



## RAIN INDUSTRIES LIMITED

RIL/SEs/2021

April 9, 2021

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
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Dear Sir/Madam,

**Sub: Notice and 46<sup>th</sup> Annual Report of Rain Industries Limited ('Company') - Reg.**  
**Ref: i) Compliance with Regulation 34 (1) of SEBI (LODR) Regulations, 2015**  
**ii) Scrip Code: 500339 (BSE) & Scrip Code: RAIN (NSE)**

With reference to the above stated subject, we bring to your kind notice that pursuant to the applicable provisions of SEBI (LODR) Regulations, 2015, as amended from time to time ('Listing Regulations'), we wish to inform that the 46th Annual General Meeting ('AGM') of the Company will be held on Monday, the May 10, 2021 at 11.00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 and 02/2021 issued by Ministry of Corporate Affairs (MCA Circulars).

In this connection, please find attached herewith 46th Annual Report of the Company for the Financial Year ended December 31, 2020 along with the Notice of AGM.

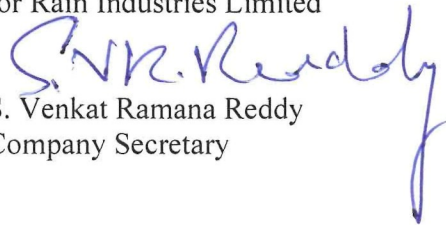
In terms of Regulation 46 of the Listing Regulations, the said Annual Report and Notice of Annual General Meeting and other relevant documents are also uploaded on the website of the Company at [www.rain-industries.com](http://www.rain-industries.com).

Further, in terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), and Regulation 44 of SEBI LODR, 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 through Remote e-voting on the businesses specified in the Notice convening the 46<sup>th</sup> AGM of the Company.

This is for your information and record.

Thanking you,

Yours faithfully,  
for Rain Industries Limited

  
S. Venkat Ramana Reddy  
Company Secretary

# Sustainability in action



## ROBUST

Reinforcing relevance across key manufacturing industries



Upcycling industrial by-products



Aluminium smelting



Fuel-efficient tyres

## RESPONSIVE

Responding to evolving trends with the introduction of innovative products



Contaminant-free adhesives



Lithium-ion batteries



Electromobility

## RESPONSIBLE

Strengthening our sustainability commitments



Waste-heat recovery



Energy-efficient operations



CO<sub>2</sub> emission reduction

Contributing to the United Nations Sustainable Development Goals (UN SDGs). In our report, we provide reference to the specific SDGs where we create value



## 2020 key highlights

### Financials

₹ 104,647 Mn

Revenue

₹ 19,892 Mn

Operating profit<sup>^</sup>



~476,000\*

GHG emissions avoided (tonnes of CO<sub>2</sub> equivalent)

<sup>\*</sup>Based on waste-heat recovery including electricity generation at heat-recovery steam-generation power plants in Chalmette, Lake Charles and Vizag, and heat-exchanger systems that produce steam at Castrop-Rauxel, Duisburg, Norco and Zelzate as well as waste-heat recovery plants at the Kurnool and Suryapet cement plants. Emission savings are calculated from megawatts based on emission factors of local electricity grids and combustion of natural gas.

### Social

₹ 199 Mn

CSR and related expenditure



₹ 5,321 Mn

Profit after tax (PAT)<sup>^</sup>

₹ 15.82

Earnings per share (EPS)<sup>^</sup>

<sup>^</sup>Adjusted with exceptional items

Environmental

~60,000\*\*

Trees planted

\*\*Includes trees planted in the cement plants and calcination facilities in India



<0.14<sup>#</sup>

Total recordable injury rate (TRIR)

<sup>#</sup>Carbon and Advanced Materials segments

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# Sustainability in action



‘Sustainability’ is a powerful word – one that inspires us to continue being the best at what we do while maintaining an ecological balance. At RAIN Industries Limited (RAIN), it implies working towards changing for the better.

## To Improve. Innovate. Reinvent. To be sustainable.

Sustainability is embedded in our DNA – in our products, values and commitment towards the environment and the society.

### WE STRIVE FOR IT IN EVERYTHING WE DO BY

# 1

#### Building on robust fundamentals

Read more on how we are continuously strengthening our foundations on **page 04**.

# 2

#### Responding to emerging opportunities and challenges

Read more on how we equip our three business segments to leverage opportunities and mitigate risks on **page 26**.

# 3

#### Being responsible towards Environmental, Social and Governance (ESG) issues

Read more on how we identify, analyse and respond to matters related to ESG on **page 44**.

With our unwavering focus on these three pillars, we hope to inspire sustainable change that will benefit people and the planet.

Now, more than ever, we are acting to build a better world for future generations.

## Building on robust fundamentals

# Developing materials of the future

RAIN operates in three segments – Carbon, Advanced Materials and Cement – and is one of the leading product manufacturers in these segments. Our wide array of products serve as raw materials for a broad range of industries such as aluminium, carbon black, refractory, specialty chemicals, coatings and construction.

We produce vital high-grade and value-added raw materials, supported by our world-class manufacturing practices and operational excellence. We supply to some of the largest global aluminium, graphite and specialty chemical producers. Also, we are key customers of the world’s leading oil refiners and steel producers.

Our suppliers provide key raw materials to our calcination, distillation and advanced materials businesses and we are self-sufficient with regard to limestone for our cement operations.

Our experience of over four decades is backed by:

- Industry-leading production capacities
- Prudent decision-making
- Diligent quality checks and product approval processes

Our scale, innovative processes, high-grade products and prudent

decision-making enable us to leverage opportunities, mitigate risks, meet customer requirements and embed sustainability across our organisation.

### #1

Global producer of CTP

### #2

Global producer of CPC

### ~2,600

Employees

### 17

Production facilities across Asia, North America and Europe

## STRONG AND SUSTAINABLE



Business-wise capacities

### 2.1 MTPA

Calcination

### 0.7 MTPA

Advanced Materials

### 1.3 MTPA

Coal Tar Distillation

### 4.0 MTPA

Cement



Committed to sustainability

### ~116 MW

Waste-heat recovery power generation capacity

### ~59 MW

Waste-heat recovery steam generation capacity

### 2 MW

Solar-generated electricity at Kurnool and Suryapet cement plants

### 4

Flue-gas desulphurisation plants

## OUR THREE BUSINESSES: INNOVATING FOR SUSTAINABILITY

### Carbon



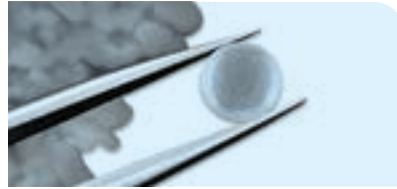
Through our Carbon business segment, we transform the by-products of other industries into high-value carbon-based products that are critical raw materials for the aluminium, graphite, carbon black, wood preservation, titanium dioxide, refractory and other industries. We are the world's largest producer of coal tar pitch (CTP) and second-largest producer of calcined petroleum coke (CPC).

#### Products

- CPC
- CTP
- Other carbon products (OCP)
- Energy (electricity and steam generated from the waste-heat recovery process)

Learn more about how our Carbon products are used in specialty industrial applications on [page 26](#).

### Advanced Materials



Our Advanced Materials business segment produces raw materials designed for cleaner, lighter and environment-friendly 21<sup>st</sup>-century applications in specialty chemicals, coatings, construction, petroleum and other global industries.

#### Products

- Resins
- Derivates
- Petrochemical intermediates
- Engineered products (designed for specific customer requirements)

Learn more about how our Advanced Materials products' serve critical industries on [page 30](#).

### Cement



Our Cement segment comprises two integrated cement plants in South India that are self-sufficient in limestone.

#### Products

- Ordinary portland cement (OPC)
- Portland pozzolana cement (PPC)

Learn more about how we are helping strengthen the infrastructure and providing a foundation for the growth of South India on [page 34](#).

## RECOGNITIONS

# 9\*

Waste-heat recovery plants generating electricity and steam

\*Waste-heat recovery includes heat recovery steam-generation power plants and heat-exchanger systems.



**EcoVadis Gold sustainability rating** – Zelzate carbon distillation and advanced materials facility in Belgium

**President's Award and Spirit of Southwest Louisiana Award from United Way of Southwest Louisiana** – Lake Charles calcination and energy facility



**EcoVadis Silver sustainability rating** – Castrop-Rauxel and Duisburg carbon distillation and advanced materials facilities in Germany

**TMS Electrode Technology Best Paper Award** – Anhydrous Carbon Pellets – An Engineered CPC Raw Material



**ICSOBA\* Carbon Best Paper Award** – Sustainable CPC Production at the Vizag Calciner

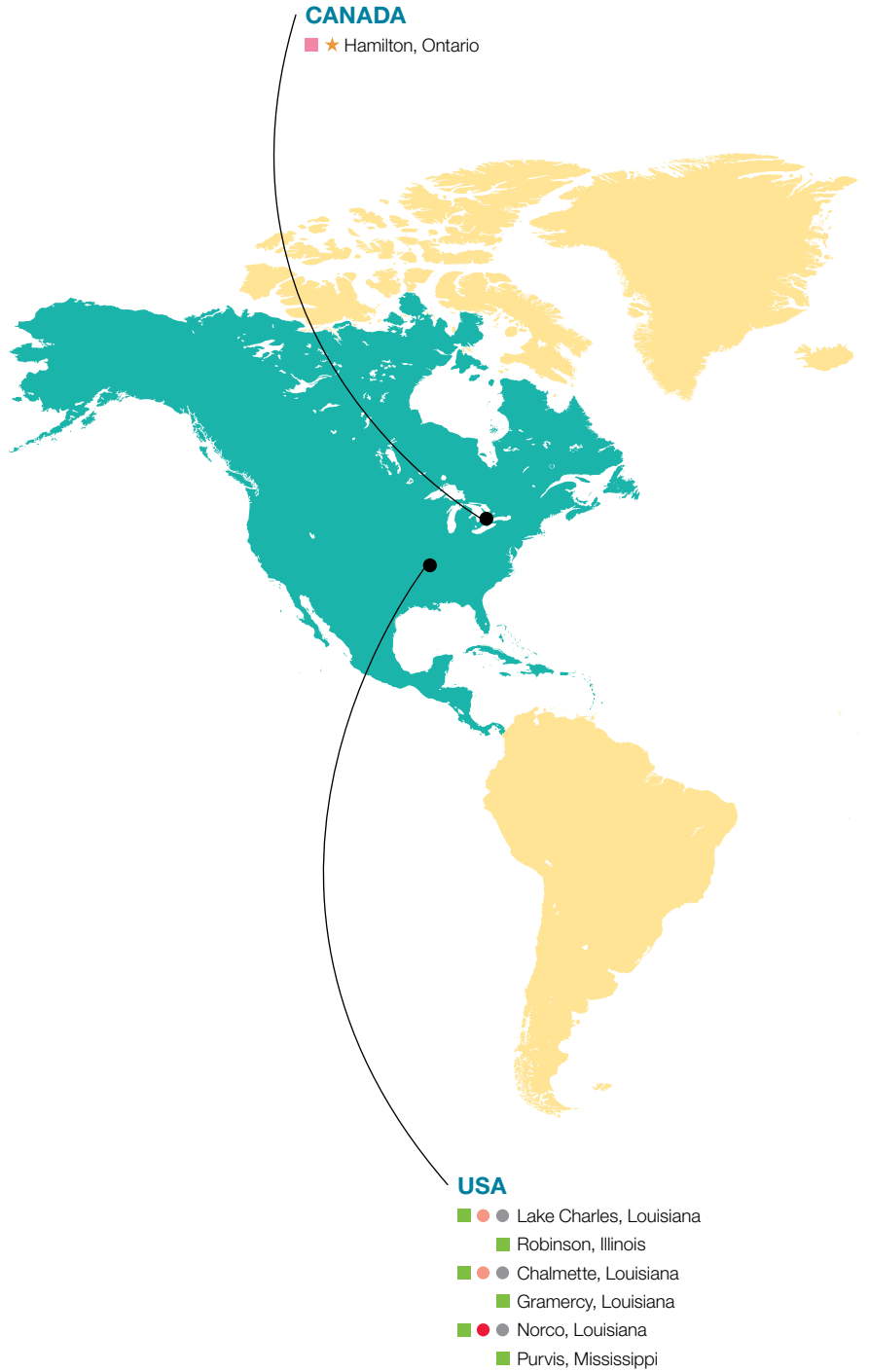
\*The International Committee for Study of Bauxite, Alumina & Aluminium, an independent non-profit association that unites industry professionals



## Building on robust fundamentals

# Expanding scale and scope

With our strategically located manufacturing facilities across the world, we are in good stead to capitalise on emerging market opportunities. We will continue to grow through prudent capacity expansions, mergers and acquisitions across the world, thus improving our capabilities to serve global markets.



World-class manufacturing plants

12

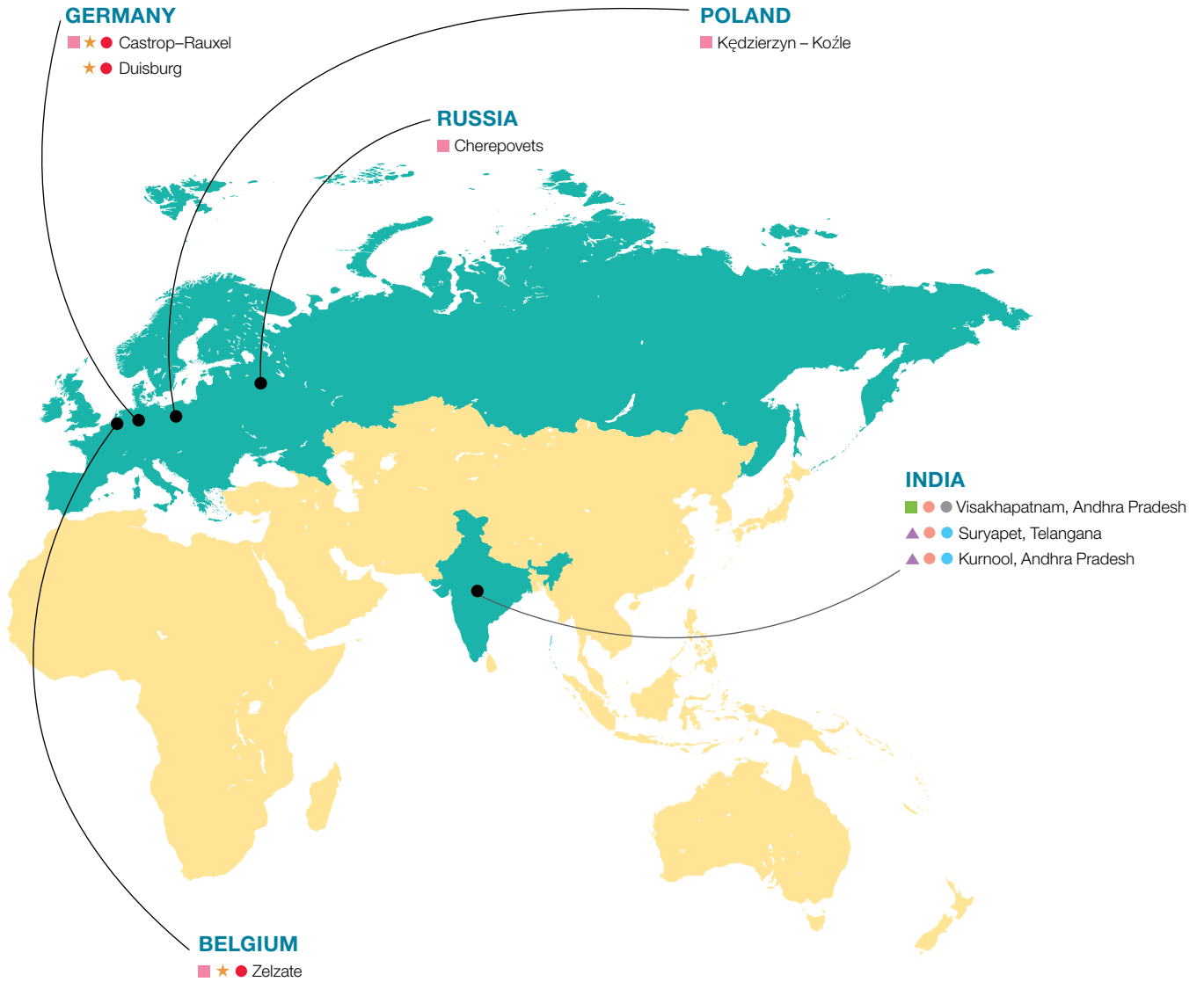
Carbon plants

3

Advanced Materials plants

2

Cement plants



- Calcined petroleum coke (CPC) plant
- Coal tar pitch (CTP) plant
- ★ Advanced materials
- ▲ Cement plant
- Waste-heat recovery power plant
- Waste-heat recovery steam plant
- Flue-gas desulphurisation (FGD) plant
- Solar power plant

## Building on robust fundamentals

# Delivering steady performance

At RAIN, we consistently strive to achieve growth and create value. Over the years, our performance has demonstrated our ability to face the market headwinds and our prudence in planning for the future. It strengthens our resolve to become more agile and resilient to overcome disruptions, maintain momentum and capitalise on emerging opportunities.

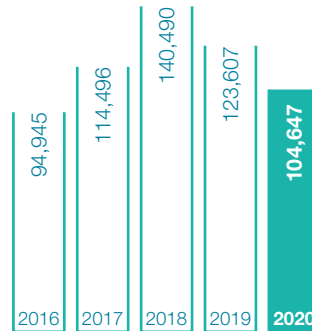
### Profit-and-loss metrics

#### REVENUE FROM OPERATIONS

(₹ in million)

**115,637**

5-year average



↑ 2.0%

5-year CAGR

↓ (15.3)%

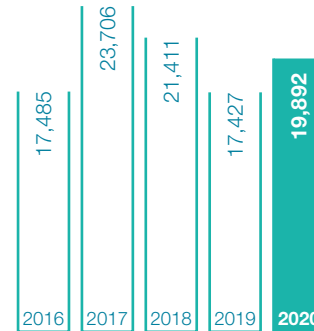
y-o-y

#### OPERATING PROFIT

(₹ in million)

**19,984**

5-year average



↑ 2.6%

5-year CAGR

↑ 14.1%

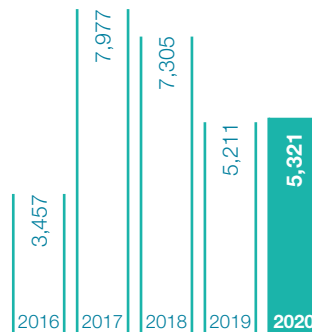
y-o-y

#### PROFIT AFTER TAX

(₹ in million)

**5,854**

5-year average



↑ 9.0%

5-year CAGR

↑ 2.1%

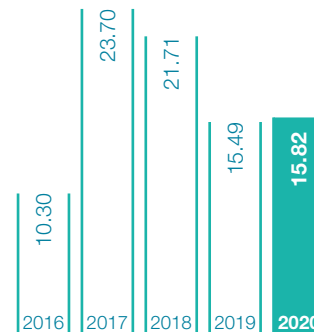
y-o-y

#### EARNINGS PER SHARE (EPS)

(₹)

**17.40**

5-year average



↑ 9.0%

5-year CAGR

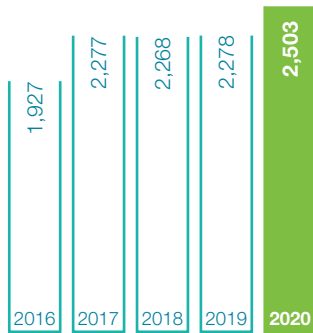
↑ 2.1%

y-o-y

## Balance-sheet metrics

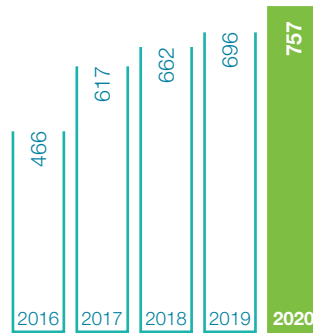
### TOTAL ASSETS

(US\$ in million)



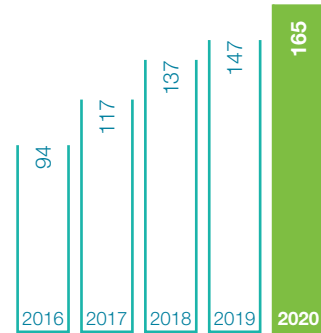
### NET WORTH

(US\$ in million)



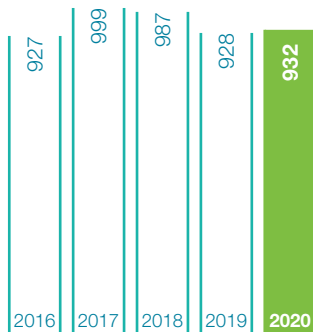
### BOOK VALUE PER SHARE

(₹)



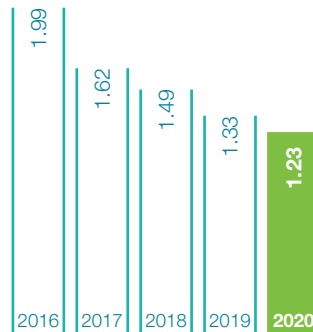
### NET DEBT

(US\$ in million)



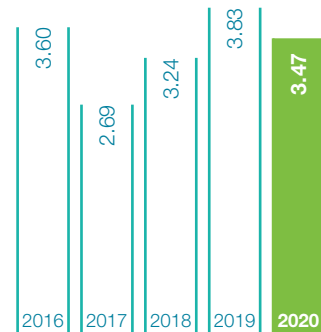
### NET DEBT TO NET WORTH

(in multiples)



### NET DEBT TO OPERATING PROFIT

(in multiples)

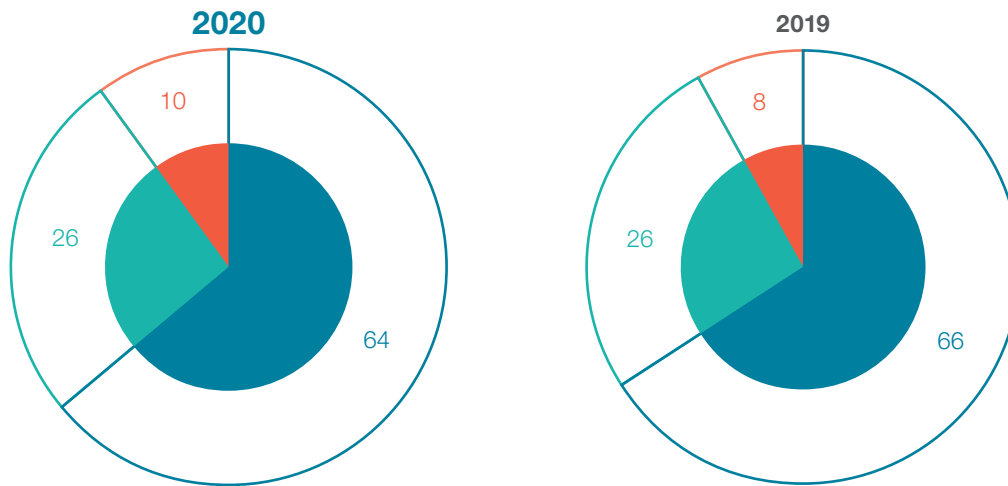


## Building on robust fundamentals

### Business segment-wise metrics

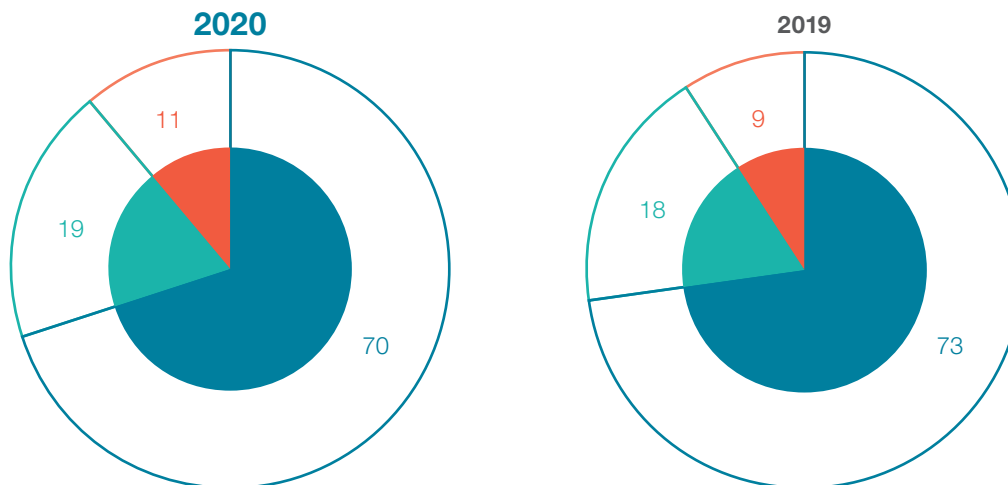
#### REVENUE

(%)



#### OPERATING PROFIT

(%)

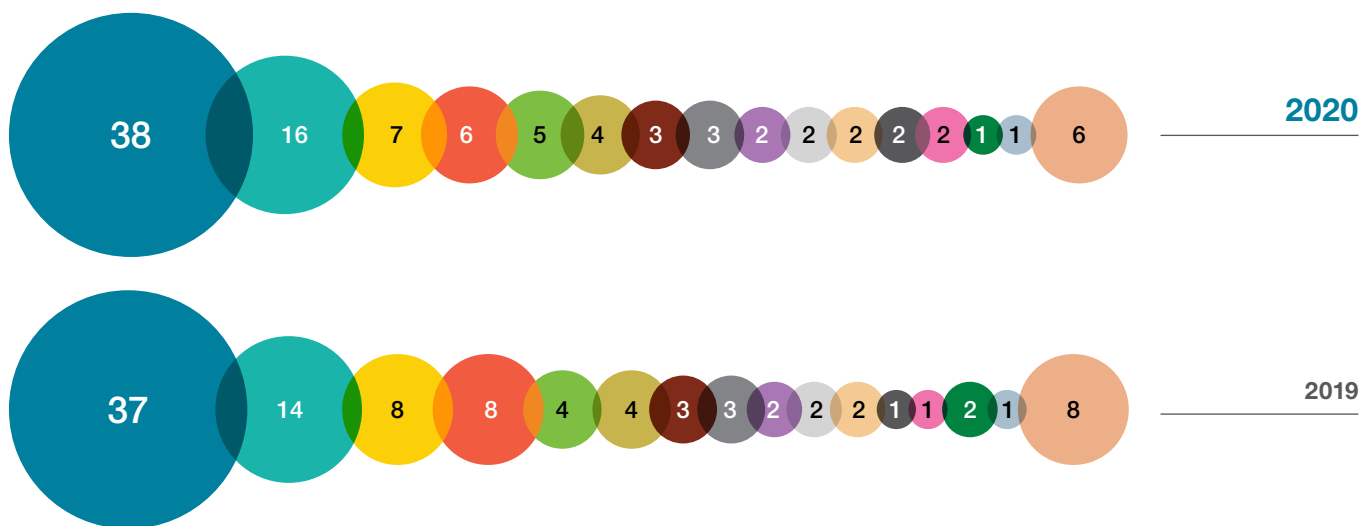


#### Business segment

● Carbon    ● Advanced Materials    ● Cement

## REVENUE BY END INDUSTRY

(%)



## Industries



## Profit reported during the year

(₹ in million)

Particulars	Operating profit	Profit after tax
Reported amount	21,008	5,582
<b>Adjustments</b>		
Inventory adjustments due to extraordinary fall in commodity prices	1,350	1,350
Re-organisation costs on account of closing of certain facilities in Europe	(156)	(156)
Expenses towards strategic projects and other non-recurring items	1,094	1,094
Repairs and other costs incurred on account of hurricane	460	460
Gain on divestment of superplasticiser business	(3,864)	(3,864)
Accelerated depreciation due to plant closure in the Netherlands	-	139
Tax impact on above adjustments	-	(190)
Deferred tax adjustments	-	906
<b>Adjusted amount</b>	<b>19,892</b>	<b>5,321</b>

Note:

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

## Building on robust fundamentals

# ‘Sustainably agile and resilient’

From the Vice Chairman’s desk

Dear Shareholders,  
Like many companies, we entered 2020 with high expectations and ambitious goals.

In fact, during the first 10 weeks of the year, our businesses were on a trajectory to return to near-normal performance levels. Just as important, 2020 was shaping up to be a good year for RAIN, with the pending completion of multiple major projects that would strengthen our ability to produce materials for countless everyday products and help to satisfy society’s growing appetite for the cleaner, lighter and faster products of the 21<sup>st</sup> century. These projects and products would not only solidify our presence in the existing markets but also enable us to create new opportunities in the coming years. We were also excited about their potential to enhance our sustainability efforts and ability to help our customers meet their sustainability goals.

