time, it cannot reasonably determine the probability of a loss, and the amount of loss, if any, cannot be reasonably estimated. The timing of resolution of Amprion's inquiry cannot be reasonably determined. Although the Group believes that Rutgers Germany and its three formerly existing affiliated companies were not subject to EEG surcharges during the period in question, and intends to vigorously defend this position.

As per our report of even date attached for B S R & Associates LLP Chartered Accountants

ICAI Firm registration number: 116231W/W-100024

Sriram Mahalingam

Turther

Membership number: 049642

Place: Hyderabad Date: February 28, 2020 For and on behalf of the Board of Directors of

Rain Industries Limited CIN: L26942TG1974PLC001693

N Radha Krishna Reddy

Managing Director DIN: 00021052

T. Srinivasa Rao

Chief Financial Officer M. No.: F29080 Jagan Mohan Reddy Nellore

Director

DIN: 00017633

S. Venkat Ramana Reddy

Company Secretary M. No.: A14143

# Route Map for venue of the Meeting



# ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM FOR PAYMENT OF DIVIDEND

To, KFIN Technologies 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:
Data :	Signature of First Holder

#### Notes:

- 1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
- 2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.

INTERITORALLY LEFT BLANK

# **RAIN INDUSTRIES LIMITED**

Regd. Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Telangana State, India. CIN: L26942TG1974PLC001693

# **ATTENDANCE SLIP**

45th Annual General Meeting on Thursday, August 13, 2020 at 11:00 A.M.

Si	IGNATURE OF THE MEMBER OR T	HE PROXY ATTENDI	NG THE MEETING	
Thursday, August 13, 2020	our presence at the 45th Annua O at 11:00 A.M at K L N Prasad Audit s, Hyderabad-500 004, Telangana Sta	orium, The Federation		
Name of Proxy				
Name of the Shareholder				
No. of Equity Shares held		* Client ID:		
Regd. Folio No		*DP ID:		

 $\textbf{Note:} \ This form \ should \ be \ signed \ and \ handed \ over \ at \ the \ Meeting \ Venue.$ 

 ${}^*\operatorname{Applicable} \text{ for investors holding shares in electronic form.}$ 

INTERITORALLY LEFT BLANK

# **RAIN INDUSTRIES LIMITED**

Regd. Office: Rain Center, 34, Srinagar Colony, Hyderabad-500 073, Telangana State, India. CIN: L26942TG1974PLC001693

# 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
Nar	ne of the company:	Rain Industries Limited
Reg	istered office:	Rain Center, 34, Srinagar Colony, Hyderabad - 500073, Telangana State, India.
Nar	me of the member(s):	
	istered address:	
	ail Id:	
DP	o No./Client Id:	
DF		
I/W	e, 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:	
		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 45th Annual General Meeting of the Company, to be held on Thursday, August 13, 2020 at 11:00 A.M. at KLN Prasad Auditorium, The Federation of Telangana Chambers of Commerce & Industry (FTCCI), Red Hills, Hyderabad-500 004, Telangana State, India and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Particulars			
ORDINARY B	USINESS			
1.	To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the Financial Year ended December 31, 2019 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, 2019 and Report of Auditors thereon.			
3.	To approve and ratify Interim dividend.			
4.	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.			
5.	To appoint a Director in place of Mr. Jagan Mohan Reddy Nellore (DIN: 00017633) who retires by rotation and being eligible offers himself for re-appointment.			
Signed this _	day of 2020	Please Affix ₹1/- Revenue Stamp and sign		
Signature of s	hareholder			
Signature of F	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.