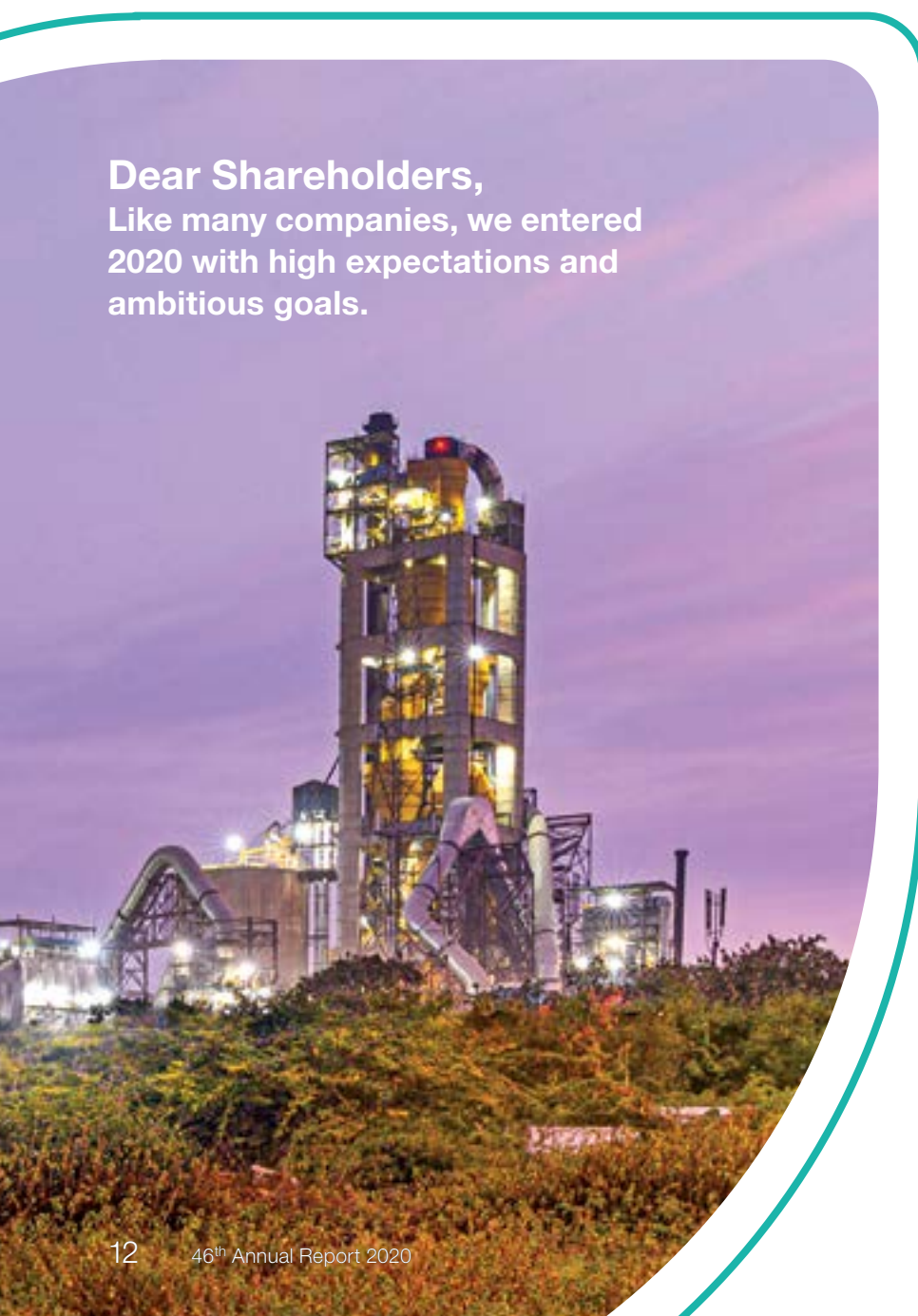
But that was back in 2020 B.C. – *Before COVID-19.*

While the impact of coronavirus has been widespread and tragic, we have been relatively fortunate. Since the World Health Organisation (WHO) declared a global pandemic on March 11, 2020, in most countries, where stay-at-home orders were implemented, our plants were designated as ‘essential businesses’. Except for a brief period of shutdown in India, our plants had received the required approvals to continue operations, since they support critical industries such as aluminium, steel and petroleum refining.

### **Employee safety: Our top priority**

As the pandemic raged, we quickly recognised our immense responsibility to keep RAIN’s employees safe and production facilities running, so that we could remain an unbroken link in the global supply chain.

Our prompt response helped minimise the pandemic’s impact on RAIN during much of the first quarter.



### Impact on our businesses

From an earnings perspective, we also benefitted from some unanticipated spot sales while China's economy and exports were side-lined during the initial days of the COVID-19 outbreak. However, by mid-March demand for our products fell sharply due to the virtual shutdown of airplane and automobile manufacturing around the world, coupled with the broader global economic impact of coronavirus on nearly every aspect of life. At the same time, China had emerged from peak COVID-19 conditions by April and had ramped up its production facilities, as well as exports. In India, the nationwide shutdown temporarily curtailed cement sales as well as calcined petroleum coke (CPC) and energy production at our Vizag calcination facility during the six-week period from March 22 through May 3. Finally, the crash in petroleum prices in March was an exceptional event that required us to take inventory write-downs in the first and second quarters.

By mid-May, however, things began to look up. The coronavirus curve had begun to flatten in much of the world, and demand for many of our products began to slowly recover as global automobile production resumed. Similarly, demand for tyres – which helped sales of our carbon black oil and CARBORES® resins – improved as stay-at-home orders were lifted and people around the world resumed driving. In addition, we benefitted from increased demand for creosote in the United States as rail companies used the period of reduced travel to invest in the maintenance of their transportation infrastructure. Cement-segment realisations also rebounded once the national lockdown in India was lifted. This, in part, was aided by the fact that we have dedicated transport contractors with their own fleet of long-haul trucks and drivers. As a result, the scarcity of available drivers throughout the pandemic did not impact our ability to

transport cement to our distributors and customers.

As we entered the third quarter, we hoped that the improvements in May and June would result into a V-shaped recovery. While we did see some pick-up in activity, it quickly flattened.

To make matters worse, the second half of 2020 was an extremely active hurricane season. During the third and fourth quarters, a wave of powerful storms battered the U.S. Gulf Coast, impacting our calcination and energy production facilities in Louisiana and Mississippi. One of them – Hurricane Laura – made a direct hit on our Lake Charles facility in late August. Eight weeks later, we were finally able to restart the two calcination kilns and synchronise our waste-heat cogeneration plant to the local power grid. Despite the heroic efforts of our Lake Charles employees, the damage to the plant resulted in more than 60 days of lost operating time, ~32,000 metric tonnes of CPC sales and two months of energy revenue.

Finally, during the fourth quarter, our expected decline in sales of seasonal products was exacerbated by an unusually high number of plant turnarounds that had been delayed to minimise the risk of COVID-19 contamination earlier in the year, resulting in lower total plant throughput.

### Resilient performance

Despite the odds, we completed 2020 with an adjusted operating profit of ₹ 19,892 million and adjusted PAT of ₹ 5,321 million compared to ₹ 17,427 million and ₹ 5,211 million, respectively, in 2019.

While the impact of COVID-19 on our 2020 performance is undeniable, there were a number of bright spots and accomplishments across RAIN's global footprint during the year.

### INITIATIVES DURING THE PANDEMIC

~25%

of our non-operational employees worked from home



Halted

all non-essential business travel



Implemented aggressive

hygiene

and risk-reduction protocols



Produced

disinfecting agents

to cleanse our facilities and safeguard local communities



Provided

financial support

to local efforts to combat food insecurity and other COVID-related issues





## Building on robust fundamentals

In terms of our major capital projects, we started production at hydrogenated hydrocarbon resin plant in Germany in mid-May. During the second half of the year, we began providing our NOVARES® pure ‘water-white resins’ to customers for testing and approval.

The state-of-the-art plant – permitted for up to 50,000 tonnes per year – will have an initial annual production capacity of 30,000 tonnes and will serve as the cornerstone of our Advanced Materials segment. Once approved and commercial production ramps up, our advanced resins should provide us with significant sales opportunities for food packaging and personal hygiene applications, where contaminant-free adhesives are increasingly in demand. Moreover, the plant’s location should prove attractive to customers in Europe and the Americas by providing them with a shorter and more cost-effective supply chain for competing with resins being imported from Asia.

Our new vertical-shaft calciner in India is almost completed and, once operational, it will be the most environmentally

friendly calcination plant in the world. In addition, CPC production capacity of 0.37 million tonnes per annum (MTPA) will be a substantial contribution to the government’s Make in India initiative and the Atmanirbhar Bharat Abhiyan’s goal of economic self-sufficiency. While we complete the final stages of construction, we await further clarity from Indian authorities on the shaft calciner’s feedstock allocation and availability. We are also awaiting finalisation of the national SO<sub>2</sub> emission standards for the calcining industry. We are the only calciner in India with operational flue-gas desulphurisation systems available from the outset of commercial operation at both our existing Vizag plant and the new shaft calciner. With the ability to remove at least 90% of SO<sub>2</sub> emissions, we expect to meet any new standard that might be imposed.

In late 2020, we resumed construction of our integrated anhydrous carbon pellet (ACP) production plants in the US following a temporary shutdown to reduce the risk of COVID-19 exposure. We will resume the construction of ACP production plant in India upon completion of construction of vertical-shaft calciner. The plant in India will enable us to utilise carbon fines and other non-traditional carbon materials that are unsuitable for calcination and convert them into high-quality products for our global customers. Calcined ACP will offer productivity benefits and energy savings to anode makers and aluminium producers, while enabling us to reduce our environmental footprint.

Elsewhere, our resins business was a welcome bright spot. In addition to solid sales despite the pandemic, we ceased production at the Uithoorn facility in the Netherlands in March and successfully shifted production of profitable resins to our Duisburg plant. The consolidation of resins production into our German facility resulted in increased utilisation rates and lower operating costs, which improved margins. It also slashed ~US\$ 8 million of

operating expenses from this business and eliminated low-margin products from our portfolio.

At the end of 2020, we sold our non-core RÜTGERS Polymers Ltd. and Handy Chemicals (U.S.A.) Ltd. businesses. The divestiture supports the strategy of our Carbon Distillation and Advanced Materials business units to focus on 21<sup>st</sup>-century advanced materials and production technologies that will drive long-term value creation.

Finally, all of this was accomplished as our Carbon and Advanced Materials segments completed their safest year in our Company’s history. Our total recordable incident rate of 0.14 – down from our previous best of 0.29 in 2019 – places us among the best-in-class companies in safety performance and moves us closer to our long-term Quest for Zero goal of becoming an incident-free organisation.

### Ready to leverage opportunities

Looking ahead, we are cautiously optimistic. We believe that once widespread vaccinations and herd immunity are achieved, renewed demand for our products will quickly follow, putting us back on the trajectory that we anticipated before the pandemic.

Among the reasons for optimism, China’s economy is roaring back after being virtually shut down at the beginning of the year due to the COVID-19 outbreak. Outside of China, growth in aluminium demand has had a stabilising effect on smelters in North and South Americas, which should spur additional volumes from our US calciners. Moreover, London Metal Exchange (LME) prices are at their highest levels since October 2018, and we are seeing increased demand from titanium dioxide producers.

The outlook is also promising thanks to continued growth of the worldwide electric vehicle (EV) market. EVs use



~25% more aluminium than automobiles with internal combustion engines. The International Energy Agency predicts that by 2030, 26 million EVs will be sold annually – compared with 2.1 million in 2019 – representing 28% of the world's new car sales. That, of course, would require smelters to increase their production capacity to meet rising demand, thereby requiring more CPC and coal tar pitch for anodes. The increasing popularity of EVs also presents additional growth opportunities for our PETRORES® specialty coatings, including our new LIONCOAT product, which extends the life of lithium-ion batteries and enables them to maintain a prolonged charge.

Our Cement segment is also poised for a strong post-COVID rebound. India is one of the fastest-growing economies in the world, and significant government and private investments are being made to develop the housing, infrastructure (such as roads, bridges and dams) and commercial real estate to support the rapid urbanisation of the South India market that we serve. Priya Cement has been an dealer-first, premium cement brand since 1987, and the scale of our operations and dealer network in South India should put us in a favourable position to supply the high-performance cements required to support the region's growth initiatives in the coming years.

#### Promoting upcycling and carbon productivity

Upcycling and carbon productivity are the cornerstones of our commitment to sustainability. Upcycling enables us to maximise the productivity of carbon-based by-products from oil refining and steel production, instead of less-efficient burning of these materials as highly emitting forms of fuel. The resulting products enable our customers and society at large to attain their sustainability goals. Our focus on sustainability also includes reducing our environmental footprint by using flue-gas desulphurisation systems to reduce



emissions and waste-heat recovery to cogenerate steam and clean electricity.

#### Using our scale to drive positive change

In terms of corporate social responsibility, three ambulatory care hospitals and three secondary schools in rural Andhra Pradesh and Telangana, made possible by our Pragnya Priya Foundation are supporting socio-economic improvements in remote areas of southern India. They served ~2,100 students and 68,000 patients in 2020. In North America, our operations and employees have donated ~US\$ 1.7 million to local charities over the years and countless volunteer hours of coaching, supporting math-and science-focused activities, building Habitat for Humanity Homes and more. In Europe, the RÜTGERS Foundation continues to make science, technology and computer science education more interesting for primary- and secondary-school students. Since 1999, the foundation has supported more than 400 projects and reached more than 13,000 young people.

#### Optimistic about the future

The year 2020 was a challenging for all of us at RAIN. Nonetheless, we persevered and remained strong, in large part,

because of the resolve of our employees to remain an unbroken link in the global supply chain.

We remain optimistic about the future and believe RAIN is well positioned for sustainable growth thanks to our robust fundamentals and focus on efficiency, our responsiveness to emerging opportunities as a supplier of sustainable products for 21<sup>st</sup>-century applications, and what we have learned during the pandemic. We also know that the responsible environmental, social and governance approach we employ in running our businesses will serve us and our stakeholders well for years to come.

In these uncertain times, one thing we are certain of is our commitment to do what is necessary to meet the needs of our customers and fulfil the evolving expectations of our shareholders, employees and the communities where we operate. It is what we call 'sustainability in action'.

Sincerely,

**Jagan Mohan Reddy Nellore**  
Vice Chairman

Date: February 25, 2021

## Building on robust fundamentals

# Towards shared value creation

### OUR STRENGTHS



Wide presence



Large-scale operations



Long-term relationships



Skilled talent pool



Robust performance



Quality and compliance



Esteemed leadership

### WHAT WE USE TO CREATE VALUE



#### Financial capital

- Capital expenditure: **US\$ 146 million**
- Underlying net debt: **US\$ 932 million**
- Equity: **₹ 55,335 million**



#### Manufactured capital

- Carbon plants: **12**
- Advanced Materials plants: **3**
- Cement plants: **2**
- Waste-heat recovery power plants: **5**
- Total waste-heat recovery power generation capacity: **~116 MW**
- Waste-heat steam plants: **4**
- Total waste-heat recovery steam generation capacity: **~59 MW**
- Total value of net fixed assets: **₹ 50,620**



#### Intellectual capital

- Launched global SharePoint intranet to enhance communication and collaboration
- Online trainings and professional development using Learning Management System



#### Human capital

- Employees: **~2,600**
- Total training hours: **~21,000**
- People employed for more than 10 years with RAIN: **1,109**



#### Social and relationship capital

- Long-term supplier base
- Robust distribution network
- Community commitments in and around the areas where we operate



#### Natural capital

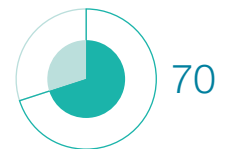
- Trees planted: **~60,000**
- Solar-power generated electricity: **2 MW**

### OUR BUSINESSES

#### Carbon

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

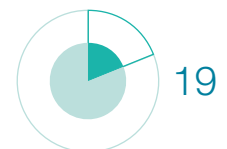
Share of operating profit (%)



#### 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

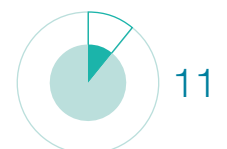
Share of operating profit (%)



#### Cement

Produces high-quality, high-performance cement to meet the rising urbanisation and sustainable construction requirements in South India

Share of operating profit (%)



At RAIN, we have developed a business model that prioritises sustainability. This business model, along with our R.A.I.N business strategy, helps us work efficiently towards our purpose of creating shared value for all.

## HOW WE CREATE VALUE

We are a leading vertically integrated producer of Carbon, Advanced Materials and Cement products.

We create value through our three major pillars:



### Upcycling

- Sold 2.5 million metric tonnes of upcycled carbon-based industrial by-products that were essential raw materials for various everyday products and manufacturing applications
- Incorporated 4,55,755 tonnes of fly ash from coal-fired power plants in our cement production, reducing our consumption of limestone and eliminating the need for special handling and disposal of this hazardous industrial by-product



### Innovation

Initiated customer testing and validation of our new NOVARES® Pure advanced resins and next-generation coatings for lithium-ion batteries



### Expansions

- Began commercial operation of the HHCR production facility in Germany
- Nearing completion of the vertical-shaft calciner in India
- Commenced construction of anhydrous carbon pellet production facilities in India and the US
- Nearing completion of the new dual-solvent process to modernise carbo-indene and phenol production at the Castrop-Rauxel plant in Germany
- Installed solar power units at two cement plants in India

## INDUSTRIES WHERE WE CREATE VALUE

Aluminium

Automotive

Energy storage /  
lithium-ion batteries

Steel

Construction

Specialty chemicals

Graphite

Printing

Adhesives  
and paints

Refractory

Wood treatment

Carbon black

Coatings

Titanium dioxide

## THE VALUE WE CREATE

Strong financial returns to stakeholders

₹ 19,892 Mn

Operating profit

₹ 336 Mn

Dividend paid

Developing innovative and sustainable products for our customers

- NOVARES® TM 85 pure monomer resin
- NOVARES® Pure 2100 hydrogenated hydrocarbon resin
- NOVARES® Pure 2120 hydrogenated hydrocarbon resin
- NOVARES® TT 140M maleic acid modified resin
- PETRORES®
- ZL150M
- Anhydrous carbon pellets (ACP)

Putting safety first for our people\*

<0.14

Total recordable  
incident rate

0.08

Total lost-time  
injury rate

Reducing our environmental footprint

- Reduction in GHG emissions through WHR: ~476,000 tonnes of CO<sub>2</sub> equivalent<sup>#</sup>
- Energy saved through WHR: ~950,000 MWh

\*Carbon and Advanced Materials segments

<sup>#</sup>Based on heat-recovery steam-generation power plants in Chalmette, Lake Charles and Vizag, and heat-exchanger systems that produce steam at Castrop-Rauxel, Duisburg, Norco and Zelzate as well as waste-heat recovery plants at the Kurnool and Suryapet cement plants. Emission savings are calculated from megawatts based on emission factors of local electricity grids and combustion of natural gas.

## Building on robust fundamentals

# The R.A.I.N. strategy

As a global organisation with businesses that boast decades of experience and industry-leading innovations, RAIN's strategic roadmap is designed to maximise the productivity and returns from our mature Cement and Carbon segments, while leveraging our R&D leadership to enable our Advanced Materials segment to meet evolving 21<sup>st</sup>-century regulatory requirements and societal expectations.

All the while, we are strategically focused on doing what's right – from our commitment to sustainability to ethical business practices and strict corporate governance that make RAIN a trusted partner.

Our R.A.I.N. strategy focuses on driving sustainable growth, cash and returns, and creating new market opportunities.



R A

Deliver  
solid **returns**

### CEMENT

To be a financially strong Company providing stable and superior long-term returns to our shareholders

**CARBON**

Constantly evolving and improving our industry-leading assets, allowing us to continue to set business trends in an ever-changing and increasingly demanding marketplace

Optimise  
**assets**

**Noble**  
ambitions,  
**noteworthy**  
achievements

Leverage  
**innovation**  
leadership

**MATERIALS FOR TODAY AND TOMORROW**

We strive to enhance the quality of life for our stakeholders – and society at large – by producing essential raw materials for products the world relies on every day, delivering reliable results, creating value and operating our businesses in a sustainable manner

**ADVANCED MATERIALS**

Innovation is the cornerstone for a prosperous and sustainable RAIN. As technology cycles accelerate and societal trends disrupt existing business models, successful innovation will be a defining factor for our Company and the markets we serve

## Building on robust fundamentals

# R. Deliver solid returns



### HIGHLIGHTS, 2020

**₹ 10,255 Mn**

2020 revenue

**38.9%**

EBITDA growth

**21.2%**

EBITDA margin

## CEMENT

### KEY ASSET

A producer of cement in South India, with limestone reserves of ~50 years and an established position across several growing markets

### STRATEGIC INTENT

We strive to leverage our strong position in South India to be a leading provider of the high-performance cement required for the region's rapid urbanisation, including housing, infrastructure and commercial construction. We are also focused on advancing the sustainability of our products and processes through the use of fly ash in our PPC to reduce the amount of limestone required and continued investments in technologies that reduce our energy consumption and environmental impact. We have made additional investments over last few years in green energy by installing two waste-heat recovery power plants

and two mini solar power plants at our integrated cement plants.

### KEY LEVERS

- Raw material self-sufficiency
- Cost savings from installed waste-heat recovery, cogeneration and solar power
- Extensive network of distributors/ dealers in South India
- Robust logistics support
- Loyal, committed workforce

### MAXIMISE REALISATIONS AND PROFITABILITY FROM RAIN'S FOUNDATIONAL BUSINESS

Working with hundreds of ambitious and enterprising dealers since 1987, we have gained essential experience and expertise, developed an extensive network and built a strong reputation

for business integrity and fair financial dealings – all of which provide RAIN Cements with a solid foundation for future growth in one of the world's largest and fastest growing economies— India. We strive for continued expansion of our network and realisations by partnering with motivated individuals who can actively represent – and embody the values of – our Priya Cement brand and RAIN Cements enterprise in the marketplace. We also endeavour to leverage emerging technologies to transform our operations and streamline our processes, resulting in internal efficiencies and cost optimisation that will help improve operating margins.

### BUSINESS TRENDS

- Customer centricity, resource efficiency, renewable energy, waste management and low-cost manufacturing

# A. Optimise assets



## HIGHLIGHTS, 2020

₹ 66,772 Mn

2020 revenue

8.6%

EBITDA growth

20.7%

EBITDA margin

## CARBON

### KEY ASSET

World's largest producer of CTP and second largest producer of CPC, supplying essential raw materials required by industries and market segments that are focused on increasing the sustainability of their production sites and supply chains

### STRATEGIC INTENT

Our ambition is to extend our market leadership by advancing our historical reputation as innovators, both operationally and environmentally; leading by example; and prioritising investments in new technologies and processes that create long-term value for our business partners and stakeholders by enhancing the performance and sustainability of our products.

### KEY LEVERS

- Economy-of-scale cost advantage
- Robust and multi-modal global supply chain/logistics network
- Strategic proximity of production sites and terminals to key suppliers and customers
- Energy and emissions benefits of proprietary ACP

### OPTIMISE PRODUCTIVITY AND PROFITABILITY OF THESE COMMODITY-BASED OPERATIONS

RAIN will continue to focus on becoming the lowest-cost producer in our industries by leveraging our economies of scale as a leading global producer of CTP and CPC and by capturing logistics- and supply chain-related cost savings afforded by our robust global network of raw material suppliers and long-term

business relationships. The Carbon segment also strives to take advantage of previous investments in adaptable and flexible infrastructure, as well as in R&D to seize additional market opportunities presented by our proprietary anhydrous carbon pellets and other product and process innovations. All of this is predicated on our continued work with upstream suppliers and downstream customers to optimise declining qualities and quantities of key materials as part of our commitment to enhancing carbon productivity and maintaining our position as a highly reliable and responsive business partner.

### BUSINESS TRENDS

- Lightweighting/aluminium, resource efficiency, carbon productivity, low-carbon aluminium smelting, emissions reduction and upcycling



## Building on robust fundamentals

# Leverage innovation leadership



### HIGHLIGHTS, 2020

₹ 26,935 Mn

2020 revenue

24.4%

EBITDA growth

14.3%

EBITDA margin

## ADVANCED MATERIALS

### KEY ASSET

The Advanced Materials business operates world-class facilities for producing naphthalene based polymer precursors, hydrocarbon and specialty petroleum resins, as well as unique facilities based on proprietary technology and know-how in the field of specialty lithium-ion coatings, carbonaceous resins and hydrogenated hydrocarbon resins. All of these are based on industry by-products and converted into essential ingredients in everyday manufacturing processes and end products used in daily life, with a strong focus on growing demand for lighter, cleaner and faster applications.

### STRATEGIC INTENT

To build a cluster of global- and regional-leading businesses in the chemicals, specialty and hydrocarbon resins, and battery anode materials segments based on upcycled by-products and targeting 21<sup>st</sup>-century markets and

technologies. The platforms will provide RAIN with the ability to move into new adjacencies, providing a diversified and alternative product platform.

### KEY LEVERS

- Strategically located near key customers/industries
- Innovation leadership
- Leading portfolio of proprietary materials for 21<sup>st</sup>-century requirements
- Realignment to focus on core businesses and profitable products

### INNOVATING TO MEET EVOLVING 21<sup>ST</sup>-CENTURY REQUIREMENTS AND EXPECTATIONS

In 2019, we realigned our product portfolio and formed a new business segment – Advanced Materials – as part of our increasing focus on transforming the by-products of our coal tar and petrochemical feedstock distillation

activities to produce raw materials that support high-growth products of the future. In 2020, we commissioned our new HHCR facility in Germany, which will serve as the cornerstone of our Advanced Materials segment and produce 'water-white' resins for adhesives and hygiene-product applications where contaminant-free materials are growing in importance. Similarly, we continue to build on our PETRORES<sup>®</sup> brand of specialty coatings for the electric vehicle and lithium-ion battery markets with the introduction of our LIONCOAT product, and our proprietary NOVARES<sup>®</sup> resins are playing an increasingly important role in improved fuel economy and driving safety when used in tyre applications.

### BUSINESS TRENDS

- Electric vehicles, digitalisation, resource efficiency, carbon productivity, product purity/contaminant-free materials, upcycling

# N. Noble ambitions, noteworthy achievements



In the 21<sup>st</sup> century, sustainability is quickly becoming a license to do business in the eyes of investors, downstream customers, end-use consumers, employees and the communities where companies operate – and this reality drives our growing focus on producing key materials for tomorrow.

At the same time, we remain fiercely committed to the foundations of our India-based businesses – cement and calcination – which are leading producers of materials for today.

Although Advanced Materials, Carbon and Cement are three distinct business segments, our R.A.I.N. strategy is founded on a unified approach that ensures we manage our operations with an eye toward profitability and value creation.

We are conducting ourselves in a responsible way that demonstrates our deep respect and appreciation for our stakeholders and enhance the quality of life in our communities and the world we share.

# Turning the wheel in the right direction



At RAIN, we acknowledge that sustainability is a journey – one that requires us to steer our business in the right direction. This will be a long-term effort, not a quick fix, and we are committed to taking the steps required to embed sustainability throughout our business model.



## OUR EFFORTS TOWARDS A SUSTAINABLE FUTURE

- When carbon-based industrial by-products are consumed, they emit CO<sub>2</sub>. By converting these by-products into raw materials essential for more sustainable downstream products and applications, we are increasing the productivity of carbon that might otherwise be used as a highly emitting fuel for power generation.
- Our products play a crucial role in supporting industry shifts towards energy storage / electric vehicles (EVs), renewable energy, fuel efficiency and steel recycling.
- During the pandemic, we rose to the challenge and used our resources and capabilities to benefit society. We are the global leader in the production of 3,5 dimethyl phenol—the starting molecule to produce the active disinfecting ingredient found in sanitisers.
- Our production capacity consists of a first-quartile network of world-class plants that continuously strive to improve energy and resource efficiency.

## We are the world's largest

- Coal tar distiller
- CTP and creosote producer
- Petroleum pitch producer
- Naphthalene-to-phthalic anhydride production plant

## We are among the top-5 producers of

- CPC
- Resins and modifiers
- Specialty binders for lithium-ion batteries and energy storage
- 3,5 DMP, a precursor material for disinfectant products

## Responding to emerging opportunities and challenges

# Carbon



Through its wholly owned subsidiary Rain Carbon Inc., RAIN produces CTP and CPC, which serve as critical raw materials in the production of aluminium, steel and other products. The Group is the world's largest CTP producer and the second-largest manufacturer of CPC.

### BUSINESS PERFORMANCE IN 2020

**2.5 MTPA**

Sales volume

**64.2%**

Contribution to  
consolidated revenue

**OPERATIONAL HIGHLIGHTS 2020**

- Calcination and distillation operations declared ‘essential’ businesses during the pandemic as we support critical industries such as aluminium, steel and petroleum refining.
- Our global network of plants and flexible logistics infrastructure allowed us to quickly pivot our raw material sources and blends to maintain steady CPC deliveries and qualities, keeping up with shifting customer requirements and tight GPC availability due to a decline in refinery production of automobile and aviation fuels during the pandemic.
- Nearing completion of vertical-shaft calciner in India.

- Initiated construction of ACP production facilities in India and the US.
- Completed a complex restoration of the Lake Charles calcination and energy facility following widespread damage by the strongest hurricane to hit that part of the US in past 150 years.





**MARKET OVERVIEW**

- Primary industries consuming RAIN’s CPC and CTP – aluminium, titanium dioxide and steel – are returning to their pre-COVID growth trajectories.
- Recovery of Chinese economy should drive increased demand for aluminium.

- Commercial production of proprietary ACP should create new market opportunities with aluminium producers looking to reduce their carbon footprint.
- There is an ongoing effort to maintain a favourable position on the cost curve versus our competitors. This includes a deep analysis of our costs, which allows us to roll out several key initiatives to optimise and rationalise our global production locations and supply chain, driving efficiency improvements and targeting cost reductions across all areas of the business to improve our bottom line and maintain our business’ strength for the future.

**A GLANCE AT OUR PRODUCTS**

Our high-value carbon-based products that are crucial for the manufacture of aluminium, graphite, carbon black and titanium dioxide.

Products	Calcined petroleum coke (CPC)	Coal tar pitch (CTP)	Other carbon products (creosote oil, carbon black oil and others)
<b>Raw materials used</b> 	Green petroleum coke (GPC), a by-product of crude oil refining	Coal tar, a by-product of metallurgical coke, used in the iron and steel industry	Same as CTP
<b>Manufacturing process</b> 	Using rotary-kiln and vertical-shaft technologies in a high-temperature process called calcining, which remove moisture and volatile matter from GPC	Produced through the distillation of coal tar. Distillation is a process that separates the components of a product based on different boiling points	Same as CTP
<b>Uses</b> 	Raw material in the production of primary aluminium, steel and titanium dioxide	Raw material used by the aluminium, graphite and refractory industries	Raw materials used by the wood treatment, carbon black, construction and other industries
<b>Our capacities</b> 	7 production units Production capacity: ~2.1 MTPA in North America and Asia Eighth production unit under construction	4 coal tar distillation plants Capacity: 1.3 MTPA in Europe and North America	Same as CTP

## Responding to emerging opportunities and challenges

### UPCYCLING IN THE CARBON BUSINESS

At RAIN, we continuously strive to achieve resource efficiency and carbon productivity.

In our Carbon business, when we transform by-products of oil refining and steel production into essential materials for downstream applications and products using our calcination and distillation processes, we do not just 'upcycle'. In fact, we strive to maximise the carbon productivity of industrial by-products such as GPC and coal tar, as we prevent them from being burned as highly emitting sources of fuel. Our focus on upcycling and carbon productivity enables us to transform by-products and create value-added materials such as CPC and CTP that are key raw materials in countless products and manufacturing processes.

### UPCYCLING THROUGH CALCINATION

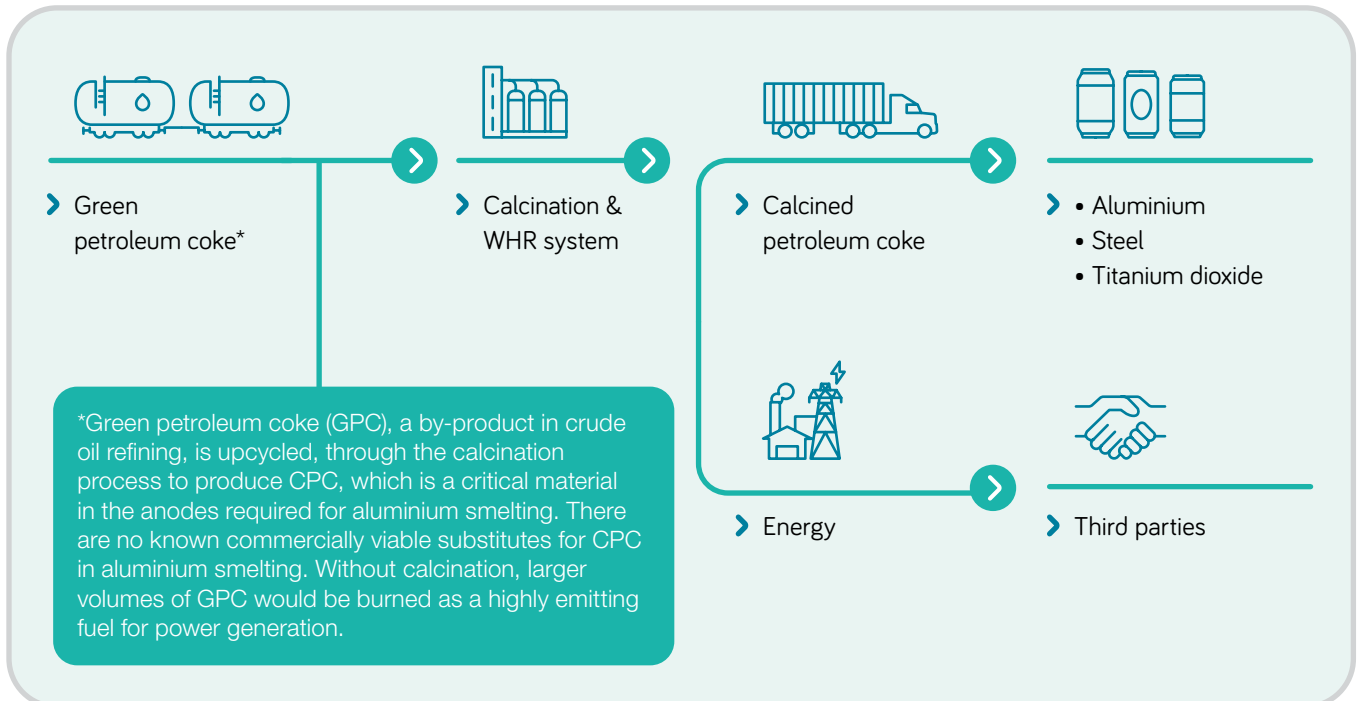
GPC, which we transform to produce CPC, is a by-product of oil refining. The CPC produced by our calcination facilities in India and the US is a critical ingredient in the anodes required for aluminium smelting. Without CPC, aluminium smelters would not be able to produce this infinitely recyclable, strong, lightweight and versatile metal. Our ability to process GPC also prevents it from being burned as a low-cost but high-emitting fuel for electricity production and enables us to make highly productive use of the carbon.

Beyond aluminium, our CPC is also used to produce high-strength steel, which is used by the steel industry to build bridges, skyscrapers and other infrastructure. It is also an ingredient

in the production of titanium dioxide used by the paint and pharmaceutical companies.

Our proprietary ACP is another example of how we are leveraging innovation to upcycle industrial by-products into value-added materials with environmental benefits. Once commercially available, our calcined ACP will be used in the production of anodes, enabling aluminium smelters to reduce their energy consumption and emissions.

### CARBON UPCYCLING VALUE-CHAIN: CALCINATION



\*Refinery by-product

### UPCYCLING THROUGH DISTILLATION

Coal tar is another industrial by-product that we upcycle through distillation. It is derived from the conversion of coal into metallurgical coke used for pig iron and steel production. 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 distil coal tar into coal tar pitch and other carbon products facilitates the creation of a range of value-added materials

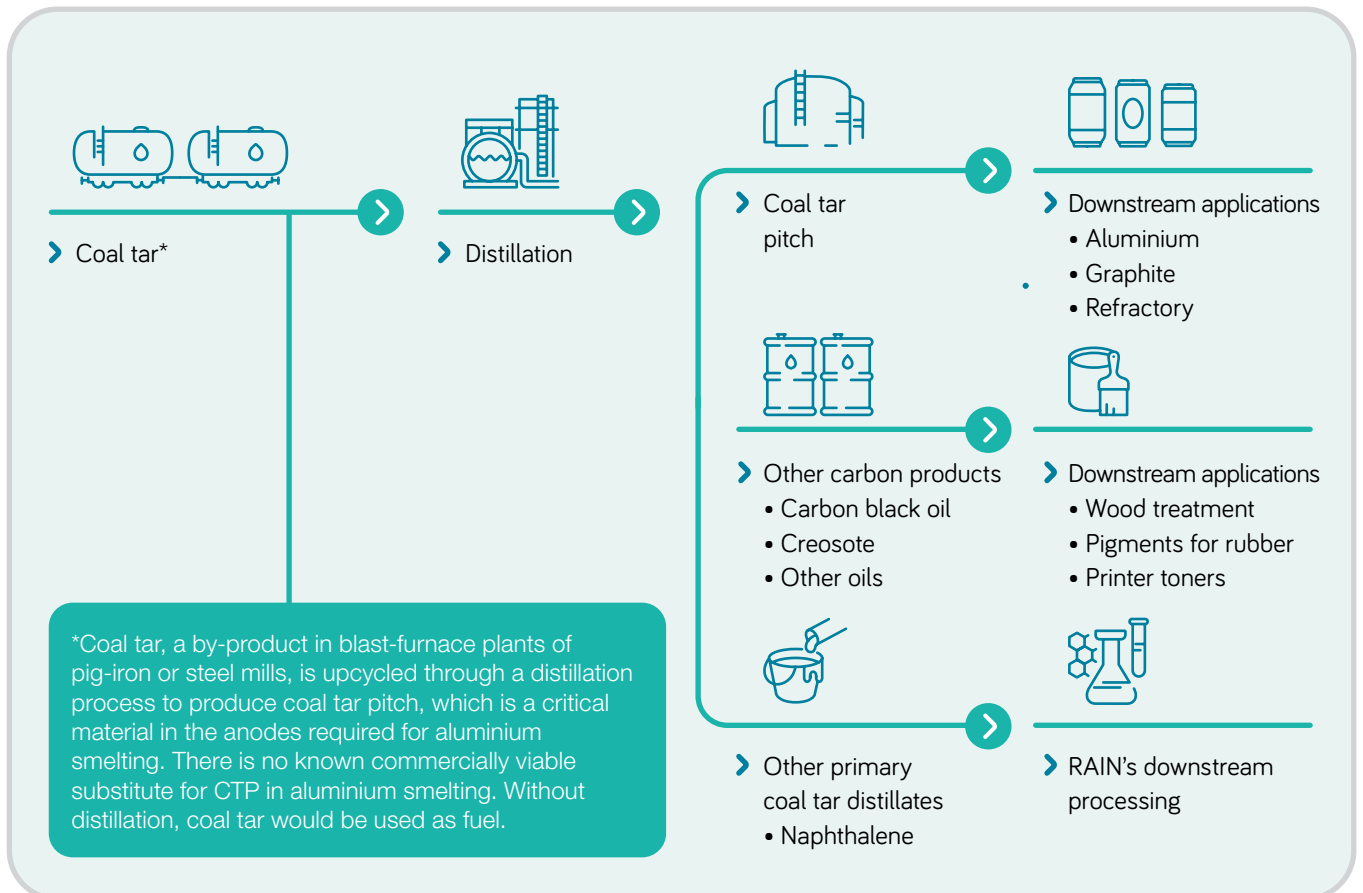
that contribute to more sustainable and environment-friendly end uses:

- Lightweight and recyclable aluminium
- Scrap recovery, a low-CO<sub>2</sub> production process for steel
- Carbon resins as a key ingredient in tyres with low rolling resistance and reduced fuel consumption
- High-strength plastics for wind turbines
- Creosote for wood treatment and preservation

### Developing and supplying an eco-friendly hybrid pitch

We are the main developer and supplier of a new eco-friendly, cost-effective and patent-pending hybrid pitch to a leading aluminium producer. The pitch has helped the producer reduce harmful smelter emissions by 40% while maintaining optimal performance.

### CARBON UPCYCLING VALUE-CHAIN: DISTILLATION



\*By-product of metallurgical coke manufacturing process



Responding to emerging opportunities and challenges

# Advanced Materials



We realigned our product portfolio and formed the Advanced Materials business segment in 2019 to combine our downstream businesses, non-coal tar-related products and unique material segments. The business focuses on the development eco-friendlier alternatives as well as non-coal tar-based downstream hydrocarbon and advanced carbon products. Today, RAIN is a global leader and innovator in the production of advanced materials.

We transform part of our carbon output, petrochemicals and other raw materials into high-value, eco-friendly raw materials that are critical to the specialty chemicals, coatings, construction, automotive, petroleum and several other global industries. We have two advanced material production facilities in Germany, one in Belgium and a fourth in Canada.

## BUSINESS PERFORMANCE IN 2020

**0.4 MTPA**

Sales volume

**25.9%**

Contribution to consolidated revenue

## OPERATIONAL HIGHLIGHTS 2020

- Successful start-up of the HHCR unit and production of advanced resins for customer testing and approval.
- New eco-friendly binder with 40% polycyclic aromatic hydrocarbons (PAH) reduction launched with a major aluminium producer.
- Closure of Uithoorn facility resulting US\$ 8 million cost savings and improving production efficiency in Duisburg plant
- Launched new products:
  - **NOVARES®** TM 85 Pure monomer resin
  - **NOVARES®** Pure 2100 hydrogenated hydrocarbon resin

- **NOVARES®** Pure 2120 hydrogenated hydrocarbon resin
- **NOVARES®** TT 140M maleic acid modified resin
- **PETRORES®** ZL150M

## MARKET OVERVIEW





- Overall business in relevant areas has returned to ~95% of pre-pandemic activity levels. We anticipate further recovery during the first half of 2021 and expect no long lasting or structural impact.
- Growing interest in energy efficiency and automotive-related emissions that can be supported by our **PETRORES®** specialty coatings for lithium-ion batteries, phthalic

anhydride for wind-turbine blades and selected **NOVARES®** resins that reduce the rolling resistance of tyres, thereby decreasing fuel consumption.

- Regulatory changes and societal demand for cleaner and contaminant-free products, such as adhesives used in hygiene products and food packaging, should lead to increasing demand for the **NOVARES®** Pure 'water-white' resins produced at our new HHCR facility in Germany.

## A GLANCE AT OUR PRODUCTS

Our advanced materials can be applied to a wide range of products, right from rubber tyres to energy storage and pharmaceutical products.

Products	Derivates	Petrochemical intermediates	Resins	Engineered products
<b>Raw materials used</b> 	Naphthalene oil	Crude benzene and cracker residues	Carbo-indene C9 feedstock	Pitch and petroleum tar
<b>Manufacturing process</b> 	Produced from our internal production process of naphthalene oil, which is further processed into downstream products such as phthalic anhydride – that serve as key raw materials in various industries	Distillation of crude benzene	Downstream refining of naphthalene and other inputs	Manufactured from a highly reduced concentration of PAHs
<b>Uses</b> 	<ul style="list-style-type: none"> <li>• Refined naphthalene</li> <li>• Phthalic anhydride</li> <li>• Modifiers</li> </ul>	<ul style="list-style-type: none"> <li>• Benzene</li> <li>• Toluene</li> <li>• Xylene</li> <li>• Solvents</li> <li>• Fuel additives</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon resins</li> <li>• Pure resins</li> <li>• Hydrogenated resins</li> <li>• Phenolics</li> </ul>	<ul style="list-style-type: none"> <li>• <b>CARBORES®</b></li> <li>• <b>PETRORES®</b></li> <li>• Sealer coatings</li> </ul>
<b>Production locations</b> 	Belgium, Canada and Germany	Belgium and Germany	Germany	Belgium and Germany

## Responding to emerging opportunities and challenges



### UPCYCLING IN THE ADVANCED MATERIALS BUSINESS

Our ability to convert coal and petro tars into naphthalene has enabled us to produce downstream derivative products, such as phthalic anhydride, which is used in construction, plastics and as specialty chemical in the manufacture of plastics and polyester resins, the latter being a key ingredient in the lightweight blades for wind turbines (learn more on [page 43](#)).

### CASE STUDY

#### Powering modern lithium-ion batteries

When we revised our business segments in 2019 to include Advanced Materials, it was done with an eye toward expanding our product portfolio and creating new markets, as a leading supplier of carbon-based materials for 21<sup>st</sup>-century applications. One of those is our PETRORES<sup>®</sup> specialty binder and coating products for energy storage, including lithium-ion batteries.

By upcycling petroleum-refinery by-products, RAIN supplies a range of electrode-related products – in the form of micron-sized

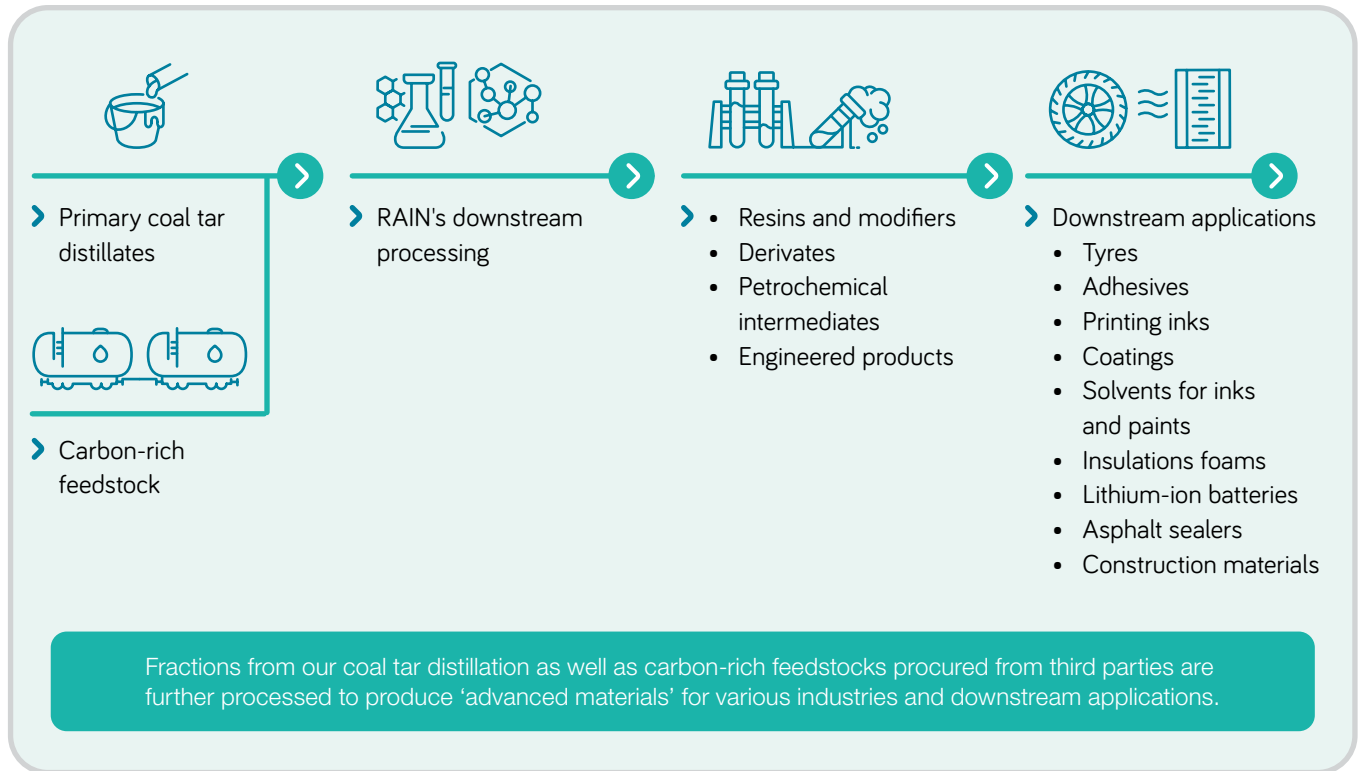
powders – to producers of battery materials such as the graphite- and silicon-containing composites used in lithium-ion batteries.

Our PETRORES<sup>®</sup> products are specifically developed precursors used to create the amorphous carbon layer – several tens of nanometers in thickness – that coat the graphite and silicon-containing powders used in all lithium-ion batteries. These carbon layers are essential for battery-cell performance as they positively influence its durability, safety and energy, as well as charging and discharging speed.

The two PETRORES<sup>®</sup> coatings that are commercially available vary in softening point and carbon yield, thereby meeting the particle-coating processes' requirements of our customers, as well as a broad range of performance requirements for the final electrode materials in the lithium-ion battery cell.

During the last 30 years, rechargeable lithium batteries have enabled the digitalisation occurring in the consumer-electronic market. Since lithium-ion batteries were first introduced in 1991, they have substantially improved in lifetime

## MAKING ADVANCED MATERIALS BY FURTHER PROCESSING OF INTERNAL AND EXTERNAL CARBON RICH FEEDSTOCKS



and electrical cell capacity, with the ability to store three to four times more electrical energy. The current generation of smart phones and laptop computers is possible only because lithium-ion batteries provide high electrical energy storage capabilities at low weight and volume.

More recently, modern lithium-ion battery technology has become the enabler for the electrification of the automotive and transport sector – a fast-growing market due to tightening regulations on CO<sub>2</sub> emissions around the world. Lithium-ion batteries are also expected to play a major role in stationary battery energy storage

applications (such as the buffering of the peak power supply and consumption in the electrical grid) that gains increasing importance with the higher fraction of renewable energy sources such as solar and wind power and higher electricity demand due to the electromobility.

Demand for lithium-ion batteries has increased from less than 2 GWh of battery capacity at the beginning of this millennium to more than 200 GWh in 2020. The electrification of the transport and industry sectors as well as electricity production from renewable sources are expected to cause a surge in battery-capacity

demand – to more than 2,500 GWh in 2030 and 8,500 GWh in 2040.

(source: VDE Renewables GmbH, 2020).

As the demand for the batteries increases, we are working closely with the battery-material producers to further expand and innovate our PETRORES® product line with specialised products. At the same time, we are constantly looking for new opportunities to expand our carbon-battery business.



Responding to emerging opportunities and challenges

# Cement



Through its wholly owned subsidiary RAIN Cements Limited (RCL), the RAIN Group produces high-quality, high-performance OPC and PPC. The products are marketed under the brand name Priya Cement and meet the rising infrastructure and housing requirements of South India.

We are one of the largest producers of cement in South India, and our plants are strategically situated near our limestone mines.

## BUSINESS PERFORMANCE IN 2020

# 2.2 MTPA

Sales volume

# 9.9%

Contribution to consolidated revenue




**OPERATIONAL HIGHLIGHTS 2020**

- We commissioned a WHR power plant in Suryapet, Telangana, in January 2020. It provides 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 6.4 MW produced by the WHR system at the Kurnool cement plant.
- We are nearly finished upgrading the line 1 cement mill at the Kurnool plant, which will triple its production from 50 tonnes per hour to 155 tonnes per hour. The project is estimated to be completed in the first half of 2021 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.
- With one manufacturing unit each in Andhra Pradesh and Telangana, our total capacity is 4 MTPA. Our manufacturing base is strategically situated near our limestone mines (within a two-kilometre radius of our plants), and our mines have reserves of ~50 years.
- We completed Miyawaki plantation with more than 100 varieties of plants: 34,000 in Unit 1 (Suryapet, Telangana) and 23,800 in Unit 2 (Kurnool, Andhra Pradesh).
- We commissioned a waste-management unit in each of our two plants.
- We have commissioned a 1 MW solar plant at each of our cement plants.

**~50 years**  
Mining reserves

**A GLANCE AT OUR PRODUCTS**

Our cement is known for its strength and longevity, making us one of the most reputed cement brands in South India today.

Products	Ordinary portland cement (OPC)	Portland pozzolana cement (PPC)
<p><b>Raw materials used</b></p> 	Limestone, gypsum and fly ash, a by-product from thermal power plants	Limestone, gypsum and fly ash, a by-product from thermal power plants
<p><b>Uses</b></p> 	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	Reinforced cement concrete for residential construction, most commonly used in plastering, brickwork and mass concrete work
<p><b>Production locations</b></p> 	Andhra Pradesh and Telangana	Andhra Pradesh and Telangana

## Responding to emerging opportunities and challenges



### MARKET OVERVIEW

India is the second-largest producer and consumer of cement after China, with installed production capacity of nearly 545 million tonnes in 2020. However, India continues to have the lowest per capita cement consumption at ~235 kg compared with the global average of ~521 kg, providing ample headroom for increased cement consumption in future.

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 states of Tamil Nadu, Andhra Pradesh and Karnataka together accounted for ~35% of the country's total installed capacity.

India's cement demand is driven by the housing and real estate sector (~68%), followed by infrastructure (~22%) and the industrial development 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. More than 500 million people in India are forecast to live in urban areas by 2025, and this reality promises huge potential for the growth of the industry. Due to the increasing demand in housing, commercial construction and industrial construction, cement capacity utilisation on a pan-India basis is forecast to improve steadily over the next few years.

In particular, demand is expected to be boosted by infrastructure development in tier 2 and tier 3 cities, driven by governmental initiatives such as Pradhan Mantri Awas Yojana, Smart Cities Mission and Swachh Bharat Abhiyan.

Although the COVID-19 pandemic took an unprecedented toll on the Indian real estate sector and the construction industry between the first and second quarters of 2020, resulting in muted demand for cement, the sector witnessed a strong rebound in demand from the third quarter 2020 onwards. Since work from home is not going to replace work from office, commercial real estate – despite its erratic recovery – remains promising considering the long-term opportunities.

### UPCYCLING IN THE CEMENT BUSINESS

In our Cement business, we blend fly ash produced as a by-product of coal-fired power generation with clinker to produce our PPC, which is used in buildings and other construction applications that require high-strength concrete.

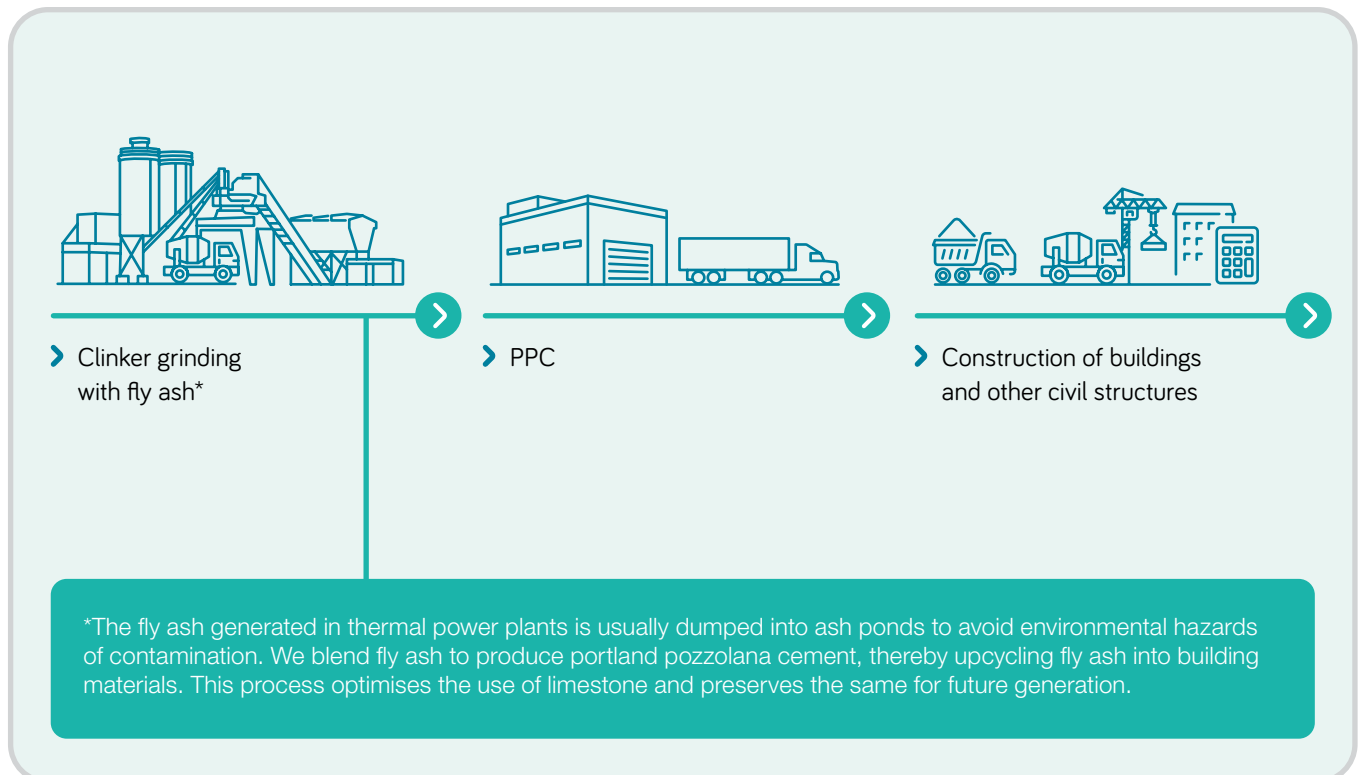
To avoid environmental hazards, power companies are required to isolate the fly ash in containment ponds that require vast land parcels and huge quantities of water to convert the ash into a manageable slurry. Our ability to use fly ash in PPC reduces the risk of an environmental catastrophe

that could occur in the event of a containment-pond failure. Upcycling fly ash also enables us to produce 50% more PPC using the same amount of limestone, thus extending our reserves of this valuable raw material for use by future generations, while also reducing our carbon emissions compared with producing the same volume of cement without incorporating fly ash. We also use a smaller amount of fly ash – about 5% – in the production of OPC.

In addition, over the last few years, we have significantly reduced our production of OPC, as we are

gradually shifting to the eco-friendlier PPC. It accounted for close to 75% of RAIN's total cement production in 2020.

### MAKING HIGH-QUALITY CEMENT THROUGH UPCYCLING



\*The fly ash generated in thermal power plants is usually dumped into ash ponds to avoid environmental hazards of contamination. We blend fly ash to produce portland pozzolana cement, thereby upcycling fly ash into building materials. This process optimises the use of limestone and preserves the same for future generation.

\*Fly ash is a scrap produced by coal-fired thermal power plants



## Responding to emerging opportunities and challenges

# Abiding by regulations and policies

Our global business activities touch a wide range of stakeholders and have a broad impact, which necessitates that we conduct our business in a law-abiding and ethical manner. Complying with regulations and policies not only enables us to establish customer trust and brand loyalty, but also helps improve operational processes and reduce unforced errors.

### **REGULATORY LANDSCAPE: CARBON AND ADVANCED MATERIALS BUSINESSES**

The global regulatory landscape plays a significant role in the marketability of our products. Companies producing and handling chemical substances are required to meet stringent standards at regional, national and global levels, and we take our responsibilities very seriously.

Regulations are being adopted globally that aim to minimise risks presented by chemical substances to the environment and human beings. For example, the European Union's Regulation on the Registration, Evaluation Authorization and Restriction of Chemicals (Regulation (EC) No. 1907/2006) (REACH) imposes significant obligations regarding the testing, evaluation and registration of products containing chemical substances. The concept of 'no registration, no market' is gaining significance with the implementation around the world of regulations similar to REACH. Therefore, compliance with chemical regulations that govern RAIN's raw materials, manufactured products and production processes is of vital importance to us. To help ensure compliance, we have implemented a monitoring system to follow regulatory trends as well as potential and emerging chemical regulations and compliance standards.

We also comply with standards related to transparent disclosures to our customers and downstream users with respect to the transportation

and safe handling of our products. We satisfy these obligations through preparation of safety data sheets and product labels that adhere to globally accepted standards and that are based on an in-depth understanding of international, regional and country-specific legal requirements.

### **POLICY LANDSCAPE: CEMENT BUSINESS**

The 2020 Union Budget of India highlighted a stimulus package of US\$ 103 trillion for developing the infrastructure sector over the next five years, consisting of more than 6,500 wide-ranging projects. 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 cement consumption.

Similarly, the Union Budget of India 2021 is expected to place greater emphasis on the development of infrastructure, specifically roads, railways, housing and rural/urban infrastructure. The availability of infrastructure will play a vital role in helping India become a US\$ 5 trillion economy. While it has been an anxious and uncertain ride for the industry since India's temporary COVID lockdown, the future looks promising given the anticipated government investments in infrastructure and housing.

# Resilient in the face of challenges

2020 was a year fraught with challenges for the entire world. The COVID-19 pandemic drove fundamental shifts in many markets. Our teamwork, adaptability, resourcefulness and flexibility have helped us face and overcome these challenges.



Across our operations, we are doing everything we can to keep our people safe and our plants running so that we remain a strong link in the global supply chain. We are also striving to ensure that RAIN is a low-cost, high-efficiency producer that is well positioned to weather the current situation and capitalise on a post-COVID recovery. We have taken steps to right-size our business to match earnings expectations. We are working across our global footprint to improve plant reliability, energy production and resource management while constantly looking for ways to turn what we have learned and how we have adapted during the COVID pandemic into competitive advantages.

## IMPACT OF THE PANDEMIC ON OUR THREE BUSINESS SEGMENTS

- By March, China virtually shut down its economy to control the spread of the virus. The short-term impact of GPC and CPC production cutbacks in China allowed us to increase sales to CPC customers that would not receive their planned Chinese CPC shipments.
- In the US oil refining, aluminium smelting and calcination were declared 'essential' industries, with most operations continuing under new, strict hygiene guidelines. Our role in their supply chains enabled our Carbon and Advanced Materials facilities to remain open as 'essential' businesses.

## Responding to emerging opportunities and challenges



- Our global network of plants and flexible logistics infrastructure allowed us to maintain steady CPC deliveries and qualities, keeping up with the ever-shifting requirements of our customers.
- In India, a temporary national lockdown forced our calcination facility to suspend CPC and power production from March 25 until April 5; after obtaining the requisite approvals, production resumed at 50% on April 5 and ramped up to 100% on May 4.
- Construction of the ACP production plant at our Chalmette facility in the US was halted for approximately six months to reduce the risk of COVID contamination at the work site and to safely run the existing calcination and power plants.
- In India, work on the vertical-shaft calciner and ACP production plant in Atchutapuram was suspended during the national lockdown.
- Although the pandemic took an unprecedented toll on the Indian real estate sector and the construction industry between March and May 2020, resulting in muted demand for cement, we witnessed a strong rebound in demand in September 2020.
- Due to the nationwide lockdown, our cement plants shut down on March 25. Plants in Kurnool, Andhra Pradesh and Suryapet, Telangana resumed production on April 27 and May 2, respectively.

Despite the initial coronavirus setbacks, construction resumed at our ACP and shaft-calciner project sites during 2020. New guidelines were put in place to safeguard the health of everyone at our sites, although the expected completion dates have slipped into 2021.

### IMPACT OF HURRICANE LAURA ON OUR CARBON BUSINESS

The impacts of the pandemic on RAIN's operations were not the only challenges we overcame last year. 2020 was also the most active Atlantic hurricane season on record, and several storms forced the shutdown and evacuation of our calcination and energy facilities along the US Gulf Coast. The most destructive was Hurricane Laura, which directly hit our largest US plant in Lake Charles on August 27.

The storm also severely impacted the homes and lives of our employees and regional contractors who would be needed to repair the facility. For the next eight weeks, our people worked hard to bring things back on track. By November, as a result of their dedication and resilience, both calcination kilns restarted, cargo operations resumed and the facility's cogeneration plant was synchronised to the local power grid.

The expertise and flexibility of our global network allowed us to immediately shift raw material flows, production locations and logistical routes to continue to supply products to our customers on time.

## READY FOR THE FUTURE

At RAIN, our focus is locked on the future and our role in it. Despite the difficult environment of 2020, we stayed committed to maintaining our Company's industry-leading position toward sustainability. We are now ready to leverage the opportunities that the future holds:

- The rise in the demand for aluminium will, in turn, drive increased demand for CPC and CTP, raw materials required for anodes used in the production of aluminium.
- In our Carbon business, we have continued to deeply analyse our costs. This has allowed us to roll out several key initiatives to optimise and rationalise our global production locations and supply chain. We are thus driving efficiency improvements and targeting cost reductions across all areas of the business to improve our bottom line and prepare for the future.
- In 2021, we plan to make prudent and strategic additional investments in our logistical infrastructure. This will provide us with greater flexibility to handle unexpected disruptions

to our supply chain and our production systems.

- We are poised to capitalise on the investments we have made in our major projects including our:
  - HHCR facility in Germany that will enable us to meet the growing demand for cleaner resins for packaging and adhesives and serve as the cornerstone of our Advanced Materials business
  - Vertical-shaft calciner in India that will be the most environmentally friendly plant of its kind in the world while facilitating a high carbon recovery rate and waste-heat electricity generation
  - Anhydrous carbon pellet production facilities in India and the US that will enable us to create an engineered and value-added alternative to CPC, which will offer energy-saving and emissions benefits to anode producers and smelters
  - Dual-solvent process in Germany will modernise our production of carbo-indene and phenol while reducing carbon dioxide emissions, energy consumption and the volume of waste and by-products.
- Through our Cement business, we are offering two new services to support small distributors and dealers who cannot afford to purchase and store large quantities of cement. These services are being provided in collaboration with our freight transportation and logistics provider:
  - **Garuda** – It refers to a legendary bird in the Hindu mythology that symbolises agility. Our Garuda service provides direct deliveries from our Suryapet and Kurnool cement plants to nearby towns.

- **Free Door Delivery Service (FDDS)** – Our FDDS provides cement shipments from our dozen warehouses to customers in Hyderabad free of labour costs related to the unloading of cement bags from trucks.
- Our cement business has introduced biaxially-oriented polypropylene (BOPP) packaging, which attracts less dust and is more durable due to its high tensile strength and waterproof and tear-resistant properties. It also allows for higher-quality printing, which will enhance the visual appeal of the packaging and improve the marketability of our cement for our dealers.
- We are implementing additional improvements to our safety-management systems, based on recommendations by the National Safety Council, to improve the effectiveness of our existing safety systems and procedures at both of our integrated cement plants.

We are confident that by continuing to drive efficiency, bring creativity to everything we do and introduce sustainable products for 21<sup>st</sup>-century applications, we will further enhance our ability to deliver future-ready products, with or without COVID.

# Creating value from industrial by-products





At RAIN, we are guided by our vision to be one of the world's most trusted providers of diversified carbon products and advanced materials. We strive to follow the triple bottom-line approach of 'People, Planet and Profit' and to consider and balance the economic, environmental, and social impact of our Company's activities.

#### **PHTHALIC ANHYDRIDE TO OPTIMISE WIND-TURBINE EFFICIENCY**

Phthalic anhydride is a key molecule in the manufacturing of polyester resins. Wind-turbine technology relies on polyester for one of its most critical parts – the blades that convert the wind into energy. Made from layers of polyester, the blades are light and flexible, yet strong enough to withstand extremely high winds, especially in offshore wind farms where winds are stronger than on land.

The lightweight nature of the blades is particularly important. If the blades are heavy, more wind energy is required to get them turning so they can generate electricity, which reduces the overall efficiency of the turbine. Polyester offers a lightweight and efficient solution.

#### **ACTIVATED CARBON TO ABSORB HAZARDOUS CHEMICALS FROM AIR AND WATER**

The activated carbon used to absorb hazardous chemicals from air and water – in everything from waste-water treatment, air treatment and respiratory protection to air-purification systems in air-conditioning, fish-tank filters and medical devices – begins with carbon-based chemicals. We manufacture a key raw material that makes the production of this highly porous form of carbon, which attracts and holds organic chemicals inside its pores, possible.

## Being responsible towards ESG issues

# Sustainability achievements 2020

This year, we undertook additional steps to progress further on our journey of achieving sustainable business growth and societal change.

### ARTICULATING OUR SUSTAINABILITY VISION

Our Carbon and Advanced Materials segments articulated the organisation's Sustainability Vision:

Guided by our corporate vision to be the world's most trusted and resourceful provider of diversified carbon products and advanced materials, our businesses are committed to a sustainable environment and maintaining the ecological, social and economic well-being of future generations.

- We strive to follow the triple bottom-line approach of 'People, Planet and Profit' to equally consider the economic, environmental, and social impact of our activities.
- We aim to maximise the positive and minimise the negative environmental and social impacts arising from our operations.
- We strive to operate responsibly in alignment with universal principles of human rights, labour, environmental and anti-corruption standards.



### IMPLEMENTING AN ORGANISATIONAL STRUCTURE THAT PROMOTES SUSTAINABILITY

Our Carbon and Advanced Materials segments have created a sustainability organisational structure to ensure cohesive and systematic global management of the development and execution of sustainability strategies.



### Sustainability Steering Committee (SSC)

The SSC takes the overall responsibility for sustainability efforts and is overseen by the Board of Directors, Chief Executive Officer and President of our Rain Carbon Inc. subsidiary. The SSC is composed of the heads of the Carbon Calcination business unit, Carbon Distillation and Advanced Materials business unit and other members of the businesses' executive management team. It approves the major directions for corporate positioning and defines and monitors the sustainability strategy, roadmap and targets.

### Sustainability Core Team (SCT)

The SCT is a cross-divisional and cross-regional team supporting the SSC to drive the implementation of sustainability-related decisions and initiatives. The SCT defines strategic and roadmap proposals as well as concepts and tools for implementing sustainability activities. The SCT connects with key collaborators across the Company and the sustainability community to coordinate the implementation of approved sustainability initiatives and performance measures.

### Sustainability Community

Our sustainability community comprises technical experts and site representatives who support in the annual collection of sustainability data. The Company also envisions participation by representatives from the communities where we operate on cross-functional task forces.

## UNDERTAKING LIFECYCLE AND PRODUCT CARBON FOOTPRINT ASSESSMENTS

In 2020, we put in place infrastructure to conduct lifecycle assessments (LCA)

based on standardised industry data following globally accepted assessment procedures (ISO 14067). This will allow us to better understand the environmental impact of our operations and products.

### Initial carbon-footprint study conducted based on CPC from Vizag facility

Our initial LCA was a carbon-footprint study for CPC produced at our calcining facility in Visakhapatnam, India. This was a cradle-to-grave assessment with respect to CPC used in the production of anodes necessary for aluminium smelting. The results of the study have undergone a critical third-party review to confirm compliance with the ISO 14067 standard.

The study showed that CPC produced by our Vizag facility contributed to a relatively small portion of the overall carbon footprint of aluminium producers. Based on the study, CPC produced at our Vizag facility contributes ~2% and ~6% of the total carbon footprint of aluminium produced at smelters using coal-fired electricity and hydroelectric power, respectively.

The study also showed that the WHR system at our Vizag facility reduced its net CO<sub>2</sub> emissions by ~40%. This reduced the contribution of the CPC produced at our Vizag facility to the total carbon footprints of aluminium produced at coal-fired smelters and hydro-powered smelters by ~1.0% and ~2.5%, respectively.

We intend to conduct similar carbon-footprint studies with respect to CPC produced at our other calcining facilities, as well as pitch produced at our distillation facilities. CPC and pitch

are each required to produce anodes for aluminium smelting.

### Stakeholder dialogue and feedback on our carbon footprint assessments

The results of the product carbon footprint study for CPC from the Vizag calciner were presented at The International Committee for Study of Bauxite, Alumina & Aluminium's annual conference in November 2020. The accompanying technical paper 'Sustainable CPC Production at the Vizag Calciner' was awarded Best Paper in the Carbon programme and published in the Travaux No. 49 conference proceedings.

We are looking forward to continuing and intensifying our stakeholder dialogue in various formats. For example, we chaired a keynote session about 'Sustainability in the Aluminium Supply Chain' at the 2021 TMS conference.

While we have articulated a clear sustainability path for our Carbon and Advanced Materials business segments, our Cement business segment is also undertaking prudent steps towards sustainability.



## Being responsible towards ESG issues

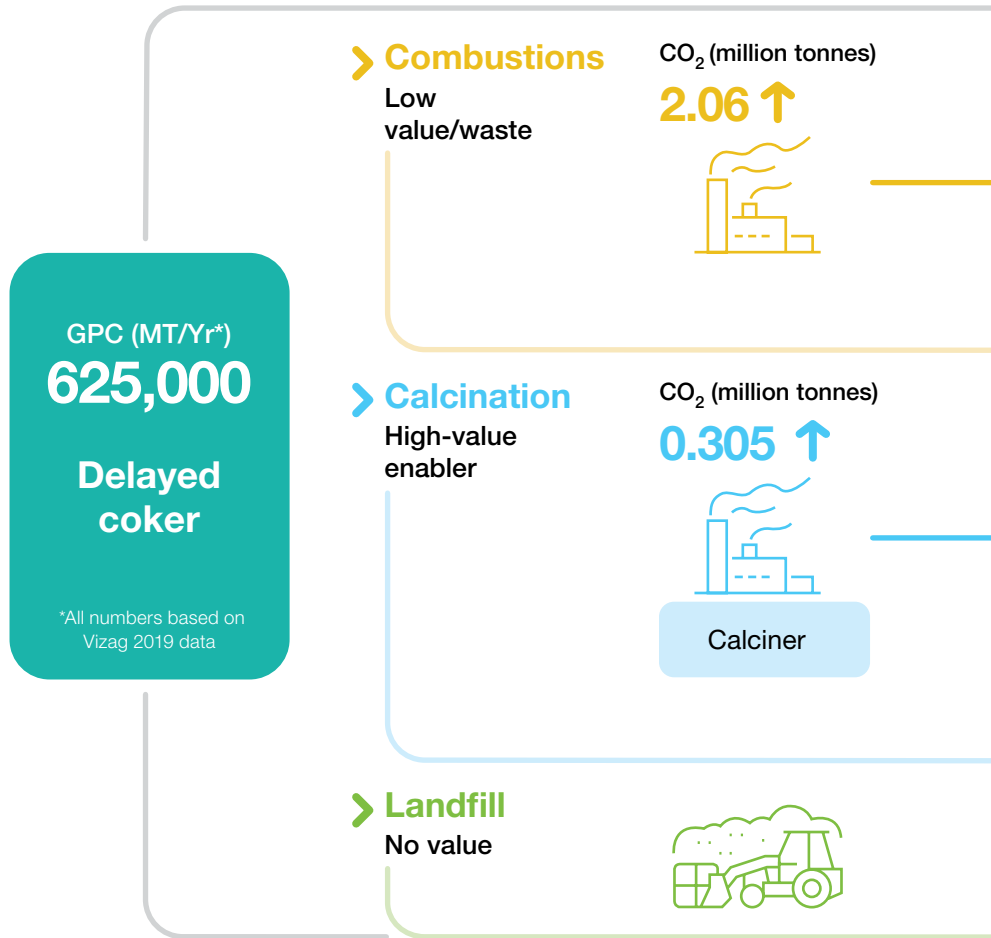
# Boosting carbon productivity

As a converter of carbon-based industrial by-products, we recognise that carbon needs to be used in the most efficient manner to mitigate its impact on climate change. In recent years, there has been growing awareness about the importance of enhancing the productivity level of carbon, including the formation of The Carbon Productivity Consortium. According to the Consortium, carbon productivity aims for the highest value created per unit of fossil carbon used.

(Source: <http://carbonproductivity.com/>)



### CARBON PRODUCTIVITY



For RAIN, carbon productivity involves striving to use carbon as productively as possible and prolonging the lifecycle of carbon to benefit society. To achieve this, we focus on:

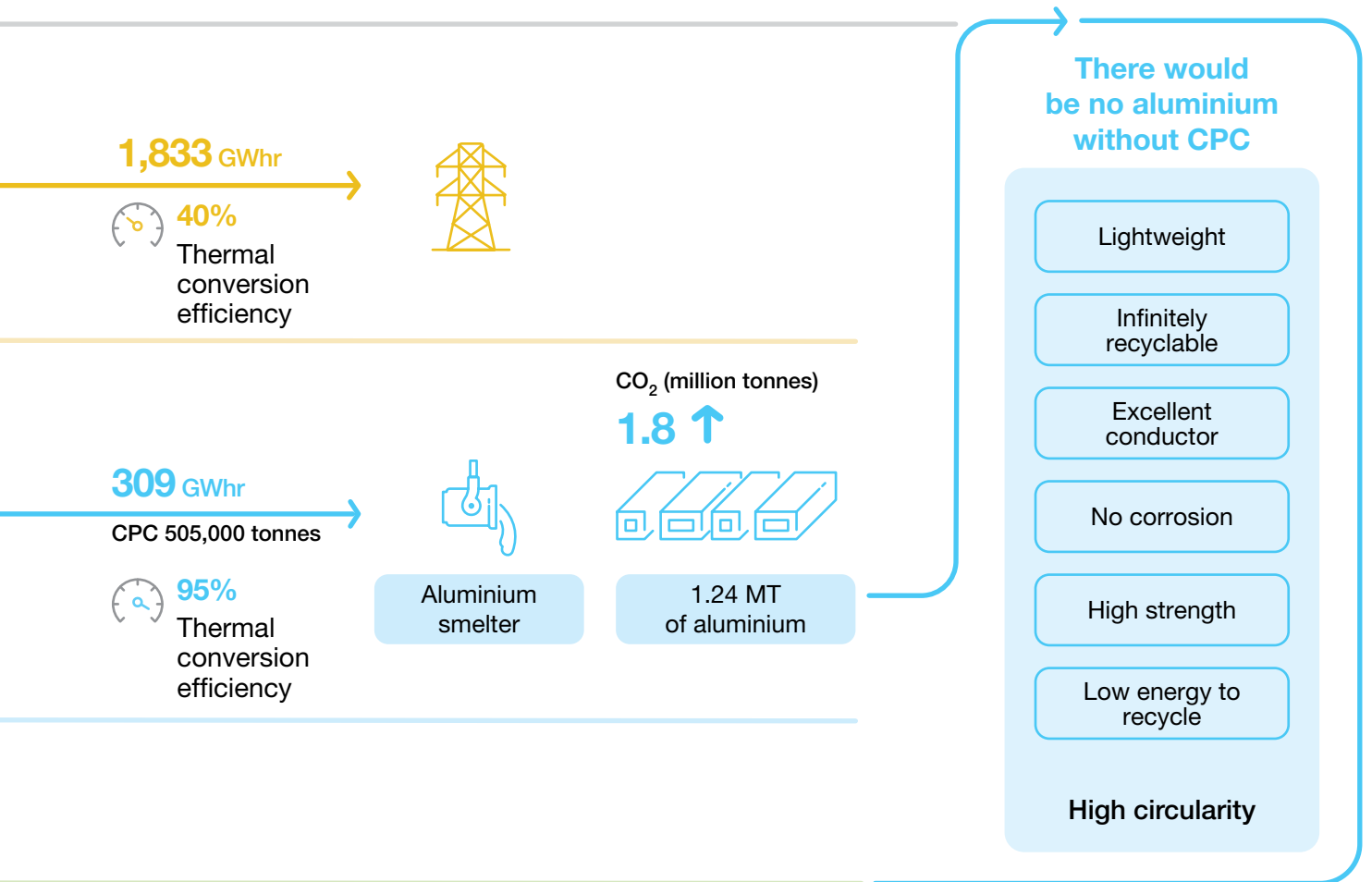
- Resource efficiency
- Decarbonising downstream applications
- Enabling higher circularity levels

RAIN is acutely aware of the negative perception of carbon and its link to

climate change when used inefficiently. We are committed to resource efficiency and reducing our own carbon footprint. At the same time, we understand that our carbon-based products will be indispensable in helping to decarbonise downstream applications and in supporting higher circularity levels.

#### RESOURCE EFFICIENCY

At RAIN, resource efficiency begins with our raw materials. We



create added value from industrial by-products, which extends the useful life of these substances to the maximum extent possible and prevents them from being used in ways that are inefficient or environmentally harmful.

For example, the conversion of GPC and coal tar into CPC and CTP, which are essential for making the anodes required for aluminium smelting, are a significantly more productive use of carbon than the alternative

of combusting GPC and coal tar to produce electricity. For example, when GPC is combusted in conventional power plants there is a significant loss of heat due to the conversion steps. The thermal conversion efficiency of combusting coke or coal to make electricity is around 40% and thus ~60% of the energy value in the carbon is lost when GPC is used for power generation. When GPC is instead transformed into CPC and used to make anodes for aluminium

production, close to 100% of the energy value of the carbon in anodes is used electrochemically to produce aluminium (Source: Asbjørn Solheim (2018) Inert Anodes - the Blind Alley to Environmental Friendliness, Light Metals). The compelling sustainability case for aluminium would not be possible without CPC and CTP whereas many alternatives exist for power generation including the rapidly growing renewable alternatives.

## Being responsible towards ESG issues

### DECARBONISING DOWNSTREAM APPLICATIONS

The reduction of CO<sub>2</sub> emissions is a key element in our drive to use carbon as productively as possible and to support a decarbonised future. At RAIN, decarbonisation takes place at our own production facilities as well as in the application of our products. Relying on our technical leadership and environmental commitment, RAIN creates essential carbon-based materials that enable the avoidance of greenhouse gases by our customers and society.

#### Lightweight aluminium avoids CO<sub>2</sub> emissions by reducing fuel consumption

A prime example of our positive downstream impact is the use of our CPC and pitch products to produce aluminium, which is a strong and lightweight material that is used in the production of energy-efficient vehicles. Research suggests that each 100 kg reduction in weight of an average family car results in a reduction of 0.32 litres gasoline used per 100 kilometres [Source: Helms, H.; Kräck, J. (2016). Energy Savings by Lightweighting – 2016 Update]. Over the lifetime of the average family car (200,000 km), this translates to a mitigation of ~1.47 tonnes of CO<sub>2</sub> emissions.

#### Creosote reduces the carbon footprint of rail transportation networks

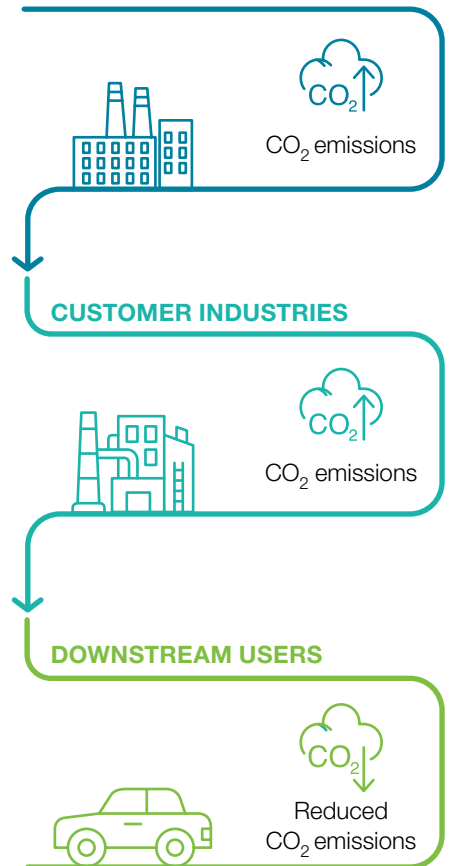
An additional example of our positive downstream impact is the use of our creosote products in wooden railroad ties. From a carbon-balance perspective, wooden ties impregnated with creosote have a significant advantage in comparison to the concrete-tie alternative. Over their complete lifecycle, the carbon footprint of wooden railroad ties impregnated with creosote is ~80%

lower than that of concrete ties. Unlike concrete ties, which do not sequester any CO<sub>2</sub>, wooden ties sequester significant amounts of CO<sub>2</sub> during their useful life [Source: Bolin, Smith (2013) Life Cycle Assessment of Creosote-Treated Wooden Railroad Crossties in the US with Comparisons to Concrete and Plastic Composite Railroad Crossties]. Furthermore, the process for producing concrete ties is more energy intensive and emits more carbon into the environment than the process for producing wooden railroad ties impregnated with creosote.

#### NOVARES® resins decrease a car’s energy consumption by reducing rolling and abrasion resistance in tyres

Research and development in the automotive tyre industry has shown that certain additives to tyre compositions can positively impact the energy consumption of cars. Our internal analysis has shown that the addition of selected NOVARES® resins in tyre compounds results in a 16% better rolling resistance than the standard rubber mixture. Based on internal estimates, this improved rolling resistance has the potential to save 0.82 tonnes of CO<sub>2</sub> emissions over the lifetime of an average family car (mileage of 200,000 km).

### DECARBONISING DOWNSTREAM APPLICATIONS



## ENABLING HIGHER CIRCULARITY LEVELS

The essential component of a circular economy is to keep products and materials in productive use for as long as possible, ideally in closed material cycles, to minimise landfilling and incineration of waste. RAIN contributes to circularity in two ways. First, our business model links linear value chains by converting by-products and ensuring these are used in most productive ways. Second, some of our products are critical elements in well-established process technologies for producing materials that can be recycled in closed loops.

### Converting carbon by-products of certain industries to essential raw materials for other industries

RAIN serves as the critical 'carbon link' between linear business models

of various industries by putting to productive use certain carbon-based by-products. For example, we link the oil refining and steel industries to the aluminium industry by converting by-products of oil refining and steel production into essential ingredients in the anodes necessary to produce aluminium. Another example is the conversion of by-products to value-added wood impregnation products. In this way, we prevent landfilling and incineration of the by-products, which we understand as an important contribution to the concept of a circular economy.

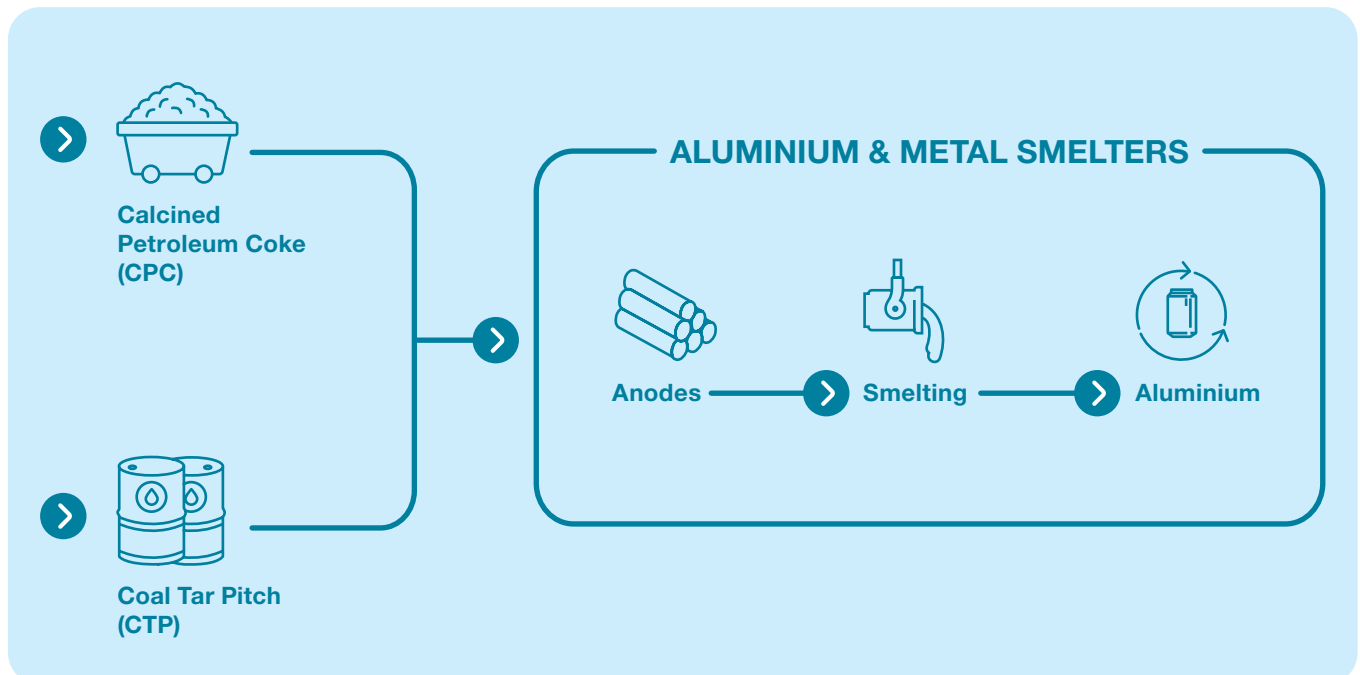
### RAIN products enable circular business models

RAIN's contribution to a circular economy includes products that are an essential prerequisite for aluminium and recycled steel. Our CPC and

pitch products enable the production of aluminium, which is a metal that can be infinitely recycled and is therefore a key component in the circular economy. According to the Aluminium Association, nearly 75% of the aluminium ever produced is still in use today, and aluminium beverage cans used in the US are composed of 73% recycled content [Source: Aluminum Association (<https://aluminum.org>)]

Our CTP also plays an important role in the steel recycling process. Pitch is one component in the production of graphite electrodes for electric-arc furnaces, where steel scrap is recycled at the end of its useful life and brought into a new use phase.

## ENABLING A CIRCULAR BUSINESS MODEL



## Being responsible towards ESG issues

# Acting today for a greener tomorrow

Global challenges such as climate change, scarcity of resources and the desire for decarbonisation are dominant themes in many parts of the world. With decades of industry experience and a watchful eye on these global challenges, RAIN is committed to conducting business in an environmentally and socially responsible manner.

At RAIN, we are aware of our environmental impact and we continuously work to reduce the environmental footprint of our operations. We aim to use natural resources as efficiently as possible while minimising our emissions into the environment.



### Energy efficiency

We work towards increasing energy efficiency by investing in steam cogeneration and waste-heat recovery plants. These investments allow us to reduce the need for using additional fossil fuels to generate the same amount of energy. The plants positively influence our energy consumption and reduce the specific energy consumption (the amount of energy required to produce one tonne of product) of our products.

### THE EUROPEAN UNION ENERGY-EFFICIENCY DIRECTIVE (EED)

EED was established to fulfil the European Union's aim to actively promote climate protection. Amended in 2018, EED includes binding measures to help the European Union reach its 20% energy efficiency target by 2020. Our sites in Germany and Belgium have implemented multiple energy-saving projects that have decreased our energy consumption by more than 100 GWh since 2018. This is ~10% of the total annual energy input of the respective sites. Here are several examples of site-specific efficiency projects that contribute to reduced energy consumption.

## 0.50 MWh/tonne\*

Specific energy input of Rain Carbon Inc. subsidiary in 2020

\*Excluding Candiac and Uithoorn; excluding power that is self-generated and used at RAIN facilities

### Duisburg: Optimisation of our NOVABOOST® and NOVADEST® production processes

Our energy-management system has been the basis for optimising the production of NOVABOOST® and NOVADEST® — by-products of the resins production for applications in petroleum products such as fuel additives and solvents.

## 9,589 MWh

Energy saved in 2020 due to optimisation of NOVABOOST® and NOVADEST® production processes

We are now manufacturing these products with fewer production steps while maintaining the same product quality.

### Zelzate: Phthalic anhydride production switched from batch to continuous process

At our Zelzate distillation and advanced materials facility in Belgium, we produce phthalic anhydride based on naphthalene extracted in the coal tar distillation process. The final step in this process – to reach product purity of above 99.95% and the colour stability required for resin production – was, until recently, a batch process. During May 2020, we converted it to a continuous process that runs at a constant temperature. Repeated heating and cooling of the material is no longer necessary, resulting in a 20% energy savings during the second half of 2020. In future years, we expect the energy savings to rise to 35%.

The switch to a continuous process has resulted in the following additional benefits:

- Better operational stability
- Improved product purity

- Fewer process-safety hazards by eliminating thermal changes (heating up/ cooling down in the batch unit)
- Decrease of maintenance interventions
- Decrease of personnel exposures

## ~20%

Energy saved in 2020 due to switch from from batch to continuous process for phthalic anhydride production

## ~790 tonnes

Reduction in CO<sub>2</sub> emissions in 2020 due to switch from from batch to continuous process for phthalic anhydride production

### Castrop-Rauxel: Installation of a new tar-dewatering column

Various projects to renew equipment at our German production sites has led to energy savings. One example in 2020 was the installation of a new tar-dewatering column in Castrop-Rauxel, which reduced fuel demand by ~15 GW per year.

### WHR and steam cogeneration plants support energy efficiency

We constantly strive to further improve our energy efficiency, and our WHR and steam cogeneration activities are key to this.

At three of our Carbon Distillation and Advanced Materials sites, we link our chemical production with the cogeneration of energy, as the steam generated in our exothermic processes is supplied to external parties or other parts of our production facilities. Four of our calcination plants in India and the US cogenerate power from waste

heat, offsetting CO<sub>2</sub> emissions from power stations producing an equivalent electrical output. Increased reliability of our energy plants. This, significantly cuts net CO<sub>2</sub> emissions per tonne of CPC produced.

The operating factor of the WHR plant at our Lake Charles calcination and energy facility in the US has significantly improved from an average of 74% in 2016-17 to ~95.8% in 2019-20. This has resulted in a decrease of ~20% in the Lake Charles facility's net CO<sub>2</sub> emissions.

### ENERGY AND CO<sub>2</sub> EMISSIONS SAVED THROUGH WHR AND STEAM COGENERATION IN 2020

## ~950,000 MWh

Total energy from waste-heat recovery\*

\*Based on electricity generation at heat-recovery steam-generation power plants in Chalmette, Lake Charles and Vizag and heat-exchanger system that produce steam at Castrop-Rauxel, Duisburg, Norco and Zelzate as well as waste-heat recovery plants at the Kurnool and Suryapet cement plants.

## ~476,000 tonnes of CO<sub>2</sub> equivalent

Total GHG emissions saved (CO<sub>2</sub> emissions saved) from waste-heat recovery#

#Based on electricity generation at heat-recovery steam-generation power plants in Chalmette, Lake Charles and Vizag, and heat-exchanger systems that produce steam at Castrop-Rauxel, Duisburg, Norco and Zelzate as well as waste-heat recovery plants at the Kurnool and Suryapet cement plants. Emission savings are calculated from megawatts based on emission factors of local electricity grids and combustion of natural gas.

## Being responsible towards ESG issues

### Emissions

At RAIN, we are committed to improving the air quality in areas where we operate. We continuously strive to minimise our emissions and have devised a range of measures to reduce the potential environmental impact of our activities.

#### CEMS systems at calcination sites

Six of our seven anode-grade and titanium dioxide-grade coke calciners are fitted with some form of continuous emissions-monitoring system (CEMS) in the exhaust stacks. The CEMS ensure that we operate well within mandatory emissions limits. The CEMS measure our direct-process emissions, with SO<sub>2</sub> being the most critical. We also monitor NOx and CO<sub>2</sub> emissions at several calciners. The seventh facility — Purvis — operates significantly below its maximum production capacity and has periodic stack tests to ensure ongoing emissions compliance.

#### GHG emissions

We are aware of the impact of climate change on society and business and therefore, strive to reduce our greenhouse gas (GHG) emissions and overall carbon footprint. An important step is the monitoring of our emissions in the different categories.

This report uses GHG emissions data reported to the relevant governmental authorities where available or estimations based on internal calculation methods. The GHG emissions data are based on direct GHG emissions from RAIN processes, and indirect emissions from purchased electricity from our operating sites. ~98% of the GHG emissions from our Carbon and Advanced Materials production facilities are direct GHG emissions, while the remaining 2% are related to purchased energy.



#### GHG EMISSIONS FROM CARBON AND ADVANCED MATERIALS BUSINESS SEGMENTS IN 2020

**1.4 Mn tonnes of CO<sub>2</sub> equivalent**

Direct GHG emissions from production processes and generation of energy\*

\*Including: Castrop-Rauxel, Chalmette, Cherepovets, Duisburg, Gramercy, Hamilton, Kędzierzyn-Koźle, Lake Charles, Norco, Purvis, Robinson, Vizag and Zelzate

#### Anhydrous carbon pellets (ACP) projects – Improvement of specific emissions in our calcination business

We have developed an innovative process to convert fine particle-size GPC into ACP. We plan to use our proprietary ACP as an input material in the calcining process. This will result in lower CO<sub>2</sub> emissions during calcination and more finished product produced from less raw material. It will also result in a product with higher bulk density and other beneficial properties, allowing the aluminium industry to maximise the anode life in the electrolysis cell.

The use of ACP reduces fine GPC particles being carried over from our kilns and, as a consequence, being combusted in our pyro scrubbers. This reduces our SO<sub>2</sub> and CO<sub>2</sub> emissions per metric tonne of CPC produced.

**30,000 tonnes of CO<sub>2</sub> equivalent**

Indirect GHG emissions from purchased grid electricity#

#Including: Castrop-Rauxel, Chalmette, Duisburg, Gramercy, Hamilton, Kędzierzyn-Koźle, Lake Charles, Norco, Purvis, Robinson, Vizag and Zelzate. Emissions are calculated based on emission factors of local electricity grids.



**NOx and SOx emissions**

Due to the nature of the different raw materials processed at our production facilities, NOx and SOx emissions predominantly occur at our calcination sites.

This report uses emissions data reported to the relevant governmental authorities where available or estimations based on internal calculation methods.

We continuously strive to implement efficient flue-gas treatment systems and to invest in efficient technologies. Our flue-gas desulphurisation (FGD) systems are a major investment to reduce these emissions.

**AIR EMISSIONS FROM OUR CARBON AND ADVANCED MATERIALS BUSINESS SEGMENTS IN 2020**

**0.50 kg/tonne**

Specific NOx emissions

**5.30 kg/tonne**

Specific SOx emissions

Note: Based on Emissions at Castrop-Rauxel, Chalmette, Cherepovets, Duisburg, Gramercy, Hamilton, Kędzierzyn-Koźle, Gramercy, Lake Charles, Norco, Purvis, Robinson, Vizag (SOx only) and Zelzate

**FGD systems at calcination sites**

The reduction of SO<sub>2</sub> emissions in flue gas has a significant capital- and operating-cost impact for a calciner.

We minimise SO<sub>2</sub> emissions by utilising state-of-the-art SO<sub>2</sub> FGD systems at four of our operating plants:

- We have operated the Vizag calciner in India with a high-efficiency, lime-based FGD system since its commissioning in 1998.
- We have incorporated lime-based FGD systems at our US calciners in Lake Charles (2013), Chalmette (1982 installation and upgrade in 2015) and Norco (2002).
- In 2020, RAIN switched to new high-performance lime to improve SO<sub>2</sub> scrubbing efficiency, following a successful trial. The outcome is a ~14% reduction in the use of lime per tonne of CPC produced at the Chalmette, Lake Charles and Norco calciners.
- In addition, our new vertical-shaft calciner in India that is nearing commercial start-up is also equipped with a state-of-the-art ammonia scrubbing system that will make it the most environment-friendly calcination facility in the world.

Our investment in FGD systems is particularly important in India, where SO<sub>2</sub> emissions are the highest in the world, surpassing countries such as China and Russia that have much

**SO<sub>2</sub> EMISSION SCRUBBING EFFICIENCY**

**98%**

Vizag

**60%**

Lake Charles

**40%**

Norco

**65%**

Chalmette

**99%**

Vertical-shaft calciner in India

greater industrial activity, according to a study carried out by independent environmental research organisations. To help address India's worsening air pollution, the Hon'ble Supreme Court of India directed the Ministry of Environment to formulate the FGD regulations during September 2019 that would include the calcination industry. As the only calciner in India with installed FGD systems from the outset of commercial operations, RAIN is in compliance with the Court's directive regarding SO<sub>2</sub> emissions – and our investments in these pollution-reducing





## Being responsible towards ESG issues

technologies is a reflection of our commitment to sustainability as well as profitability.

### Zelzate and Castrop-Rauxel: Emission-reduction initiatives at carbon distillation and advanced materials sites

Our Castrop-Rauxel distillation and advanced materials facility in Germany has an integrated waste-gas incineration plant, including a denitrification (DeNOx) and an FGD plant that treat the flue gases from exhaust gas combustion. The DeNOx unit is based on catalytic denitrification with ammonia. The FGD plant produces concentrated sulphuric acid from H<sub>2</sub>O<sub>2</sub> and the sulphur oxides of the flue gases. In this way, the plant recovers sulphuric acid, which can be used in Castrop-Rauxel's waste-water treatment processes. The waste heat generated by the combustion of the exhaust gases is used to produce steam, which is then used as an energy source for different production processes on site.

At our Zelzate distillation and advanced materials facility in Belgium, a new demister element was installed in 2020 to minimise SO<sub>3</sub> (white smoke) emissions. Additionally, a DeNOx unit is under construction and will be operational in 2022-23. This unit will reduce the total NOx emissions of the Zelzate site by ~60%.

### Exemplary activities to reduce VOC emissions

In 2010, we initiated a leak-detection-and-repair (LDAR) project to proactively and regularly check for fugitive losses of benzene, toluene and xylene (BTX) emissions at our facility in Zelzate,

Belgium. Due to its success in Zelzate, a similar project was rolled out at our Castrop-Rauxel, Hamilton and Cherepovets distillation facilities in Germany, Canada and Russia, respectively.

In most of our coal tar refineries, wet scrubbers are installed to reduce air emissions. These scrubbers remove particles and gases from waste-gas streams, typically in tank farms.

Our Zelzate facility in Belgium is currently running a programme to further minimise benzene emissions that included preventive replacements, closed sampling systems and control valves as well as leakproof pumps and volatile organic compounds detectors. At Zelzate, various activities are in place to reduce PAH emissions, including a closed coal tar pitch loading system that was achieved by retrofitting some of the trucks serving the plant.

In 2020, our Hamilton facility in Canada improved the emission control of its fume-scrubbing system (FSS) by installing new railcar-loading arms and auto control of the vacuum draw at the point of loading of railcars and trucks to maximise the capture of fugitive PAH emissions. In addition, a new scrubbing oil was sourced, and the temperature control of the FSS scrubbing oil was improved to further minimize VOC emissions including PAHs. The Hamilton plant also has a fence-line-monitoring programme for benzene and benzo(a)pyrene. The system monitors air quality every 12 days for a 24-hour period. The programme consists of sampling stations located at the fence line on each side of the property to monitor the ambient air quality at the site perimeter.



## Water management

Water is a critical resource for our operations and communities. We, therefore, undertook a variety of improvement activities at our facilities in 2020.

### Hamilton

The Hamilton plant operates an onsite sewer system. To further minimise groundwater infiltration, the system regularly undergoes major repairs, including re-lining of pipelines and lining of catch basins. These activities reduce the risk of quality problems and the quantity of discharged water. In addition, the following activities have been conducted with regard to water management:

- New stormwater-treatment unit was commissioned to collect and treat all site storm water using filtration and activated carbon to further minimise levels of BTEX (benzene, toluene, ethylbenzene and xylene) and PAHs (polycyclic aromatic hydrocarbons).
- A vacuum pump was installed at distillation unit to replace the use of steam ejectors to generate the vacuum needed to operate the fractionation column. This reduces the process wastewater generated by the steam ejectors significantly.
- In the membrane biological reactor wastewater treatment unit, several additional filtration modules have been installed to enable a higher throughput as well as improved contaminant removal.

### Zelzate

The Zelzate plant operates a state-of-the-art physio-chemical water treatment plant to treat MAH (monocyclic aromatic hydrocarbons) and PAH pollution in its wastewater. In 2010, Zelzate initiated a wide-ranging project to reduce/



eliminate the PAH contamination of its wastewater. The programme included the following installations:

- Installation of leak-free pumps
- Installation of closed sampling systems
- New process to ensure that water is pre-treated during shutdowns
- Preventive replacements of plant equipment

### Castrop-Rauxel

At our Castrop-Rauxel facility in Germany, water is primarily used to generate steam in power plants and for cooling in our production facilities. The site utilises evaporative cooling plants in which the cooling water is circulated several times before it is discharged into the wastewater. The Castrop-Rauxel plant also utilises an activated carbon based cleaning system to process groundwater before it leaves the site.

To reduce the use of fresh water at Castrop-Rauxel, a new concept is under development that will establish graduated water qualities. Currently, all wastewater collected across the site is consolidated and then sent to a biological wastewater-treatment facility. Under the new concept it is planned that the facility's four wastewater streams will be collected separately and partly be reused as quality permits.



## Being responsible towards ESG issues



### Waste management

Our business model is founded on resource efficiency and is based on the conversion (upcycling) of by-products from the oil and steel industries into value-added raw materials essential for other industries.

High conversion rates of ~78% in our Carbon Calcination and of ~99% for our Carbon Distillation and Advanced Materials sites reflect our resource-efficient business model.

#### Recycling of GPC from water treatment plant at Lake Charles

At the Lake Charles calcining plant in the US, fine particles of green petroleum coke fines that are lost during the calcination process are recovered from settling ponds on the plant site.

The reclaimed GPC fines can be recycled as feedstock that can be transformed into a usable CPC product. This minimises raw material wastage at the plant. Our goal is to eliminate scrapping of any GPC.

#### Raw material recovery plant at Castrop-Rauxel

At the Castrop-Rauxel site, a raw material-recovery plant processes the suspensions from the facility's purification processes. The plant separates a solid phase, an oil phase and a water phase. The solid phase goes to thermal or material recycling and the water phase is discharged to the wastewater treatment plant. The oil phase is fed into the tar reclamation process and serves as a secondary raw material.

#### Exemplary waste management activities at Hamilton

At the Hamilton plant's coal tar unloading station, drippings from unloading lines are collected and fed into coal tar storage units instead of being disposed of as waste.

#### HIGH CONVERSION RATES

~78%

Calcination

~99%

Distillation and Advanced Materials

### Waste management in the Cement business segment

Our management was keen on developing a sustainable waste-management solution to achieve the goal of zero waste. At our cement facilities, we are focusing on regulatory compliance and maximum resource recovery to attain this goal. For this purpose, we have commissioned a dedicated waste-converter unit in both cement plants with the following facilities:

- Wet waste processing area
- Compost storage area
- Dry waste segregation area
- Dry waste storage area
- Garden waste mulching and storage area
- Consumables and cleaning equipment storage
- Storage area for personal protective equipment worn by staff
- Bin-washing area

More than 100 kgs of waste (dry, wet, and unrecoverable/reject combined) is generated at each plant per day. The waste is now segregated at the source for appropriate action, such as compositing, recycling and upcycling by burning in cement kiln. Non-recyclable dry waste, such as multi-layered plastic packaging and segregated combustible fractions, is combusted in the kiln.

As a result of this holistic approach to waste management, the plants have realised the following benefits:

- Zero waste is sent to landfills
- Reduced greenhouse gas emissions by ~7.75 metric tonnes per month

- Compost produced from wet waste and garden litter is used for landscaping at the cement plants

### Waste reduction by sustainable use of lime from our FGD systems

#### Using lime for brick manufacture in India

The Vizag calciner in India has a highly efficient FGD system that achieves an SO<sub>2</sub> removal efficiency of more than 97%. Furthermore, the sulphate lime by-product is collected and sent to a local domestic brick manufacturer, where it is mixed with other raw materials to produce bricks used in construction rather than being disposed of in a landfill.

#### Beneficial use of spent lime for soil stabilisation in the US

In the US, the lime by-product from our calcination FGD systems is used in a variety of agricultural and geo-mechanical applications. Our beneficial-use permits cover all of the spent lime generated by our US calciners, for its use in soil calcium and pH adjustment as well as soil-stabilisation applications. This represents a value-added and more sustainable application than sending the material to a landfill for disposal, which is commonly done by others that produce a similar by-product.



## Being responsible towards ESG issues

# Building an empowered world for our communities and our people

Across our operations, we are committed to enhancing the quality of life for our employees and our neighbours in the communities where we operate.



We engage in a range of corporate social responsibility (CSR) activities designed to positively impact the lives of our various stakeholder groups in areas such as healthcare and safety, education and professional development, and community outreach and engagement.

### India

#### Pragnya Priya Foundation

Established in 2012, Pragnya Priya Foundation ([www.pragnyapriya.org](http://www.pragnyapriya.org)) 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.

For nearly a decade, the work of the foundation has enabled our neighbours in rural communities to join the mainstream and reap the benefits of sustainable development.



## EDUCATION

Education is fundamental to development and growth. It provides people with new opportunities across many aspects of their lives, enabling them to flourish and grow. At RAIN, we believe education is the right of every individual, and we work towards providing quality education for the underserved communities near our production facilities and in a village in the State of Andhra Pradesh.

We have established three schools under the Pragnya Priya Foundation in rural Telangana and Andhra Pradesh. The schools serve local students, including those from economically challenged families.

# 100%

Transition to digitally enabled classrooms for the 2018-19 academic year

Our classrooms are now using 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 scientific subjects such as physics, chemistry and biology, and are well-equipped with libraries and playgrounds.

We also ensure good hygiene is maintained in the school premises, especially during the COVID-19 pandemic.

# 2,082 students

Attended our schools during the pandemic

The high-quality education provided by the Pragnya Priya Foundation's schools has resulted in a larger

proportion of students achieving higher grades and gaining admission to premiere colleges, such as the International Institute of Information Technology and the Indian Institute of Science. Moreover, the education received at our schools has prepared them to successfully complete professional examinations, such as chartered accountancy. The foundation has implemented digital classrooms across all three schools, with the intention of providing best-in-class education to students from rural communities which are at par with large corporate schools in metropolitan cities. All classrooms have digital equipment to provide computer-aided teaching for the entire curriculum, as a supplement to regular teaching and not as a replacement for regular teaching.

## STUDENTS IN THE SCHOOLS OF THE FOUNDATION

2,118  
2019

2,082  
2020



## Being responsible towards ESG issues

### HEALTHCARE

The availability of proper healthcare is integral to the physical and economic health of every Indian.

Our hospitals are in remote regions where no other medical facilities are available in a 30-kilometre radius. 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 in 2020 each facility received a three-year certification renewal.

In 2020, the services of a heart specialist were made available to the patients of our hospital in Kalayakagollu Village, Nellore District, Andhra Pradesh, India.

### 3

Hospitals run by Pragnya Priya Foundation in the rural areas of Telangana and Andhra Pradesh

### PATIENTS TREATED IN OUR HOSPITALS

103,386

in 2019

67,772

in 2020



We also conduct a wide range of medical camps to offer free-of-charge treatment to people from the communities.

Camps conducted	Patients treated in 2019	Patients treated in 2020
Kidney	405	No medical camps held during 2020 due to pandemic
Eye	345	
Mega*	481	
Cardiology	41	

\*Gynaecology, Paediatrics, Skin, General Medicine, General Surgery, ENT, Orthopaedic

### COMMUNITY DEVELOPMENT

#### India

We undertake projects that contribute to the 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 improving the air quality in Vizag.

#### North America

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

US\$ 1.75 Mn

Donated by our US employees to the United Way, a non-profit organisation since 2000

Elsewhere, much of our work in this region involves hands-on activities such as stocking the shelves of a local foodbank, serving as volunteer coaches and working with Habitat for Humanity to build homes for low-income members of our communities. Unfortunately, the COVID pandemic curtailed most of our volunteer projects in 2020. However, we are anxious to get back to ~1,000 hours a year of volunteer work once the coronavirus vaccine is widely administered and face-to-face activities can safely resume.

One area that remained unaffected despite the pandemic was the financial generosity of our US employees.

Their contribution helped support a range of initiatives for those in need in local communities – including people dealing with food insecurity during the pandemic. For more than two decades, through a matching programme with our employees, RAIN has contributed ~US\$ 1.75 million to the United Way.



Lokomotiv Fotografie

## Europe RÜTGERS Foundation

Founded in 1999, the RÜTGERS Foundation (<https://ruegters-stiftung.de>) aims to make science, technology and computer science lessons tangible and interesting for pre-college students. It supports school groups and project teams and enables schoolchildren to have attractive experiences in science and research.



Lokomotiv Fotografie

## Enhancing impact

In more than 20 years, the RÜTGERS Foundation has funded over 400 different school projects, reaching more than 13,000 young people. During this period, more than € 1.65 million in subsidies were distributed.

In addition, the Foundation has increasingly promoted scientific networks and supported the interdisciplinary exchange of science. Moreover, the Foundation facilitates the transition of young people from pre-college education to universities and professional opportunities by awarding scholarships. The close cooperation with teachers has recently led to long-term cooperation with schools that has resulted in a pronounced scientific focus and enhanced teaching.

## Helping our communities combat coronavirus

While much of the world was locked down as local governments issued stay-at-home orders to help 'flatten the curve' during the early days of the coronavirus pandemic, our operations continued as an 'essential business' supporting the petroleum refining, steel and other crucial industries.

In addition to producing critical raw materials for countless products that people rely on every day, our employees found additional ways to make a positive difference in our local communities during this challenging and uncertain period.

For example, soon after the pandemic was declared, employees at our production facilities in Germany and the US began using their chemical know-how to produce cleaning agents with disinfecting properties to wipe down handrails, door handles and other frequently touched surfaces at our plants. Our ability to produce these cleaning agents in-house has allowed us to reduce our consumption of commercial disinfectants. As a result, there was ample supply for others, enabling us to offer the cleaners to local government to help cleanse public buildings and safeguard our local communities.





## Being responsible towards ESG issues



Elsewhere, our team in Castrop-Rauxel, Germany, responded to a local dentist's plea for help by providing his office with hardhats outfitted with clear face shields so they could continue to safely treat patients in this coronavirus environment.

In India, the employees at our Vizag calcination and blending facility donated one-day's pay to the local COVID-19 Fund, which was used by the government of Visakhapatnam to support efforts to contain the pandemic. They also contributed to the Andhra Pradesh Chief Minister's Relief Fund.

At our Zelzate facility in Belgium, we provided chemicals to a local distillery so it could produce sanitising liquid.

Finally, in the US, our partnership with the Northshore Food Bank – a non-profit organisation serving the needs of the greater Covington area in Louisiana where our calcination business unit is headquartered – became more important than ever. COVID-related job losses and stay-at-home orders caused a spike in food insecurity across the region.



### 1.4 Mn pounds

Food distributed by the food bank to ~600 families per week

This is a significant increase from the weekly distribution of 1 million pounds of food to ~375 families prior to the pandemic.

### RATINGS THAT INSPIRE US TO DO BETTER

#### EcoVadis CSR rating

EcoVadis is among the world's leading rating agencies for sustainability. The EcoVadis 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). Three of our production facilities in Europe – Castrop-Rauxel, Duisburg and Zelzate – have participated in the EcoVadis rating programme since 2017.

In 2020, we received the Gold rating for Rain Carbon bvba (Zelzate) and Silver rating for Rain Carbon Germany GmbH (Castrop-Rauxel and Duisburg). In addition, RAIN is working with EcoVadis during the first half of 2021 to complete assessments for our calcination plants in the US.





## Ensuring the safety of our people

2020 was the safest year in our history. In any year, a total recordable incident rate (TRIR) of 0.14 would be a remarkable achievement. But the fact that our employees and contractors finished the year with just five recordable injuries is beyond remarkable when you consider the challenges that we have faced throughout the pandemic.



By focusing on safety and taking prudent measures to protect our employees over the years, we have recorded a declining rate of injuries.

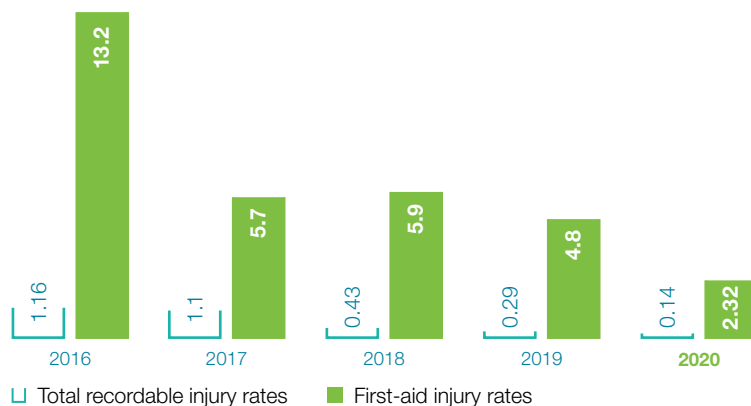
<0.14

TRIR in the Carbon and Advanced Materials business segments in 2020

0.08

Total lost-time injury rate in the Carbon and Advanced Materials business segments in 2020

**RATE OF RECORDABLE INJURIES**  
(%)



## Being responsible towards ESG issues

### QUEST FOR ZERO

Safety, health and environment (SHE) is paramount to us at RAIN. In 2018, we launched the Quest for Zero initiative to become an incident-free organisation and avoid serious consequences to our people, communities, environment, assets and corporate reputation.

At the core of this initiative is the development of a culture in which employees are encouraged to adopt safety as a behaviour in all aspects of their lives.

Our Quest for Zero began with organisation-wide training and awareness-building activities that enabled employees to recognise unsafe actions and conditions and empowered them to act proactively and independently to implement preventive measures.

As a result, employees in our Carbon and Advanced Materials segments completed 2019 with a TRIR of 0.29 and 2020 with a TRIR of less than 0.14—both company records. Today, our safety performance exceeds the industry benchmark (as measured by the US Bureau of Labor Statistics) and is comparable with best-in-class companies among our peer group.

### LIFE-SAVING RULES CAMPAIGN

Even with the annual improvements in our SHE performance, we know that safety can never be taken for granted. In the US alone, statistics from the Occupational Safety and Health Administration show that ~5,500 people die on the job each year. This number equates to more than 100 deaths per week, or about 15 deaths a day.

At RAIN, we do not want to be part of such statistics, which is why we introduced our Life-Saving Rules campaign in 2020. A set of nine rules are being rolled out as part of an 18-24 month initiative focused on highly



hazardous situations that our employees and contractors frequently face in the work environment.

### 2020 safety achievements

- Carbon and Advanced Materials segments completed the year with a record-breaking TRIR of less than 0.14.
- Company-best safety performance with ~7.5 million work hours completed and more than 1,000 contractors of different nationalities on our global sites.
- Completed ~3 million work hours without any recordable injuries at the vertical-shaft calciner project in India.
- Celebrated 10 years without any recordable incident at our Purvis plant in the US; three years at the Lake Charles plant in the US and Vizag plant in India; two years at the Gramercy, Louisiana plant in the US and Hamilton plant in Canada; and one year at the Chalmette, Louisiana plant in the US, Kędzierzyn-Koźle plant in Poland and Duisburg plant in Germany.
- Each recordable-free milestone was accomplished while the Company continued to perform planned maintenance turnarounds, work on major capital projects and facility

repairs due to natural disasters – all while successfully safeguarding employees and contractors from COVID-19.

### TOWARDS A SAFER FUTURE

Despite the challenges we faced in 2020, the lessons learned and new experiences that came from dealing with COVID-19, powerful hurricanes and other factors resulted in many positive SHE-related impacts throughout RAIN. In 2021 and beyond, we will build on these beneficial experiences by continuing to change, improve and challenge ourselves.

Our focus in 2021 will include our Life-Saving Rules campaign, near misses and unsafe conditions that could result in injury, and the need for increased safety-related communication at all levels of our organisation. We will also emphasise training to raise awareness about non-routine hazards during process changes, project construction and start-ups, and planned shutdowns for repairs and maintenance.

These areas for improvement are a top priority throughout RAIN in 2021, and they will enable us to make important progress on our Quest for Zero journey.

## Creating an inspiring working environment

With the declaration of COVID-19 outbreak as a pandemic in March 2020, the way we work changed significantly for employees – in particular, for those not directly involved with the operation and maintenance of our production facilities.

### 685

Began working from home in March (~25% of our global headcount)



We complied with the local stay-at-home orders for many non-essential workers and approached the pandemic with an abundance of caution to safeguard employees, families and production personnel from possible contamination, so that our facilities remained an unbroken link in the global supply chain.

Around the world, we quickly and successfully transitioned to online communication and collaboration platforms that included:

- Using Microsoft Teams to replace in-person meetings, job interviews and business travel as well as to provide employees with real-time updates about developments in our Company.
- Launched a global SharePoint intranet site to provide employees with essential HR-related news and information, such as personnel announcements, open positions,

policies, statistics, benefit sections and contact persons.

- At our production facilities, operation and maintenance employees also experienced changes:
  - Work shifts were modified to reduce employee contact.
  - Strict restrictions were implemented to ensure limited access to our facilities – especially critical areas such as control rooms – to minimise the possibility of coronavirus exposure.

As we enter 2021, the measures taken to protect our employees and operations remain largely in effect – and in doing so, we continue to fulfil our role as an essential business in the global supply chain.

## Being responsible towards ESG issues

### LEARNING BECOMES INCREASINGLY VIRTUAL

In 2019, we implemented an online learning management system (LMS), which now 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.

Despite the pandemic and the movement of a large percentage of our employees to home offices, the expansion of our LMS continued. In fact, it became a vital platform to provide web-based COVID awareness, prevention and response training. Beyond coronavirus, we introduced a broad assortment of professional-development tutorials including leadership-related issues, sales and communication skills.



### LEADERSHIP

- Manage team phases successfully
- Virtual teams – create motivation and trust
- Virtual teams – communication
- Intercultural communication in teams
- Motivating team members
- Giving feedback
- Making good decisions
- New to the leadership role
- Delegating tasks
- Situational leadership
- Appraisal dialog and other one-to-one meetings
- Change management

### METHOD SKILLS/ PROFESSIONAL DEVELOPMENT

- Feedback between colleagues
- Moderating online meetings
- How to give a presentation
- Time management

### SALES

- Making initial contact
- Demonstrating value
- Handling objections
- Building relationships in sales
- Identifying needs

### TRAIN THE TRAINER

- How to design and prepare a training
- Methods of training
- Managing groups in a training
- Methods and tools for online knowledge transfer

### FITNESS & HEALTH

- More energy, more productivity, more success
- Smart stress management

### COMMUNICATION SKILLS

- Basics of communication
- Communicating with respect and appreciation
- How communication works
- Active listening
- How to use questioning techniques
- The eight types of communicators
- Justification and persuasion techniques

### AGILE METHODS

- Developing an agile mindset
- Agile project management – Basics
- Design thinking
- Scrum – The Overview



## PROFESSIONAL GROWTH AND DEVELOPMENT

At RAIN, we recognise that the skills, motivation and readiness of our employees to take on current and future challenges have a significant impact on success of our global organisation.

To ensure that our employees have the necessary tools and knowledge, we provided a number of training opportunities including our:

- Global Leader Development Programme, which began in 2017
- Leading Leaders programme and additional personal-development sessions that were conducted online due to the pandemic

Across our organisation, we believe that employees can develop only when they receive regular performance-related feedback, and we understand the importance of showing appreciation for their contributions to our success. Hence, we have performance-evaluation discussions with our employees during the first quarter of each year, during which we evaluate four performance-based dimensions – conduct, knowledge and skills, management skills and work results – and agree on personal-development goals and activities.

In preparation for future performance evaluations and to help achieve a consistent understanding of our performance culture, we have developed an employee-assessment training programme for supervisors across our global footprint. During the past two years, more than 160 supervisors have participated in these training sessions.



## Being responsible towards ESG issues

# Committed to the highest standards of ethics

At RAIN, our sound business principles and practices nurture an innovative culture that is committed to ethical behaviour, transparency and accountability.



Our Board comprises five primary committees that assist the management in decision-making processes. The leadership and the committees together ensure strong governance is embedded across the businesses, which, in turn, manifests itself across the organisation in a number of ways.

### GOOD GOVERNANCE PRACTICES AT RAIN

- We abide by all applicable laws and regulations that relate to our business.
- We follow all the requisite protocols to ensure the health and safety of our employees, customers, subcontractors, suppliers and visitors.
- We have deployed a system of rigorous checks and controls, which are overseen by the Audit Committee.
- We undertake regular risk assessment processes and deploy the relevant mitigation measures to protect our business.
- We aim to provide our stakeholders with transparent and complete information across all our public communications.

### CODE OF CONDUCT

Our Board of Directors have adopted and oversee the administration of the RAIN Group's Code of Business Conduct and Ethics (the 'Code of Conduct'), which applies to all directors, officers and employees of Rain Industries Limited and its subsidiaries (collectively, the 'RAIN Group'). The Code of Conduct reflects the Group's commitment to doing business with integrity and in full compliance with the law, and provides a general roadmap for all the directors, officers and employees to follow as they perform their day-to-day responsibilities with the highest ethical standards. The Code of Conduct also ensures that all members of the RAIN Group perform their duties in compliance with applicable laws and in a manner that is respectful of each other and the RAIN Group's relationships with its customers, suppliers and shareholders, as well as the communities and regulatory bodies where the Group does business.

### WHISTLEBLOWER POLICY

The Company believes in the conduct of the affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the Whistleblower Policy ('the Policy') has been formulated with a view to provide a mechanism for directors and employees of the Company (including trainees, apprentices, contract labour) to report instances of unethical behaviour, actual or suspected fraud or violation of the Code of Ethics and Business Conduct in good faith to the Ombudsperson/ Chairman of the Audit Committee.

### GOVERNANCE ARCHITECTURE

Our corporate governance architecture comprises regulations and policies that promote transparency, accountability and competence. Our multi-tiered governance structure, comprising the governing bodies and Board management at various levels allows us to ensure high performance in a dynamic business environment.

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 the Board 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-EXECUTIVE  
DIRECTORS

INDEPENDENT  
DIRECTORS



## COMMITTEES TO THE BOARD

AUDIT

NOMINATION &  
REMUNERATIONS

STAKEHOLDERS'  
RELATIONSHIP

CORPORATE SOCIAL  
RESPONSIBILITY

RISK  
MANAGEMENT

## MANAGEMENT REPORTING TO THE BOARD

### EXECUTIVE DIRECTORS

OPERATIONS

HUMAN  
RESOURCES

COMMERCIAL

LEGAL &  
COMPLIANCE

SALES &  
MARKETING

FINANCE

8

Board members

4

Board meetings

100%

Board meeting  
attendance

### KEY BOARD COMMITTEES

#### Audit committee

The committee reports directly to the Board of Directors and regularly reviews financial statements, internal audit reports, audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards and more.

**Chairperson: Ms Radhika Vijay Haribhakti**

#### Nomination and remuneration committee

This committee regularly reviews the remuneration of Directors and persons who may be appointed to senior management and key managerial positions.

**Chairperson: Ms Radhika Vijay Haribhakti**

#### Corporate social responsibility committee

The committee periodically determines and reviews CSR expenditure and social projects as well as their implementation.

**Chairperson: Mr Jagan Mohan Reddy Nellore**

#### Stakeholders' relationship committee

The committee periodically reviews 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 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**



## Being responsible towards ESG issues

# Our Board of Directors

Our diverse and experienced Board oversees the strategy and affairs of the business. Together, they set benchmarks in governance and lead the Company towards its goals.

### MR H L ZUTSHI

**Chairman**

#### Skills, competence and experience

Mr Zutshi (78 years) 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.

#### Other roles

Managing Trustee of the Energy Research and Social Advancement Foundation, New Delhi and Ishwar Charitable Trust Eye Hospital – ICARE and Member of the India International Centre, New Delhi

### MR N RADHAKRISHNA REDDY

**Managing Director**

#### Skills, competence and experience

Mr Reddy (78 years) is the Managing Director of RAIN Industries Limited. He has more than 52 years of experience in the construction and cement industries. He has been a Director of the Company since 1984.

#### Other roles

Member of 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 and Pragnya Priya Foundation.

### MR JAGAN MOHAN REDDY NELLORE

**Vice Chairman**

#### Skills, competence and experience

Mr Nellore (54 years) is the Vice Chairman of RAIN Industries Limited and has 28 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. Mr Nellore holds a Bachelor of Science degree in industrial engineering from Purdue University, USA.

#### Other roles

Member of the Boards of Rain CII Carbon (Vizag) Limited, Rain Cements Limited, Renuka Cement Limited, Sujala Investments Private Limited, Rain Enterprises Private Limited, Pragnya Priya Foundation, Rain Commodities (USA) Inc., Rain CII Carbon LLC, USA, Rain Carbon Inc. and CII Carbon Corp.

Member of the Audit Committee and Nomination and Remuneration Committee of RAIN Cements Limited and RAIN CII Carbon (Vizag) Limited.

### MR N SUJITH KUMAR REDDY

**Non-Executive Director**

#### Skills, competence and experience

Mr N. Sujith Kumar Reddy (49 years) is the Managing Director of RAIN Cements Limited. He has a bachelor's degree in commerce, and more than 29 years of experience in manufacturing and construction industries.

#### Other roles

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 and Pragnya Priya Foundation.

**MR VARUN BATRA****Independent Director****Skills, competence and experience**

Mr Batra (54 years) is a senior finance professional with more than 30 years of experience in private equity, special situations, corporate finance and capital markets, credit and relationship management across various corporate and financial institutional customers. Mr. Batra has built and led teams in both large & small organizations with direct Frontline and Profit Centre responsibility. He has relevant experience in relationship, risk and product management and debt and equity investing across the capital structure. He was a Managing Director at Citibank N.A where he worked during the period 1997 – 2010. He is a graduate in mathematics from St. Xavier's College, Mumbai and postgraduate from the Indian Institute of Management (IIM), Ahmedabad.

**Other roles**

Member of the Board of Starkarma Realty Holdings India Private Limited, A Senior Partner and heads the Mumbai office for Baring Private Equity Partners (India) Pvt Ltd

**MR BRIAN JUDE MCNAMARA****Independent Director****Skills, competence and experience**

Mr McNamara (58 years) is a former banker with 32 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.

**Other roles**

Independent Director and Chairman of the Audit Committee of the company's wholly owned subsidiary Rain Carbon Inc

**MS NIRMALA REDDY****Independent Director****Skills, competence and experience**

Ms Nirmala Reddy (73 years) 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 l'voire. 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.

**Other roles**

Director on the Boards of RAIN Cements Ltd, RAIN CII Carbon (Vizag) Limited

Member of Nomination and Remuneration Committee, Corporate Social Responsibility

Committee and Stakeholders Relationship Committee of Rain Industries Limited and Nomination and Remuneration Committee of Rain CII Carbon (Vizag) Limited and Rain Cements Limited.

**RADHIKA VIJAY HARIBHAKTI****Independent Director****Skills, competence and experience**

Ms Haribhakti (63 years) has over 30 years of experience in commercial and investment banking with Bank of America, JM Morgan Stanley and DSP Merrill Lynch. She has advised several large corporations and led their equity and debt offerings in domestic as well as international capital markets. 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.

**Other roles**

Heads RH Financial, a boutique advisory firm focused on M&A and Private Equity

Independent Director on the Boards of EIH Associated Hotels Ltd, ICRA Ltd and Navin Fluorine International Ltd

Member of Audit Committee, Risk Management Committee and Chairperson of Nomination & Remuneration Committee of ICRA Limited; member of Audit Committee and Stakeholders' Relationship Committee of Navin Fluorine International Limited and Chairperson of Audit Committee of EIH Associated Hotels Limited

## Being responsible towards ESG issues

# Managing risks

Our risk management policy is designed to safeguard the interests of all our stakeholders and protect the Company against risks. It proactively identifies and assesses risks facing the Company. The Board, with assistance of the committees, deploys the requisite mitigation measures such that we continue to be one of the world’s leading producers of high-quality basic and specialty chemicals, along with CPC and CTP.

Our risk management architecture is divided into three tiers:

### THE BOARD LEVEL

Our risk management architecture is evaluated regularly 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 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 complete status of risk assessments and management. Other activities of the RMC include obtaining frequent updates

on certain identified risks depending on the nature, significance and possible impact on the business.

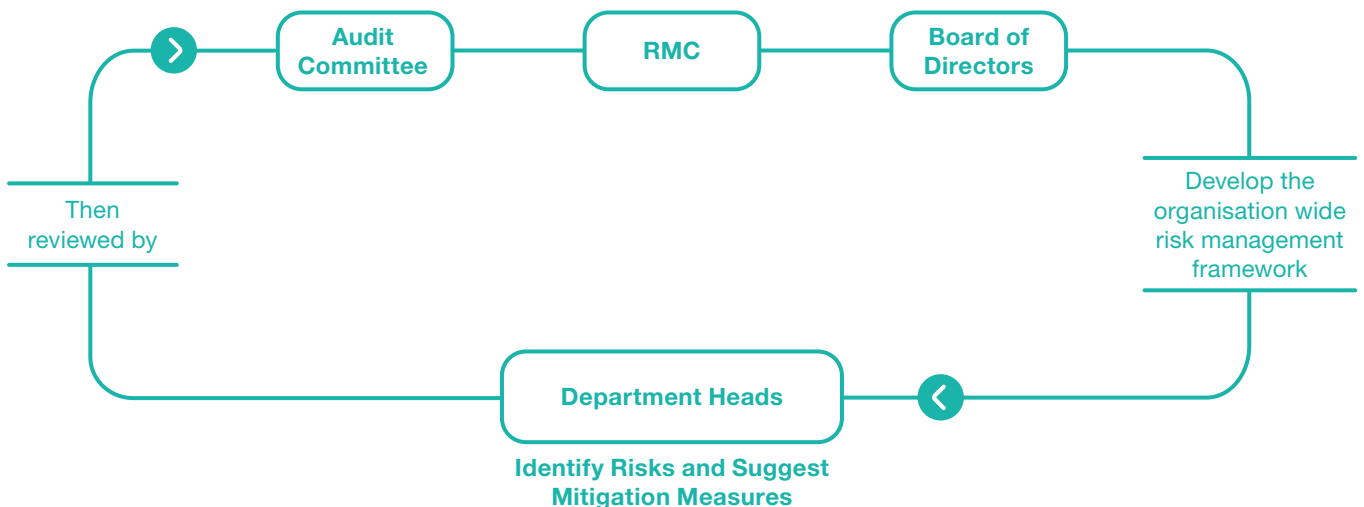
### THE MANAGEMENT LEVEL

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.

### THE OPERATING LEVEL

Managers are entrusted with the responsibility of managing 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 are agreed and implemented.

## RISK MANAGEMENT PROCESS



## TYPES OF RISKS AND OUR RESPONSE

Risk type	Our response	Stakeholders impacted
<b>Strategic risks</b>		
Inability to sell higher volumes	<ul style="list-style-type: none"> <li>Expand market share and ensure customer retention</li> <li>Leverage channel financing to provide additional liquidity</li> <li>Consistent focus on cost across cycles</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> <li>Suppliers</li> <li>Investors</li> </ul>
Safeguarding against fluctuation in exchange and interest rates	<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <li>Government</li> <li>Investors</li> </ul>
<b>Operational risks</b>		
Environment protection	<ul style="list-style-type: none"> <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 style="list-style-type: none"> <li>Communities</li> <li>Society</li> <li>Suppliers</li> <li>customers</li> </ul>
Risk of contamination of GPC and CPC during stevedoring, transit and storage	<ul style="list-style-type: none"> <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</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>Ensure the workforce is trained and supervised by the surveyors</li> </ul>	<ul style="list-style-type: none"> <li>Government</li> <li>Suppliers</li> </ul>
Talent management	<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <li>Employees</li> </ul>
Information technology	<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <li>Investors</li> <li>Employees</li> </ul>
<b>Compliance risks</b>		
Occupational health and safety	<ul style="list-style-type: none"> <li>Achieve incident-free safety performance based on detailed action plan initiated under the STOP™ programme of DuPont Sustainable Solutions (DDS) and our new Life-Saving Rules Initiative</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>	<ul style="list-style-type: none"> <li>Employees</li> <li>Communities</li> </ul>
Process safety	<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <li>Employees</li> <li>Communities</li> </ul>

## 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 46<sup>th</sup> Annual General Meeting (AGM) of the Members of Rain Industries Limited (the Company) will be held on Monday, the May 10, 2021 at 11.00 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 and 02/2021 issued by Ministry of Corporate Affairs (MCA Circulars), to transact the businesses mentioned below.

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the Financial Year ended December 31, 2020 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, 2020 and Report of Auditors thereon.
3. To approve and ratify interim dividend of ₹ 1 per equity share for the financial year ended December 31, 2020.
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.

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

**S. Venkat Ramana Reddy**  
 Company Secretary

M. No. A14143

Place: Hyderabad

Date: February 25, 2021

#### NOTES:

1. In view of the continuing COVID-19 pandemic and restrictions imposed on the movement of people, the Ministry of Corporate Affairs ("MCA") vide its Circular dated May 5, 2020 read with Circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated

January 15, 2021 has permitted the holding of the Annual General Meeting ("AGM") through Video Conference/ Other Audio Visual Means, without the physical presence of the Members at a common venue.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Circulars issued by MCA and SEBI, 46<sup>th</sup> AGM of the company being conducted through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) herein after called as "e-AGM".

**e-AGM:** Company has appointed KFin Technologies Private Limited (KFintech), Registrars and Transfer Agents, to provide Video Conferencing (VC) / Other Audio Visual Means (OAVM) facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.

2. Pursuant to the provisions of the circulars on the VC/ OAVM (e-AGM):
  - a. Members can attend the meeting through log in credentials provided to them to connect to Video Conference (VC) / Other Audio Visual Means (OAVM) Physical attendance of the Members at the Meeting venue is not required.
  - b. Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.
3. A proxy is allowed to be appointed under Section 105 of the Companies Act, 2013 to attend and vote at the general meeting on behalf of a member who is not able to attend personally. Since the AGM will be conducted through VC / OAVM, there is no requirement of appointment of proxies. Hence, Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
4. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
5. The attendance of the Members (member's logins) attending the e-AGM will be counted for the purpose

of reckoning the quorum under Section 103 of the Companies Act, 2013

6. In compliance with the Ministry of Corporate Affairs (“MCA”) vide its Circular dated May 5, 2020 read with Circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as “MCA Circulars”) and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 owing to the difficulties involved in dispatching of physical copies of the financial statements including Board’s Report, Auditor’s report or other documents required to be attached therewith (together referred to as Annual Report), the Annual Report for Financial year ended December 31, 2020 and Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
7. In line with the Ministry of Corporate Affairs (“MCA”) vide its Circular dated May 5, 2020 read with Circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as “MCA Circulars”) and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, the Notice calling the e-AGM has been uploaded on the website of the Company at [www.rain-industries.com](http://www.rain-industries.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively is also available on the website of e-voting agency KFin Technologies Private Limited at the website address <https://evoting.kfintech.com/>
8. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing
13. Information in respect of such unclaimed dividend when due for transfer to the Investor Education and Protection Fund (IEPF) are given below:

to the Company’s Registrar and Share Transfer Agent, KFin Technologies Private Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants.

9. The Register of Members and Share Transfer Books of the Company will remain closed from May 4, 2021 to May 10, 2021 (both days inclusive).
10. Profile of Mr. N. Sujith Kumar Reddy who is being re-appointed as Director is annexed to Notice and Report on Corporate Governance.
11. 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 ₹ 45,79,084 of the Company for the Financial Year ended December 31, 2012 and amount of ₹ 40,62,500 of the Company for the Financial Year ended December 31, 2013 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.
12. 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 August 13, 2020 (date of last Annual General Meeting) on the website of the Company ([www.rain-industries.com](http://www.rain-industries.com)) and also on the website of Ministry of Corporate Affairs.

Sl. No.	For the Financial year ended	Percentage of Dividend	Date of Declaration	Due date for transfer to the Investor Education and Protection Fund
1	December 31, 2014 (Interim dividend)	50%	November 6, 2014	December 7, 2021
2	December 31, 2015 (Interim dividend)	50%	August 14, 2015	September 15, 2022
3	December 31, 2016 (Interim dividend)	50%	August 13, 2016	September 14, 2023
4	December 31, 2017 (Interim dividend)	50%	August 11, 2017	September 10, 2024
5	December 31, 2017 (Final dividend)	50%	May 11, 2018	June 10, 2025
6	December 31, 2018 (Interim dividend)	50%	November 14, 2018	December 13, 2025
7	December 31, 2019 (Interim dividend)	50%	November 13, 2019	December 12, 2026
8	December 31, 2020 (Interim dividend)	50%	October 30, 2020	December 5, 2027

## Notice (continued)

The Shareholders who have not en-cashed 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](mailto:secretarial@rain-industries.com).

14. 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 Client ID: IN301330 and DP ID: 40195702.

15. **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 2,40,350 equity shares to Investor Education and Protection Fund during the financial year ended December 31, 2020.

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](http://www.rain-industries.com) to know the procedure for claiming the 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](mailto:secretarial@rain-industries.com).

16. 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.

### INSTRUCTIONS FOR THE MEMBERS FOR ATTENDING THE e-AGM THROUGH VIDEO CONFERENCE / OTHER AUDIO VISUAL MODE:

- i. **Attending the e-AGM:** Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM at <https://emeetings.kfintech.com/> by using their remote e-voting login credentials and selecting the ‘Event’ for Company’s AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system.
- ii. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- iii. Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. Facility of joining the AGM through VC / OAVM shall be open 15 minutes before the time scheduled for the AGM.
- vi. Those Members who register themselves as speaker will only be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.
- vii. **Submission of Questions / queries prior to e-AGM:**  
Members desiring any additional information with regard to Accounts/ Annual Reports or has any question or query are requested to write to the Company Secretary on the Company’s investor email-id i.e. [secretarial@rain-industries.com](mailto:secretarial@rain-industries.com) at least 2 days before the date of the e-AGM, so as to enable the Management to keep the information ready. Please note that, member’s questions will be answered only if they continue to hold the shares as of cut-off date.

Alternatively, shareholders holding shares as on cut-off date may also visit <https://evoting.kfintech.com/> and click on the tab “Post Your Queries Here” to post their queries/

views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID, mobile number. The window shall be activated during the remote e-voting period and shall be closed 24 hours before the time fixed for the e-AGM.

- viii. **Speaker Registration before e-AGM:** Shareholder who wish to register as speakers are requested to visit <https://emeetings.kfintech.com/> the shareholders are requested to get registered on or before May 7, 2021, 5.00 P.M. (IST).
- ix. Facility of joining the AGM through VC / OAVM shall be available for 1000 members on first come first served basis. However, the participation of members holding 2% or more shares, promoters, Institutional Investors, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.
- x. Members who need technical assistance before or during the AGM, can contact KFintech at <https://evoting.kfintech.com/>
- xi. Corporate members intending to send their authorised representatives to attend the Annual General Meeting through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") pursuant to the provisions of Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution to the Company.

#### INSTRUCTIONS FOR E-VOTING:

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 to members holding shares as on May 3, 2021 (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.

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

1. Open your web browser during the voting period and navigate to <https://evoting.kfintech.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 May 6, 2021 to 5.00 P.M. (IST) on May 9, 2021.
5. After entering these details appropriately, click on "LOGIN".
6. Members will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through 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'.
9. If you are holding shares in Demat form and had logged on to "<https://evoting.kfintech.com/>" and casted your vote



## Notice (continued)

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.

### INSTRUCTIONS FOR MEMBERS FOR VOTING DURING THE E-AGM SESSION:

- 1 The e-voting window shall be activated upon instructions of the Chairman during the e-AGM.
- 2 E-voting during the AGM is integrate with the VC platform and no separate login is required for the same. The shareholders shall be guided on the process during the e-AGM.
- 3 Members / shareholders, attending the e-AGM through Video Conference and who have not cast their vote on resolutions through Remote e-Voting shall be eligible to cast their vote through e-voting system available during the e-AGM.
- 4 Members who have voted through Remote e-Voting will be eligible to attend the e-AGM, however, they shall not be allowed to cast their vote again during the e-AGM.

### GENERAL INFORMATION:

1. 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 2020-2021.
2. 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.

3. 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.
4. 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.

### GENERAL INSTRUCTIONS

- (i) Members holding shares either in demat or physical mode who are in receipt of Notice, 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 'INSTRUCTIONS FOR E-VOTING' above to vote through e-voting platform.
- (iii) The e-voting period commences from 10.00 A.M. (IST) on May 6, 2021 to 5.00 P.M. (IST) on May 9, 2021. During this period, the members of the Company, holding shares either in physical form or in demat form, as on the cut-off date of May 3, 2021 may cast their vote electronically. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (iv) The Company has appointed Mr. DVM Gopal, Practising Company Secretary (Membership No. 6280 and CP No. 6798) in his absence Ms. Ansu Thomas, Practising Company Secretary (Membership No. 8994 and CP No. 16696) having address at 6/3/154-159, Flat No. 303, 3<sup>rd</sup> Floor, Royal Majestic, Prem Nagar Colony, Near Banjara Hills Care Hospital, 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.

on May 10, 2021, the results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.rain-industries.com](http://www.rain-industries.com) and on the website of KFinTech, <https://evoting.kfintech.com/>, within 48 hours of conclusion of the Annual General Meeting.

(vi) Subject to the receipt of sufficient votes, the resolution shall be deemed to be passed at the 46<sup>th</sup> Annual General Meeting of the Company scheduled to be held

Place: Hyderabad  
Date: February 25, 2021

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

**S. Venkat Ramana Reddy**

Company Secretary  
M. No. A14143

## ANNEXURE TO THE NOTICE DATED FEBRUARY 25, 2021

### Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting on May 10, 2021

[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
		<b>Mr. N. Sujith Kumar Reddy</b>
1	DIN	00022383
2	Date of birth and Age	July 26, 1971 49 Years
3	Qualification	Graduate in Commerce
4	Experience and expertise in specific functional areas	More than 29 years of experience in manufacturing and Construction Industry.
5	Brief resume	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. Jagan Mohan Reddy Nellore, Vice Chairman.
7	Nature of appointment (appointment / 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.
9	Remuneration last drawn by such person, if applicable and remuneration sought to be paid	Nil
10	Date of first appointment on the Board	March 22, 1992
11	Shareholding in the company	Holds 10,028,770 Equity Shares
12	The number of Meetings of the Board attended during the year	4 out of 4
13	Directorship Details of the Board	1. Rain Cements Limited 2. Renuka Cement Limited 3. PCL Financial Services Private Limited 4. Arunachala Holdings Private Limited 5. Apeetha Enterprises Private Limited 6. Nivee Holdings Private Limited 7. Nivee Property Developers Private Limited 8. Pragnya Priya Foundation
14	Membership / Chairmanship of Committees of other Boards	<b>Member:</b> Corporate Social Responsibility Committee of Rain Cements Limited

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

**S. Venkat Ramana Reddy**

Company Secretary  
M. No. A14143

Place: Hyderabad  
Date: February 25, 2021

## Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 46<sup>th</sup> Annual Report and the Audited Financial Statements (standalone and consolidated) for the Financial Year ended December 31, 2020.

### FINANCIAL RESULTS

#### A) Standalone

The Standalone performance for the Financial Year ended December 31, 2020 is as under:

##### The financial summary

S. No. Particulars	(In ₹ Million)	
	December 31, 2020	December 31, 2019
1 Revenue from operations	476.25	637.91
2 Profit before finance cost, depreciation and tax expense	474.25	579.73
3 Finance Cost	121.39	186.70
4 Profit before depreciation and tax expense	352.86	393.03
5 Depreciation and amortisation expense	6.43	5.86
6 Profit before Tax Expense	346.43	387.17
7 Tax Expense	73.41	32.78
8 Profit After Tax Expense	273.02	354.39
9 Add: Surplus at the beginning of the year	599.75	617.15
10 Total Available for appropriation	872.77	971.54
<b>Appropriations:</b>		
11 Dividend including taxes	336.35	336.35
12 Transfer to general reserve	27.30	35.44
13 Surplus carried to Balance Sheet	509.12	599.75

#### B) Consolidated

The Consolidated performance for the Financial Year ended December 31, 2020 is as under:

##### The financial summary

S. No. Particulars	(In ₹ Million)	
	December 31, 2020	December 31, 2019
1 Revenue from operations	104,646.93	123,606.57
2 Profit before finance cost, depreciation, share of (loss)/profit of associates and tax expense	21,322.29	16,371.47
3 Finance cost	4,900.71	4,524.01
4 Profit before depreciation, share of (loss)/profit of associates and tax expense	16,421.58	11,847.46
5 Depreciation and amortisation expense	7,917.17	5,940.15
6 Profit before share of (loss)/profit of associates and tax expenses	8,504.41	5,907.31
7 Share of profit/(loss) of associates (net of income tax)	5.46	(0.21)
8 Profit before tax expense	8,509.87	5,907.10
9 Tax expense	2,627.56	1,282.76
10 Profit after tax expense	5,882.31	4,624.34
11 Non-controlling interests	300.64	710.50
12 Profit after tax expense after non-controlling interests	5,581.67	3,913.84
13 Add: Surplus at the beginning of the year	46,513.90	43,103.64
14 Total Available for appropriation	52,095.57	47,017.48

(In ₹ Million)

S. No.	Particulars	December 31, 2020	December 31, 2019
<b>Appropriations:</b>			
15	Dividend including taxes	336.35	382.30
16	Transfer to general reserve	27.30	121.28
17	Adjustments due to deconsolidation on disposal of subsidiaries	435.37	-
18	Surplus carried to the Balance Sheet	51,296.55	46,513.90

### State of the Company's Affairs

During the year under review, the Company achieved revenue of ₹ 476 million and net profit of ₹ 273 million on a standalone basis. During the same period, the consolidated revenue was ₹ 104,647 million and net profit after non-controlling interests was ₹ 5,582 million.

Throughout the financial year ended December 31, 2020, the global coronavirus (COVID-19) pandemic caused significant economic and social disruption worldwide. Nonetheless, in Europe and North America, our production facilities continued to operate in areas where “stay-at-home” orders were issued, as they were considered “essential” businesses that serve other critical industries such as aluminium and steel. In response, the Company instituted a broad range of initiatives and safeguards to ensure that our operations were not interrupted due to the pandemic. While the impact to our business was material considering the demand trajectory during the first few months of 2020, RAIN's adjusted EDITDA improved over 2019 results.

This, in part, was due to the Company's 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 successfully navigate the challenging environment caused by the pandemic in 2020.

## BUSINESS OUTLOOK

### Cautionary Statement

RAIN Industries Limited along with its subsidiary companies in India and abroad are together referred to as “RAIN Group” or “the Company”.

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 and coal tar pitch. The Company operates in three key business verticals: Carbon, Advanced Materials and Cement. RAIN Group has 17 manufacturing facilities in seven 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.

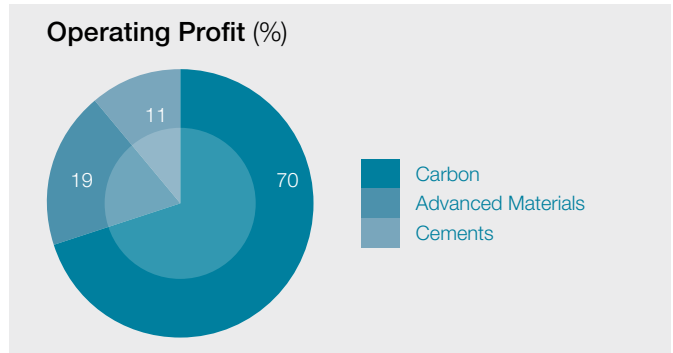
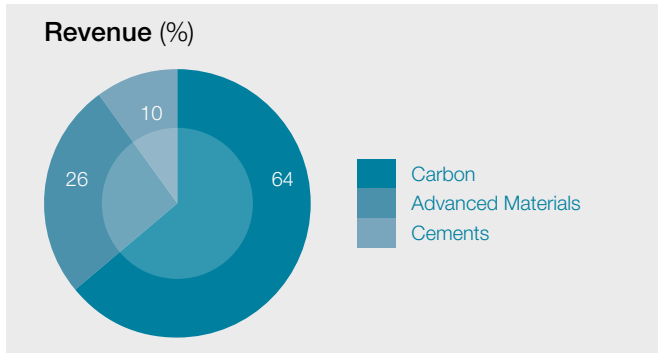
Our Cement business segment produces high-quality ordinary portland cement (or “OPC”) and portland pozzolana cement (or “PPC”) consumed largely by the civil construction and infrastructure industries within South India.

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).

## Directors' Report (continued)

Revenue and operating profit contributions from our three business segments for the year 2020 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 64% of the consolidated revenue of RAIN Group for CY 2020.

The Carbon business converts the by-products of oil refining and 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 116 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 and meeting the goal of Sustainability in Action.

#### 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.

Construction on the vertical-shaft CPC plant is largely completed, and it will be able to commence commercial operation within a short period of time upon gaining clarity from the Indian government regarding allocations of petroleum coke feedstocks for the facility. 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 granular 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). Anode-grade 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.

Worldwide CPC production for CY 2020 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 reached 28 million tonnes in 2020, and it is expected to grow to 31.4 million

tonnes by 2024, representing a CAGR of +1.97%. Worldwide production of CPC aggregated to ~29.1 million tonnes in 2020, and it is expected to grow to 31.6 million tonnes by 2024, representing a CAGR of +2.03%

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.

In general, it is advantageous for oil refineries to process more sour crude, as compared to sweet crude, to improve their profitability. 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. Moreover, the dramatic reduction in demand for gasoline and aviation fuel during the pandemic caused short-term tightening of anode-grade GPC supply, since refineries were refining less petroleum. 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. Further, 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 may be negatively affected over time 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 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 by-product of the oil refining process and is not produced to meet the supply or quality needs of CPC or aluminium producers. Changes in the economics of processing sour crudes over the past 15-20 years have resulted in a trend towards refining more 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. In addition, the global transition to electric vehicles could result in reduced demand for gasoline, thereby impacting the amount of available GPC, regardless of quality.

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

## Directors' Report (continued)

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 2020, RAIN Group began construction of facilities in India and USA 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. While the March 2020 issuance of the standards was delayed due to the pandemic, RAIN Group – with its flue-gas desulphurization systems 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%).

As per recent industry estimates, global demand for CTP aggregated to approximately 7.3 million tonnes in CY 2020. This is expected to grow to approximately 8.3 million tonnes by CY 2024, representing an AGR of +2.6%. Global production of CTP aggregated to approximately 7.4 million tonnes in CY 2020 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 2020. 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 lithium-ion batteries and solar panels.

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 2020 and is expected to grow to approximately 70.0 million tonnes by CY 2024, representing a CAGR of 2%. Global production of primary aluminium aggregated to 63.6 million tonnes in CY 2020 and is expected to grow to approximately 71.2 million tonnes by CY 2024. Of the total production in CY 2020, 56% was from China, 12% 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 7% and 9% of global primary aluminium production during CY 2020. The expected demand will be driven by electrical conductors, increased usage in automobiles and significant growth in 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 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 aluminium 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 superplasticisers 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 Group'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 Distillation business 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



## Directors' Report (continued)

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. For example, the energy consumption for an inert anode cell will increase by 15-20% compared to a carbon anode cell. 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 and solar panels 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 dynamics 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 at its CPC plants. RAIN Group co-generates energy through waste heat recovered in the calcining process. Currently, RAIN Group has co-generation power plants at four CPC plants and two cement plants, with an aggregate capacity of 136MW.

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 and Germany.

RAIN Group produces 0.65 million tonnes of advanced materials product per annum. Its products have applications ranging from rubber tyres to adhesive, and from energy storage to pharmaceutical products. To expand and diversify the segment, RAIN Group began commercial operation of 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 advanced resin 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 2020 is from this segment. The Advanced Materials business can be classified broadly into four sub-product categories: engineered products, petrochemical intermediates, naphthalene derivatives 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 Derivates

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

At the end of CY 2020, the Company divested its polymers business, including the production facility in Candiach, Canada. This business produced polynaphthalene sulfonates and 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.

### 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.

### Outlook

As the global economy recovers from the pandemic, we anticipate improved demand for many of our Advanced Material products. However, slow GDP growth in key markets such as Europe could persist even after the pandemic. In addition, ongoing import tariffs, political uncertainties between the USA and China and volatility in raw-material markets could extend the challenging and uncertain business conditions we experienced in 2020 into 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

## Directors' Report (continued)

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.

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 should be moderate. Overall, the outlook for this business is positive.

Due to falling demand for certain advanced materials, we closed our Uithoorn production facility in the Netherlands in 2020. The products from that plant that were profitable were transitioned to our existing plant in Duisburg, Germany. With higher capacity utilization 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 should continue to improve.

To meet growing demand for white-water resins, we constructed the HHCR production facility in Castrop-Rauxel, Germany. During the second half of 2020, our advanced resins underwent customer testing and validation, with the first sales coming before year-end. We expect commercial sales to increase during the coming years.

### 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, optimized processes and long-term agreements with suppliers to ensure reliable sourcing of raw material.

The quarterly operating results fluctuate due to a variety of factors that are outside our control, including inclement weather conditions, which in the past have affected operating results. Historically, our operating results have been lower in the first and fourth quarters as compared to the second and third quarters.

### 3. Cement

RAIN Group has two integrated cement plants, one each in the states of Telangana and Andhra Pradesh, 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 10% of the consolidated revenue of RAIN Group for CY 2020 was 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 waste-heat recovery power plants and the use of fuel-grade green petroleum coke to heat the furnace at our cement plants. 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 long-term contracts with

transport agencies for transportation of cement to all dealers spread across South India. 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. In addition, the Company installed 1MW solar power plant at each of its two cement plants in 2020.

### Cement Industry Growth in India

The Indian cement industry is estimated to have a total production capacity of 545 million tonnes during CY 2020, with an additional capacity of 23 million tonnes under construction. Total capacity is expected to increase to approximately 650 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, 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 35% of the country's total installed capacity.

### Current Position

With increased infrastructure spending and improved construction of housing projects, Indian cement industry witnessed a double-digit growth during CY 2020. 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 in CY 2021 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.

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

As the impact of the COVID-19 pandemic on construction and other economic activity subsides across India, demand for cement – particularly in rural areas – is expected to increase by 18-20% by CY 2022, according to ICRA, which would result in volumes returning to the pre-pandemic levels of CY 2019. At the same time, the cost of the power, fuel and freight required to meet this increased demand are expected to rise, which would impact cement plant operating margins.

### 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

## Directors' Report (continued)

- (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 2020-21.

### 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, 2020 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, 2020 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](http://www.rain-industries.com) and a copy of separate Audited Financial Statements of its Subsidiaries will be provided to shareholders upon their request.

### Share Capital

The Paid-up Share Capital of the Company as on December 31, 2020 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, 2020 is ₹ 9,115.09 Million as compared to ₹ 9,176.74 Million for the previous Financial year ended December 31, 2019 and the Consolidated Net worth of the Company for the Financial Year ended December 31, 2020 is ₹ 55,334.96 Million as compared to ₹ 49,599.05 Million for the previous Financial year ended December 31, 2019.

### 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 28, 2020, May 28, 2020, July 30, 2020 and October 30, 2020.

Details of the attendance of the Directors at the Board meetings held during the year ended December 31, 2020 are as follows:

Name of the Director	Number of Board Meetings	
	Held	Attended
Mr. N. Radhakrishna Reddy	4	4
Mr. Jagan Mohan Reddy Nellore	4	4
Mr. N. Sujith Kumar Reddy	4	4
Mr. H. L. Zutshi	4	4
Ms. Radhika Vijay Haribhakti	4	4
Ms. Nirmala Reddy	4	4
Mr. Varun Batra	4	4
Mr. Brian McNamara	4	4

### Management Discussion and Analysis

The Management Discussion and Analysis forms an integral part of this Report and provides details of the overall Industry structure and developments, Opportunities and Threats, Segment-wise or product-wise performance, Outlook, Risks and concerns, Internal control systems and their adequacy, financial performance with respect to operational performance and state of affairs of the Company's various businesses viz., Carbon, Advanced Materials, Cement along with Material developments in Human Resources / Industrial Relations front, including number of people employed and details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations, details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof and Disclosure of Accounting Treatment during the Financial Year.

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

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

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

- 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, 2020 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, 2020 on a going concern basis;
- v) 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 performance of Board, its Committees and Individual Directors;
- 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, 2020 to December 31, 2020, Nomination and Remuneration Committee Meeting was held on October 30, 2020.

#### Attendance at the Nomination and Remuneration Committee Meeting

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Ms. Radhika Vijay Haribhakti	Chairperson	1	1
Mr. H. L. Zutshi	Member	1	1
Ms. Nirmala Reddy	Member	1	1
Mr. Varun Batra	Member	1	1
Mr. Brian McNamara	Member	1	1

#### 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, 2020 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

All the related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All the related party transactions are approved by the Audit Committee and Board of Directors.

The Company has developed a Policy on Related Party Transactions for the purpose of identification and monitoring of such transactions.

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, 2020 in prescribed Form AOC-2 is annexed to this Board's Report (**Annexure – 4**).

## Directors' Report (continued)

The policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company and the web link is <https://www.rain-industries.com/investors/#shareholders-information>.

### Transfer of amount to Reserves

The Company has transferred ₹ 27.30 Million to the General Reserve for the Financial Year ended December 31, 2020. An amount of ₹ 509.12 Million is retained in the retained earnings.

### Dividend

The Board of Directors of the Company at their Meeting held on October 30, 2020 have declared an Interim Dividend of ₹ 1/- per Equity Share i.e. 50% on face value of ₹ 2/- per Equity Share fully paid up for the financial year ended December 31, 2020 and same was paid to the shareholders and no further dividend has been recommended for the Financial Year ended December 31, 2020.

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

### 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**).

### Annual Return

Annual Return in Form MGT-7 is available on the Company's website, the web link for the same is <https://rain-industries.com/investors>.

### 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 October 30, 2020.

### Attendance at the Risk Management Committee Meeting:

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

### Corporate Social Responsibility (CSR)

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

The Board of Directors of the Company have constituted a Corporate Social Responsibility Committee comprising 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 ₹ 5.5 Million on CSR activities.

The Company along with its subsidiaries in India has spent an amount of ₹ 253.21 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 October 23, 2020.

### Attendance at the Corporate Social Responsibility Committee Meeting

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

### 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 24, 2020 and October 23, 2020.

### Attendance at Stakeholders Relationship Committee Meeting

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Mr. N. Sujith Kumar Reddy	Chairman	2	2
Mr. N. Radhakrishna Reddy	Member	2	2
Mr. Jagan Mohan Reddy Nellore	Member	2	2
Ms. Nirmala Reddy	Member	2	2

### Terms of Reference

- (i) 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, 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 has 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.



## Directors' Report (continued)

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

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

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

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

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

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

### **Familiarization programmes imparted to Independent Directors**

The Members of the Board of the Company have been provided 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 on Financial Statements and Internal Controls. They will also make presentation on regulatory changes from time to time.

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

### **Directors**

There has been no change in the Board of Directors during the Financial Year ended December 31, 2020.

### **Appointment/Re-appointment**

Mr. N. Sujith Kumar Reddy, Director of the Company retires by rotation and being eligible offer himself 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

### **Meeting of Independent Directors**

A separate meeting of the Independent Directors was held under the Chairmanship of Mr. Varun Batra, Independent Director on October 30, 2020, 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 your Company have been registered and are members of Independent Directors Databank maintained by Indian Institute of Corporate Affairs.

### Online Proficiency Self-Assessment Test

Out of five Independent Directors of the Company, four Independent Directors have passed the Online Proficiency Self-Assessment Test conducted by Indian Institute of Corporate Affairs (IICA). One Independent Director was exempted by Indian Institute of Corporate Affairs (IICA) from appearing Online Proficiency Self-Assessment Test, as he has fulfilled the conditions for seeking exemption from appearing for the Online Proficiency Self-Assessment Test.

### 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 declarations / 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.

### Board diversity

The Company has over the years been fortunate to have eminent persons from diverse fields to serve as Directors on its Board. Pursuant to the SEBI Listing Regulations, the Nomination & Remuneration Committee of the Board has formalised a policy on Board Diversity to ensure diversity of the Board in terms of experience, knowledge, perspective, background, gender, age and culture. The Policy on diversity is available on the Company's website and can be accessed on web link at <https://www.rain-industries.com/investors/#policies>.

### Directors and Officers Insurance ('D&O')

As per the requirements of Regulation 25(10) of the SEBI Listing Regulations, the Company has taken D&O for all its Directors and members of the Senior Management.

### Code of Conduct:

Board of Directors have adopted and oversee the administration of the RAIN Group's Code of Business Conduct and Ethics

(the 'Code of Conduct'), which applies to all directors, officers and employees of Rain Industries Limited and its subsidiaries (collectively, the 'RAIN Group'). The Code of Conduct reflects the Group's commitment to doing business with integrity and in full compliance with the law, and provides a general roadmap for all the Directors, officers and employees to follow as they perform their day-to-day responsibilities with the highest ethical standards. The Code of Conduct also ensures that all members of RAIN Group perform their duties in compliance with applicable laws and in a manner that is respectful of each other and the RAIN Group's relationships with its customers, suppliers and shareholders, as well as the communities and regulatory bodies where the Group does business.

### 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 43<sup>rd</sup> Annual General Meeting of the Company, i.e., up to the conclusion of the 48<sup>th</sup> 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, 2020.

### 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, 2020.

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

## Directors' Report (continued)

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 Subsidiaries of your company i.e., Rain Cements Limited (RCL) and Rain CII Carbon (Vizag) Limited (RCCVL) undertakes 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, 2020 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 at P.S Rao and Associates and Secretarial Audit Report of RCCVL issued by 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, 2020 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 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, 2020. 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 United States of 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 Directors or 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, 2020. 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 27, 2020, May 28, 2020, July 30, 2020 and October 30, 2020.

### Attendance at the Audit Committee Meetings

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Ms. Nirmala Reddy	Chairperson	4	4
Mr. H. L. Zutshi	Member	4	4
Ms. Radhika Vijay Haribhakti	Member	4	4
Mr. Varun Batra	Member	4	4
Mr. Brian McNamara	Member	4	4

### 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 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

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5 of

the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are 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 ₹ 45,79,084 of the Company for the Financial Year ended December 31, 2012 and amount of ₹ 40,62,500 of the Company for the Financial Year ended December 31, 2013 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 June 3, 2020 and December 15, 2020.

During the year, 2,40,350 equity shares were transferred to IEPF.

The Company has transferred an amount of ₹ 29,11,168 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:

Sl. No.	For the Financial year ended	Percentage of Dividend	Date of Declaration	Due date for transfer to IEPF
1	December 31, 2014 (Interim dividend)	50	November 6, 2014	December 7, 2021
2	December 31, 2015 (Interim dividend)	50	August 14, 2015	September 15, 2022
3	December 31, 2016 (Interim dividend)	50	August 13, 2016	September 14, 2023
4	December 31, 2017 (Interim dividend)	50	August 11, 2017	September 10, 2024
5	December 31, 2017 (Final dividend)	50	May 11, 2018	June 10, 2025
6	December 31, 2018 (Interim dividend)	50	November 14, 2018	December 13, 2025
7	December 31, 2019 (Interim dividend)	50	November 13, 2019	December 12, 2026
8	December 31, 2020 (Interim dividend)	50	October 30, 2020	December 5, 2027

#### 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 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 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.

## Directors' Report (continued)

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, the following Companies ceases to be subsidiary and associate Company of the Company

S. No.	Name of the Company	Nature of Interest
1	RUTGERS Polymers Limited	Subsidiary Company
2	Handy Chemicals (U.S.A.) Limited	Subsidiary 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, 2020 to which the Financial Statements relates and the date of signing of this report.

### Response to Covid – 19

The outbreak of the COVID-19 pandemic around the world has had a destabilising impact on businesses. As a responsible and resilient Company, we have worked to mitigate the effects of the crisis with agile responses.

As reports of the spread of Corona Virus started coming in, Rain stepped up efforts to protect the health of its employees.

The following measures were put in place to protect our employees' health:

- We provided our employees easy access to our range of immunity-building medicines through special counters set up in offices.
- Suspended the biometric attendance system across all locations.
- Cancelled all travel – both Domestic and International.
- Reinforced safe behaviour across our locations by limiting the size of gatherings/meetings and avoiding external visitors to the premises, besides asking employees to avoid in-person meetings and encouraging video conference.
- Security personnel at all our offices were provided infrared non-contact temperature sensors to screen all employees and visitors entering the premises.
- High contact areas like elevator buttons, door handles, handrails, bathroom taps etc. were sanitised at regular intervals.
- Employees were offered assistance with hospitalisation treatment and mediclaim in case of any COVID-related emergency.

The COVID has impacted lives and livelihood all around us. As a good Corporate Citizen, the Rain Group pledged its support towards India's fight against COVID-19 by lending a hand to the Government's efforts to endure the social and economic impacts of the Coronavirus pandemic as well as protecting vulnerable populations by enabling access to food and essential supplies.

### 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 your Company for the year ended December 31, 2020 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**).

### Credit Rating

During the Financial Year ended December 31, 2020, India Ratings & Research, credit rating agency has given "IND A/ Negative" for the long-term borrowings of the Company.

### 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.

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

S. 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 Program ("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

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

### 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.

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.

## Directors' Report (continued)

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 decline in our total recordable injury rate (TRIR).

We firmly believe that we can progress only as fast as the successful implementation and acceptance of our safety programmes and initiatives.

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 our 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 Company's securities. During the year under review, there has been due compliance with the said code.

### Reconciliation of share capital audit

As required by the SEBI Listing Regulations, quarterly audit of the Company's share capital is being carried out by an independent Practicing Company Secretary with a view to reconcile the total share capital admitted with NSDL and CDSL and held in physical form, with the issued and listed capital. The Practicing Company Secretary's Certificate in regard to the same is submitted to BSE and the NSE and is also placed before the Board of Directors.

### 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 25, 2021

## 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													
S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note 1 below)	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Taxation	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income/ (Loss)	Total Comprehensive Income/ (Loss)	Proposed Dividend	% of shareholding	Contribution to the overall performance of the Company	
1	Rain Cements Limited	19.11.2003	31.12.2020	INR	288.05	5,545.65	9,563.87	433.77	1,293.45	3.16	1,296.61	280.17	100	9%	
2	Rain Commodities (USA) Inc.	13.01.2006	31.12.2020	US\$	906.67	11,484.23	22,184.45	5.41	(110.68)	(55.50)	(166.18)	88.15	100	(1)%	
3	Renuka Cement Limited	14.01.2011	31.12.2020	INR	74.98	228.47	302.73	2.39	8.21	-	8.21	-	100	0%	
4	Rain Carbon Inc.	15.09.2010	31.12.2020	US\$	16,270.47	3,456.60	61,474.40	(45.25)	202.64	(20.49)	182.15	-	100	1%	
5	Rain Carbon Holdings LLC	12.04.2010	31.12.2020	US\$	14,828.28	4,839.79	19,668.08	-	354.79	-	354.79	354.79	100	3%	
6	Rain Global Services LLC	27.03.2008	31.12.2020	US\$	0.25	(0.25)	-	-	-	-	-	-	100	0%	
7	Rain Oil Carbon (Mzag) Limited	23.04.2008	31.12.2020	INR	81.80	13,806.29	16,448.60	338.51	1,322.62	(0.63)	1,321.99	-	100	10%	
8	Rain Oil Carbon LLC	19.07.2007	31.12.2020	US\$	13,639.83	15,868.35	81,308.15	514.83	4,265.17	236.75	4,501.92	354.79	100	31%	
9	Oil Carbon Corp.	18.08.2009	31.12.2020	US\$	-	-	-	-	-	-	-	-	100	0%	
10	RÜTGERS Polymers Ltd. (f)	04.01.2013	31.12.2020	CAD	-	-	-	140.40	344.12	156.27	500.39	537.22	100	3%	
11	Rain Carbon Canada Inc. (formerly known as RÜTGERS Canada Inc.)	04.01.2013	31.12.2020	CAD	2,027.94	5,722.89	11,744.77	203.38	436.27	243.69	679.96	-	100	3%	
12	Handy Chemicals (U.S.A.) Ltd. (f)	04.01.2013	31.12.2020	US\$	-	-	-	9.94	33.59	71.81	105.40	-	100	0%	
13	Rain Carbon BV	04.01.2013	31.12.2020	EURO	724.80	18,610.36	22,966.81	584.48	2,689.17	1,499.13	4,186.30	2,686.50	100	19%	
14	VFT France S.A	04.01.2013	31.12.2020	EURO	797.28	493.84	1,297.93	0.05	23.96	31.47	55.43	-	100	0%	
15	Rumba Invest BVBA & Co. KG (f)	04.01.2013	31.12.2020	EURO	-	(2.10)	1,552.74	-	101.96	(0.53)	101.43	-	94.9	1%	
16	Rain Carbon Germany GmbH (formerly known as RÜTGERS Germany GmbH (f))	04.01.2013	31.12.2020	EURO	2,226.59	5,662.67	38,151.04	(180.83)	(134.18)	(509.76)	(643.94)	-	99.7	(1)%	
17	RÜTGERS Resins BV	04.01.2013	31.12.2020	EURO	74.20	1,758.24	2,226.95	(1.61)	90.43	71.75	162.18	-	100	1%	
18	Severtar Holding Ltd.	04.01.2013	31.12.2020	EURO	10.31	3,127.62	3,138.81	203.78	1,036.55	(23.02)	1,013.53	1,042.12	65.3	7%	



# Directors' Report (continued)

## PART - A - SUBSIDIARIES

S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note 1 below)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Taxation	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income / (Loss)	Total Comprehensive Income / (Loss)	Proposed Dividend	% of shareholding	Contribution to the overall performance of the Company
19	OOO RÜTGERS Severtar	04.01.2013	31.12.2020	RUB	296.44	3,367.39	4,611.28	4,611.28	-	6,470.64	1,505.94	320.49	1,185.45	(435.76)	749.69	1,357.96	65.3	8%
20	OOO Rain Carbon LLC (formerly known as Rain RÜTGERS LLC)	26.05.2017	31.12.2020	RUB	0.01	183.37	535.77	535.77	-	(0.08)	10.95	2.19	8.76	(138.25)	(129.49)	-	100	0%
21	Rain Carbon Poland Sp. z. o. o (formerly known as RÜTGERS Poland Sp. z. o.o (RPZ))	04.01.2013	31.12.2020	PLN	195.70	139.13	352.05	352.05	-	1,206.63	(7.42)	0.60	(8.02)	(36.31)	(44.33)	24.82	100	0%
22	RÜTGERS (Shanghai) Trading Co. Ltd.	06.01.2014	31.12.2020	CNY	31.12	61.23	381.10	381.10	-	403.77	1.59	0.72	0.87	-	0.87	-	100	0%
23	Rain Carbon Wohnmobilen GmbH & Co. KG (formerly known as RÜTGERS Wohnmobilen GmbH & Co. KG) (5)	20.08.2015	31.12.2020	EURO	0.14	220.29	258.37	258.37	-	107.12	(1.11)	(2.86)	1.75	22.50	24.25	-	100	0%
24	Rain Carbon Gewerbeimmobilien GmbH & Co. KG (formerly known as RÜTGERS Gewerbeimmobilien GmbH & Co. KG) (5)	21.08.2015	31.12.2020	EURO	0.14	677.06	803.48	803.48	-	131.89	73.03	12.29	60.74	41.81	102.55	-	100	0%
25	Rain Carbon GmbH (5)	27.11.2015	31.12.2020	EURO	3.62	14,002.82	62,861.75	62,861.75	-	389.85	936.64	85.56	851.08	(123.26)	727.82	-	100	6%

### Notes:

- Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies are based on the exchange rates as at December 31, 2020. Exchange rates as on the last date of the financial year are INR/USD - 73.06; INR/EURO - 89.79; INR/RUB - 0.98; INR/CNY - 11.21; INR/PLN - 19.72; INR/CAD - 57.34.
- Refer Note 2(d) of Consolidated Financial Statements to see relation with the subsidiary, percentage equity holding and Country of incorporation for each of subsidiary.
- Financial information is based on Audited Results of the subsidiaries. The reporting period of the subsidiary is same as that of holding Company.
- Investments except in case of investments in subsidiaries.
- Controlled companies in German fiscal unity, income according to local GAAP transferred to Rain Carbon GmbH and taxed on consolidated basis.
- Sold during the year.

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

S. No.	Name of the Company	Address
1	RÜTGERS Polymers Ltd.	120 de L'Industrie Blvd., Candiac, Qc J5R 1J2, Canada
2	Handy Chemicals (U.S.A.) Ltd.	Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware, US

**PART B- ASSOCIATES AND JOINT VENTURES**

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

₹ in Millions

S. No.	Name of Associates/ Joint Ventures	Date on which the Associate or Joint venture was associated or acquired	Shares of Associate /Joint Ventures held by the company on the year end		Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
			No.	Amount of Investment in Associates/ Joint Venture				Extend of Holding %	i. Considered in Consolidation
1	InfraTec Duisburg GmbH (IDGmbH)	04.01.2013	7,500	98.74	30	Based on the percentage of holding over these investees	98.74	5.48	12.78

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

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

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

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

For and on behalf of the Board of Directors

Place: Hyderabad	<b>N Radha Krishna Reddy</b>	<b>Jagan Mohan Reddy Nellore</b>	<b>T. Srinivasa Rao</b>	<b>S. Venkat Ramana Reddy</b>
Date: February 25, 2021	Managing Director	Vice Chairman	Chief Financial Officer	Company Secretary
	DIN: 00021052	DIN: 00017633	M. No.: F29080	M. No.: A14143

## Directors' Report (continued)

ANNEXURE - 2  
FORM NO. AOC - 1Report 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																
S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note 1 below)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Taxation	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income/ (Loss)	Total Comprehensive Income/ (Loss)	Proposed Dividend	% of shareholding	Contribution to the overall performance of the Company
1	Rain Cements Limited	19.11.2003	31.12.2020	INR	298.05	5,545.65	9,563.87	9,563.87	16.17	10,300.16	1,727.22	433.77	1,293.45	3.16	1,296.61	280.17	100	9%
2	Rain Commodities (USA) Inc.	13.01.2006	31.12.2020	US\$	906.67	11,484.23	22,184.45	22,184.45	-	-	(105.27)	5.41	(110.68)	(55.50)	(166.18)	88.15	100	(1)%
3	Renuka Cement Limited	14.01.2011	31.12.2020	INR	74.98	226.47	302.73	302.73	-	-	10.60	2.39	8.21	-	8.21	-	100	0%
4	Rain Carbon Inc.	15.09.2010	31.12.2020	US\$	16,270.47	3,456.60	61,474.40	61,474.40	-	-	157.39	(45.25)	202.64	(20.49)	182.15	-	100	1%
5	Rain Carbon Holdings, LLC	12.04.2010	31.12.2020	US\$	14,828.28	4,839.79	19,688.08	19,688.08	-	-	354.79	-	354.79	-	354.79	354.79	100	3%
6	Rain Global Services LLC	27.03.2008	31.12.2020	US\$	0.25	(0.25)	-	-	-	-	-	-	-	-	-	-	100	0%
7	Rain Oil Carbon (Vizag) Limited	23.04.2008	31.12.2020	INR	81.80	13,806.29	16,448.60	16,448.60	-	10,973.47	1,661.13	338.51	1,322.62	(0.63)	1,321.99	-	100	10%
8	Rain Oil Carbon LLC	19.07.2007	31.12.2020	US\$	13,639.83	15,868.35	81,308.15	81,308.15	-	34,874.96	4,780.00	514.83	4,265.17	236.75	4,501.92	354.79	100	31%
9	Oil Carbon Corp.	18.08.2009	31.12.2020	US\$	-	-	-	-	-	-	-	-	-	-	-	-	100	0%
10	RUTGERS Polymers Ltd. (f)	04.01.2013	31.12.2020	CAD	-	-	-	-	-	2,491.84	484.52	140.40	344.12	156.27	500.39	537.22	100	3%
11	Rain Carbon Canada (formerly known as RUTGERS Canada Inc.)	04.01.2013	31.12.2020	CAD	2,027.94	5,722.89	11,744.77	11,744.77	-	6,367.78	639.65	203.38	436.27	243.69	679.96	-	100	3%
12	Handy Chemicals (U.S.A.) Ltd. (f)	04.01.2013	31.12.2020	US\$	-	-	-	-	-	2,076.05	43.53	9.94	33.59	71.81	105.40	-	100	0%
13	Rain Carbon BV	04.01.2013	31.12.2020	EURO	724.80	18,610.36	22,966.81	22,966.81	-	22,945.20	3,253.65	584.48	2,669.17	1,499.13	4,168.30	2,686.50	100	19%
14	VFT France S.A	04.01.2013	31.12.2020	EURO	797.26	483.84	1,297.93	1,297.93	-	89.77	24.01	0.05	23.96	31.47	55.43	-	100	0%
15	Rumba Invest BVBA & Co. (KG (f))	04.01.2013	31.12.2020	EURO	-	(2.10)	1,552.74	1,552.74	-	-	101.96	-	101.96	(0.53)	101.43	-	94.9	1%
16	Rain Carbon Germany GmbH (formerly known as RUTGERS Germany GmbH (f))	04.01.2013	31.12.2020	EURO	2,226.59	5,662.67	38,151.04	38,151.04	129.34	35,079.00	(315.02)	(180.83)	(134.18)	(509.76)	(643.94)	-	99.7	(1)%
17	RUTGERS Resins BV	04.01.2013	31.12.2020	EURO	74.20	1,759.24	2,226.95	2,226.95	-	1,033.45	88.82	(1.61)	90.43	71.75	162.18	-	100	1%
18	Seventar Holding Ltd.	04.01.2013	31.12.2020	EURO	10.31	3,127.62	3,138.81	3,138.81	-	-	1,240.33	203.78	1,036.55	(23.02)	1,013.53	1,042.12	65.3	7%

## PART- A- SUBSIDIARIES

₹ in Millions

S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Refer Note 1 below)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Refer Note 4 below)	Turnover	Profit/ (Loss) before Taxation	Tax Expense/ (Benefit)	Profit/ (Loss) after Taxation	Other Comprehensive Income / (Loss)	Total Comprehensive Income / (Loss)	Proposed Dividend	% of shareholding	Contribution to the overall performance of the Company
19	OOO RUTGERS Severlar	04.01.2013	31.12.2020	RUB	296.44	3,367.39	4,611.28	4,611.28	-	6,470.64	1,505.94	320.49	1,185.45	(435.76)	749.69	1,357.96	65.3	8%
20	OOO Rain Carbon LLC (formerly known as Rain RUTGERS LLC)	26.05.2017	31.12.2020	RUB	0.01	183.37	535.77	535.77	-	(0.08)	10.95	2.19	8.76	(138.25)	(129.49)	-	100	0%
21	Rain Carbon Poland Sp. z o.o (formerly known as RUTGERS Poland Sp. z o.o (RPZ))	04.01.2013	31.12.2020	PLN	195.70	139.13	352.05	352.05	-	1,206.63	(7.42)	0.60	(8.02)	(36.31)	(44.33)	24.82	100	0%
22	RUTGERS (Shanghai) Trading Co. Ltd.	06.01.2014	31.12.2020	CNY	31.12	61.23	381.10	381.10	-	403.77	1.59	0.72	0.87	-	0.87	-	100	0%
23	Rain Carbon Wohnmobilen GmbH & Co. KG (formerly known as RUTGERS Wohnmobilen GmbH & Co. KG) (5)	20.08.2015	31.12.2020	EURO	0.14	220.29	258.37	258.37	-	107.12	(1.11)	(2.86)	1.75	22.50	24.25	-	100	0%
24	Rain Carbon Gewerbeimmobilien GmbH & Co. KG (formerly known as RUTGERS Gewerbeimmobilien GmbH & Co. KG) (5)	21.08.2015	31.12.2020	EURO	0.14	677.06	803.48	803.48	-	131.89	73.03	12.29	60.74	41.81	102.55	-	100	0%
25	Rain Carbon GmbH(5)	27.11.2015	31.12.2020	EURO	3.62	14,002.82	62,861.75	62,861.75	-	389.85	936.64	85.56	851.08	(123.26)	727.82	-	100	6%

## Notes:

- Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies are based on the exchange rates as at December 31, 2020. Exchange rates as on the last date of the financial year are INR/USD - 73.05; INR/EURO - 89.79; INR/RUB - 0.98; INR/CNY - 11.21; INR/PLN - 19.72; INR/CAD - 57.34.
- Refer Note 2(d) of Consolidated Financial Statements to see relation with the subsidiary, percentage equity holding and Country of incorporation for each of subsidiary.
- Financial information is based on Audited Results of the subsidiaries. The reporting period of the subsidiary is same as that of holding Company.
- Investments except in case of investments in subsidiaries.
- Controlled companies in German fiscal unity, income according to local GAAP transferred to Rain Carbon GmbH and taxed on consolidated basis.
- Sold during the year.

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

S. No.	Name of the Company	Address
1	RUTGERS Polymers Ltd.	120 de L'Industrie Blvd., Candiac, Qc J5R 1J2, Canada
2	Handy Chemicals (U.S.A.) Ltd.	Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware, US

## Directors' Report (continued)

### PART B - ASSOCIATES AND JOINT VENTURES

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

S. No.	Name of Associates/ Joint Ventures	Date on which the Associate or Joint venture was associated or acquired	Shares of Associate /Joint Ventures held by the company on the year end		Extend of Holding %	Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year		
			No.	Amount of Investment in Associates/ Joint Venture					i. Considered in Consolidation	ii. Not Considered in Consolidation	
1	InfraTec Duisburg GmbH (IDGmbH)	04.01.2013	31.12.2019	7,500	98.74	30	Based on the percentage of holding over these investees	As the group has only ability to exercise significant influence but not control over these investees	98.74	5.48	12.78

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

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

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

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

For and on behalf of the Board of Directors

Place: Hyderabad	<b>N Radha Krishna Reddy</b>	<b>Jagan Mohan Reddy Nellore</b>	<b>T. Srinivasa Rao</b>	<b>S. Venkat Ramana Reddy</b>
Date: February 25, 2021	Managing Director	Vice Chairman	Chief Financial Officer	Company Secretary
	DIN: 00021052	DIN: 00017633	M. No.: F29080	M. No.: A14143

## 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;
- ii. 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

## Directors' Report (continued)

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 COMPANY 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:

- i. Proposed expansion plans requiring higher capital allocation;
- ii. 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:

- i. 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.
- ii. 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:

- i. Interim dividend, if any, shall be declared by the Board.
- ii. 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;
- 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](http://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**

**N. Radhakrishna Reddy**

*Managing Director*

DIN: 00021052

**Jagan Mohan Reddy Nellore**

*Director*

DIN: 00017633

Place: Hyderabad

Date: February 25, 2021



## Directors' Report (continued)

### 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.

- 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.
- 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:

(₹ Million)							
Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements/ transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
1	Rain Cements Limited (Wholly owned Subsidiary)	Revenue from Shared Services	From January 01, 2020 to December 31, 2020	₹ 46.13 Million	February 27, 2019 and February 28, 2020	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, 2020 to December 31, 2020	₹ 6.39 Million	February 27, 2019 and February 28, 2020	NIL	Rain Industries Limited (the Company) has own building at which its Registered Office is situated. For operational convenience and better co-ordination, Rain Cements Limited (Wholly owned Subsidiary) registered Office is also located in the same building at which the Company's registered Office is situated. Hence, the Company has entered into a lease agreement with Rain Cements Limited. The rent received by Rain Industries Limited is similar to the Rent prevailing in surrounding buildings.
3	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Revenue from Shared Services	From January 01, 2020 to December 31, 2020	₹ 55 Million	February 27, 2019 and February 28, 2020	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.

(₹ Million)

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements/ transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
4	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Provide premises on lease	From January 01, 2020 to December 31, 2020	₹ 6.39 Million	February 27, 2019 and February 28, 2020	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, 2020 to December 31, 2020	₹ 0.03 Million	February 27, 2019 and February 28, 2020	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 and same was reimbursed by Rain CII Carbon (Vizag) Limited.
6	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Sale of Hydrated Lime	From January 01, 2020 to December 31, 2020	₹ 63.24 Million	November 13, 2019 and February 28, 2020	₹ 15 Million	Rain Industries Limited is the Holding Company of Rain CII Carbon (Vizag) Limited, Rain Industries Limited trades in Hydrated Lime. Rain Industries Limited has expertise in selling and Negotiating with the suppliers. Rain CII Carbon (Vizag) Limited to get benefit of competitive price, purchases hydrated lime from Rain Industries Limited.
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, 2020 to December 31, 2020	₹ 0.55 Million	February 27, 2019 and February 28, 2020	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 and same was reimbursed by Rain Industries Limited.
8	Rain CII Carbon (Vizag) Limited (Wholly owned Subsidiary)	Sale of Export Licenses	From January 01, 2020 to December 31, 2020	₹ 49.82 Million	February 27, 2019 and February 28, 2020	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 with some margin. 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.

## Directors' Report (continued)

(₹ Million)

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
9	Rain CII Carbon LLC, USA (Wholly owned Subsidiary)	Revenue from Shared Services	From January 01, 2020 to December 31, 2020	₹ 79.56 Million	February 27, 2019 and February 28, 2020	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.
10	Rain Carbon GmbH (wholly owned subsidiary Company)	Revenue from Shared Services	From January 01, 2020 to December 31, 2020	₹ 138.38 Million	November 13, 2019 and February 28, 2020	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**

**N. Radhakrishna Reddy**  
Managing Director  
DIN: 00021052

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

Place: Hyderabad  
Date: February 25, 2021

## ANNEXURE – 5

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended December 31, 2020

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

**I. REGISTRATION & 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:

S. No.	Name and Description of main products / services	NIC Code of the Product / service*	% to total turnover of the Company
1	Carbon	19209	64
2	Advanced Materials	20119	26
3	Cement	23941	10

\*As per NIC Code 2008

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1	Rain Cements Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U23209TG1999 PLC031631	Subsidiary Company	100.00	Section 2 (87)
2	Rain CII Carbon (Vizag) Limited, Rain Center, 34, Srinagar Colony, Hyderabad – 500073, Telangana State, India	U11100TG2008 PLC058785	Subsidiary Company	100.00	Section 2 (87)

## Directors' Report (continued)

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
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 Company	100.00	Section 2 (87)
6	Rain Carbon Inc., 10 Signal Road, Stamford, CT 06902, US	Not Applicable	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	Rain Carbon Canada Inc. (formerly known as RÜTGERS Canada Inc), 725 Strathearne Ave. North, Hamilton, Ontario L8H 5L3, Canada	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
11	Rain Carbon BV, Vredekaai 18, B-9060 Zelzate, Belgium	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
12	VFT France SA, Avenue du Bord des Eaux, 62251 Henin Beaumont Cedex, France	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
13	Rain Carbon Germany GmbH (formerly known as RÜTGERS Germany GmbH), Kekuléstr. 30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	99.70	Section 2 (87)
14	Rain Carbon Poland Sp. z o.o. (formerly known as RÜTGERS Poland Sp.z.o.o.), ul. Szkolna 15, PL-47-225 Kedzierzyn-Kozle, Poland	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
15	RÜTGERS Resins BV, Molenlaan 30, 1422 ZA Uithoorn, The Netherlands	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
16	OOO RÜTGERS Severtar, Mira Street 30, 162608 Cherepovets, Vologda Region, Russia	Not Applicable	Subsidiary Company	65.30	Section 2 (87)
17	Severtar Holding Ltd, 48 Themistokli Dervi Athienitis, Centennial Building 1 <sup>st</sup> floor office 104, 1066 Nicosia, Cyprus	Not Applicable	Subsidiary Company	65.30	Section 2 (87)
18	Rumba Invest BVBA & Co. KG,Varziner Str. 49, 47138 Duisburg, Germany	Not Applicable	Subsidiary Company	94.90	Section 2 (87)
19	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)
20	Rain Carbon GmbH, Kekuléstr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
21	Rain Carbon Wohnimmobilien GmbH & Co. KG (formerly known as RÜTGERS Wohnimmobilien GmbH & Co.KG), Kekuléstr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
22	Rain Carbon Gewerbeimmobilien GmbH & Co. KG (formerly known as RÜTGERS Gewerbeimmobilien GmbH & Co. KG), Kekuléstr.30, 44579 Castrop-Rauxel, Germany	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
23	OOO Rain Carbon LLC (formerly known as Rain RÜTGERS LLC), Bakhrushina Street 32 block 1 Moscow, Russia	Not Applicable	Subsidiary Company	100.00	Section 2 (87)
24	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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% to Total Shares	Demat	Physical	Total	% to Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individuals / HUF	56,961,651	-	56,961,651	16.94	57,109,969	-	57,109,969	16.98	0.04
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	81,268,885	-	81,268,885	24.16	81,268,885	-	81,268,885	24.16	-
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub - Total (A) (1):-</b>	<b>138,230,536</b>	<b>-</b>	<b>138,230,536</b>	<b>41.10</b>	<b>138,378,854</b>	<b>-</b>	<b>138,378,854</b>	<b>41.14</b>	<b>0.04</b>
<b>(2) Foreign</b>									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporates	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub - Total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>138,230,536</b>	<b>-</b>	<b>138,230,536</b>	<b>41.10</b>	<b>138,378,854</b>	<b>-</b>	<b>138,378,854</b>	<b>41.14</b>	<b>0.04</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	2,927,139	-	2,927,139	0.87	8,096,719	-	8,096,719	2.41	1.54
(b) Banks/FI	1,003,262	36,500	1,039,762	0.31	11,500	25,000	36,500	0.01	-0.30
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs/FPIs	46,981,950	1,500	46,983,450	13.97	44,358,302	-	44,358,302	13.19	-0.78
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Alternate Investment Funds)	-	-	-	-	135,000	-	135,000	0.04	-0.04
<b>Sub-total (B)(1):-</b>	<b>50,912,351</b>	<b>38,000</b>	<b>50,950,351</b>	<b>15.15</b>	<b>52,601,521</b>	<b>25,000</b>	<b>52,626,521</b>	<b>15.65</b>	<b>0.50</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	29,252,204	158,635	29,410,839	8.74	22,653,743	159,635	22,813,378	6.78	-1.96
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital up to ₹2 lakhs.	66,224,294	3,048,740	69,273,034	20.60	64,851,192	2,851,675	67,702,867	20.13	-0.47
ii) Individual Shareholders holding nominal share capital in excess of ₹2 lakhs.	28,560,379	1,462,985	30,023,364	8.93	28,253,936	1,462,985	29,716,921	8.84	-0.09

## Directors' Report (continued)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% to Total Shares	Demat	Physical	Total	% to Total Shares	
c) Others (Specify)									
i) Non Resident Individuals	12,517,292	1,769,870	14,287,162	4.25	13,593,413	1,712,585	15,305,998	4.55	0.30
ii) Trusts	5,818	-	5,818	0.00	10,905	-	10,905	0.00	0.00
iii) Clearing Members	477,739	-	477,739	0.14	1,046,189	-	1,046,189	0.31	0.17
iv) HUF	-	-	-	-	4,962,830	-	4,962,830	1.48	1.48
v) Rain Industries Limited Unclaimed Suspense Account	789,525	-	789,525	0.23	682,195	-	682,195	0.20	-0.03
vi) Investor Education And Protection Fund Authority (IEPF)	2,872,011	-	2,872,011	0.85	3,099,021	-	3,099,021	0.92	0.07
vii) NBFCs Registered with RBI	25,300	-	25,300	0.01	-	-	-	-	-0.01
<b>Sub - Total (B) (2):-</b>	<b>140,724,562</b>	<b>6,440,230</b>	<b>147,164,792</b>	<b>43.75</b>	<b>139,153,424</b>	<b>6,186,880</b>	<b>145,340,304</b>	<b>43.21</b>	<b>-0.54</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>191,636,913</b>	<b>6,478,230</b>	<b>198,115,143</b>	<b>58.90</b>	<b>191,754,945</b>	<b>6,211,880</b>	<b>197,966,825</b>	<b>58.86</b>	<b>-0.04</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>329,867,449</b>	<b>6,478,230</b>	<b>336,345,679</b>	<b>100.00</b>	<b>330,133,799</b>	<b>6,211,880</b>	<b>336,345,679</b>	<b>100.00</b>	<b>-</b>

### ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% to total Shares of the Company	% to Shares Pledged / encumbered to total Shares	No. of Shares	% to total Shares of the Company	% to Shares Pledged / encumbered to total Shares	
1	Mr. N. Radhakrishna Reddy	10,383,730	3.09	-	10,383,730	3.09	-	-
2	Mr. N. Sujith Kumar Reddy	10,028,770	2.98	-	10,028,770	2.98	-	-
3	Mr. Jagan Mohan Reddy Nellore	100	0.00	-	100	0.00	-	-
4	Ms. N. Indira Reddy	7,513,100	2.23	-	7,513,100	2.23	-	-
5	Ms. N. Anupama Reddy	27,152,351	8.07	-	27,300,669	8.12	-	0.04
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 Limited	8,143,250	2.42	-	8,143,250	2.42	-	-
9	Arunachala Holdings Private Limited	5,272,500	1.57	-	5,272,500	1.57	-	-
10	PCL Financial Services Private Limited	3,780,750	1.12	-	3,780,750	1.12	-	-
11	Arunachala Logistics Private Limited	989,245	0.29	-	989,245	0.29	-	-
12	Sujala Investments Private Limited	37,766,675	11.23	-	37,766,675	11.23	-	-
13	Rain Enterprises Private Limited	25,316,465	7.53	-	25,316,465	7.53	-	-
	<b>Total</b>	<b>138,230,536</b>	<b>41.10</b>	<b>-</b>	<b>138,378,854</b>	<b>41.14</b>	<b>-</b>	<b>0.04</b>

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

Sl. No.	Mr. N. Radhakrishna Reddy	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
1	<b>At the beginning of the Year</b>	10,383,730	3.09	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>10,383,730</b>	<b>3.09</b>
Sl. No.	Mr. Jagan Mohan Reddy Nellore	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
2	<b>At the beginning of the Year</b>	100	0.00	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>100</b>	<b>0.00</b>
Sl. No.	Mr. N. Sujith Kumar Reddy	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
3	<b>At the beginning of the Year</b>	10,028,770	2.98	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>10,028,770</b>	<b>2.98</b>
Sl. No.	Ms. N. Indira Reddy	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
4	<b>At the beginning of the Year</b>	7,513,100	2.23	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>7,513,100</b>	<b>2.23</b>



## Directors' Report (continued)

Sl. No.	Ms. N. Anupama Reddy	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
5	<b>At the beginning of the Year</b>	27,152,351	8.07	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):				
1	23.03.2020 *	5,000.00	0.00	27,157,351	8.07
2	24.03.2020 *	36,978.00	0.01	27,194,329	8.09
3	25.03.2020 *	5,262.00	0.00	27,199,591	8.09
4	26.03.2020 *	11,000.00	0.00	27,210,591	8.09
5	27.03.2020 *	24,560.00	0.01	27,235,151	8.10
6	30.03.2020 *	39,164.00	0.01	27,274,315	8.11
7	31.03.2020 *	26,354.00	0.01	27,300,669	8.12
	<b>At the end of the Year</b>			<b>27,300,669</b>	<b>8.12</b>

Note: \* Purchase from Open Market.

Sl. No.	Ms. N Akhila Reddy	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
6	<b>At the beginning of the Year</b>	1,869,315	0.56	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>1,869,315</b>	<b>0.56</b>

Sl. No.	Ms. K. V. Arundhathi Reddy	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
7	<b>At the beginning of the Year</b>	14,285	0.00	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>14,285</b>	<b>0.00</b>

Sl. No.	Nivee Holdings Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
8	<b>At the beginning of the Year</b>	8,143,250	2.42	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>8,143,250</b>	<b>2.42</b>

Sl. No.	Arunachala Holdings Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
9	<b>At the beginning of the Year</b>	5,272,500	1.57	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>5,272,500</b>	<b>1.57</b>
Sl. No.	PCL Financial Services Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
10	<b>At the beginning of the Year</b>	3,780,750	1.12	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>3,780,750</b>	<b>1.12</b>
Sl. No.	Arunachala Logistics Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
11	<b>At the beginning of the Year</b>	989,245	0.29	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>989,245</b>	<b>0.29</b>
Sl. No.	Sujala Investments Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
12	<b>At the beginning of the Year</b>	37,766,675	11.23	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>37,766,675</b>	<b>11.23</b>
Sl. No.	Rain Enterprises Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
13	<b>At the beginning of the Year</b>	25,316,465	7.53	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>25,316,465</b>	<b>7.53</b>

## Directors' Report (continued)

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

Sl. No.	Meghamala Enterprises Pvt Ltd	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
1	<b>At the beginning of the Year</b>	1,74,00,610	5.17	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):				
	27/11/2020 *	(12,639)	(0.00)	17,387,971	5.17
	04/12/2020 *	(602,974)	(0.18)	16,784,997	4.99
	11/12/2020 *	(1,197,175)	(0.36)	15,587,822	4.63
	18/12/2020 *	(229,520)	(0.07)	15,358,302	4.57
	25/12/2020 *	(352,700)	(0.10)	15,005,602	4.46
	31/12/2020 *	(499,580)	(0.15)	14,506,022	4.31
	<b>At the end of the Year</b>			<b>14,506,022</b>	<b>4.31</b>

Note: \*Sale through Open Market.

Sl. No.	The Pabrai Investment Fund 3, Ltd	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
2	<b>At the beginning of the Year</b>	1,47,36,427	4.38	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>1,47,36,427</b>	<b>4.38</b>

Sl. No.	Pabrai Investment Fund II, LP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
3	<b>At the beginning of the Year</b>	12,758,000	3.79	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):				
	24/07/2020	18,49,031	0.55	1,46,07,031	4.34
	<b>At the end of the Year</b>			<b>14,607,031</b>	<b>4.34</b>

Sl. No.	Dolly Khanna	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
4	<b>At the beginning of the Year</b>	6,072,042	1.81	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):				
	10/01/2020 *	(92,000)	(0.03)	5,980,042	1.78
	17/01/2020 *	(88,000)	(0.03)	5,892,042	1.75
	24/01/2020 *	(64,000)	(0.02)	5,828,042	1.73
	31/01/2020 *	(63,000)	(0.02)	5,765,042	1.71
	07/02/2020 *	(84,000)	(0.02)	5,681,042	1.69
	14/02/2020 *	(112,000)	(0.03)	5,569,042	1.66

Sl. No.	Dolly Khanna	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
21/02/2020 *		(87,000)	(0.03)	5,482,042	1.63
28/02/2020 *		(48,000)	(0.01)	5,434,042	1.62
06/03/2020 *		(151,000)	(0.04)	5,283,042	1.57
13/03/2020 *		(101,000)	(0.03)	5,182,042	1.54
20/03/2020 *		(167,000)	(0.05)	5,015,042	1.49
27/03/2020 *		(50,715)	(0.02)	4,964,327	1.48
31/03/2020 *		(5,000)	(0.00)	4,959,327	1.47
03/04/2020 **		40,000	0.01	4,999,327	1.49
10/04/2020 *		(4,000)	(0.00)	4,995,327	1.49
17/04/2020 *		(9,000)	(0.00)	4,986,327	1.48
24/04/2020 *		(39,700)	(0.01)	4,946,627	1.47
01/05/2020 *		(24,249)	(0.01)	4,922,378	1.46
08/05/2020 *		(37,000)	(0.01)	4,885,378	1.45
15/05/2020 *		(38,000)	(0.01)	4,847,378	1.44
22/05/2020 *		(85,000)	(0.03)	4,762,378	1.42
29/05/2020 *		(13,000)	(0.00)	4,749,378	1.41
05/06/2020 **		10,000	0.00	4,759,378	1.42
12/06/2020 *		(21,000)	(0.01)	4,738,378	1.41
19/06/2020 *		(16,000)	(0.00)	4,722,378	1.40
26/06/2020 *		(24,000)	(0.01)	4,698,378	1.40
30/06/2020 *		(21,500)	(0.01)	4,676,878	1.39
03/07/2020 *		(23,000)	(0.01)	4,653,878	1.38
10/07/2020 *		(34,000)	(0.01)	4,619,878	1.37
17/07/2020 **		373,700	0.11	4,993,578	1.48
24/07/2020 **		674,300	0.20	5,667,878	1.69
31/07/2020 **		244,000	0.07	5,911,878	1.76
07/08/2020 **		300	0.00	5,912,178	1.76
14/08/2020 *		(7,000)	(0.00)	5,905,178	1.76
21/08/2020 **		145,000	0.04	6,050,178	1.80
28/08/2020 *		(77,000)	(0.02)	5,973,178	1.78
04/09/2020 *		(62,000)	(0.02)	5,911,178	1.76
11/09/2020 *		(116,000)	(0.03)	5,795,178	1.72
18/09/2020 *		(35,000)	(0.01)	5,760,178	1.71
25/09/2020 *		(90,000)	(0.03)	5,670,178	1.69
30/09/2020 *		(47,000)	(0.01)	5,623,178	1.67
02/10/2020 *		(16,061)	(0.00)	5,607,117	1.67
09/10/2020 *		(192,000)	(0.06)	5,415,117	1.61
16/10/2020 *		(199,492)	(0.06)	5,215,625	1.55
23/10/2020 *		(22,000)	(0.01)	5,193,625	1.54
30/10/2020 *		(51,000)	(0.02)	5,142,625	1.53
06/11/2020 **		140,000	0.04	5,282,625	1.57
06/11/2020 *		(40,000)	(0.01)	5,242,625	1.56
13/11/2020 *		(60,000)	(0.02)	5,182,625	1.54
20/11/2020 **		20,000	0.01	5,202,625	1.55
20/11/2020 *		(37,000)	(0.01)	5,165,625	1.54
27/11/2020 **		19,000	0.01	5,184,625	1.54
27/11/2020 *		(15,000)	(0.00)	5,169,625	1.54

## Directors' Report (continued)

Sl. No.	Dolly Khanna	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
	04/12/2020 **	10,000	0.00	5,179,625	1.54
	11/12/2020 **	5,310,625	1.58	10,490,250	3.12
	11/12/2020 *	(5,014,625)	(1.49)	5,475,625	1.63
	18/12/2020 *	(63,000)	(0.02)	5,412,625	1.61
	25/12/2020 *	(49,000)	(0.01)	5,363,625	1.59
	31/12/2020 *	(10,000)	(0.00)	5,353,625	1.59
	<b>At the end of the Year</b>			<b>5,353,625</b>	<b>1.59</b>

Note: \* Sale through Open Market.

\*\* Purchase from Open Market.

Sl. No.	HDFC Trustee Company Ltd. A/C HDFC Balanced Advantage Fund	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
5	<b>At the beginning of the Year</b>	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):				
	14/08/2020 *	824,000	0.24	824,000	0.24
	21/08/2020 *	947,918	0.28	1,771,918	0.53
	28/08/2020 *	304,000	0.09	2,075,918	0.62
	11/09/2020 *	56,000	0.02	2,131,918	0.63
	25/09/2020 *	200,000	0.06	2,331,918	0.69
	06/11/2020 *	267,800	0.08	2,599,718	0.77
	13/11/2020 *	40,000	0.01	2,639,718	0.78
	20/11/2020 *	225,000	0.07	2,864,718	0.85
	31/12/2020 *	468,000	0.14	3,332,718	0.99
	<b>At the end of the Year</b>	-	-	<b>3,332,718</b>	<b>0.99</b>

Note: \* Purchase from Open Market.

Sl. No.	ICICI Prudential (Multiple funds)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
6	<b>At the beginning of the Year</b>	2,892,053	0.86	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):				
	03/01/2020 *	(132,984)	(0.04)	2,759,069	0.82
	10/01/2020 **	92	0.00	2,759,161	0.82
	31/01/2020 **	92	0.00	2,759,253	0.82
	07/02/2020 **	100,092	0.03	2,859,345	0.85
	14/02/2020 **	46	0.00	2,859,391	0.85
	28/02/2020 **	46,000	0.01	2,905,391	0.86
	06/03/2020 **	230	0.00	2,905,621	0.86
	13/03/2020 **	480,590	0.14	3,386,211	1.01
	20/03/2020 **	10,481	0.00	3,396,692	1.01
	27/03/2020 **	184	0.00	3,396,876	1.01
	31/03/2020 **	92	0.00	3,396,968	1.01

Sl. No.	ICICI Prudential (Multiple funds)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
17/04/2020 **		46	0.00	3,397,014	1.01
01/05/2020 **		8,463	0.00	3,405,477	1.01
01/05/2020 *		(46)	(0.00)	3,405,431	1.01
08/05/2020 *		(966)	(0.00)	3,404,465	1.01
15/05/2020 *		(420,328)	(0.12)	2,984,137	0.89
22/05/2020 *		(419,130)	(0.12)	2,565,007	0.76
29/05/2020 **		46	0.00	2,565,053	0.76
29/05/2020 *		(134,536)	(0.04)	2,430,517	0.72
12/06/2020 **		44,710	0.01	2,475,227	0.74
19/06/2020 **		281,846	0.08	2,757,073	0.82
19/06/2020 *		(41)	(0.00)	2,757,032	0.82
26/06/2020 **		18,649	0.01	2,775,681	0.83
26/06/2020 *		(138)	(0.00)	2,775,543	0.83
30/06/2020 **		266,837	0.08	3,042,380	0.90
03/07/2020 **		143,325	0.04	3,185,705	0.95
10/07/2020 **		68,031	0.02	3,253,736	0.97
10/07/2020 *		(138)	(0.00)	3,253,598	0.97
17/07/2020 **		410,815	0.12	3,664,413	1.09
17/07/2020 *		(46)	(0.00)	3,664,367	1.09
24/07/2020 *		(46)	(0.00)	3,664,321	1.09
07/08/2020 **		529,257	0.16	4,193,578	1.25
07/08/2020 *		(138)	(0.00)	4,193,440	1.25
28/08/2020 *		(44,111)	(0.01)	4,149,329	1.23
04/09/2020 **		230,340	0.07	4,379,669	1.30
11/09/2020 **		386,994	0.12	4,766,663	1.42
30/09/2020 **		126,235	0.04	4,892,898	1.45
02/10/2020 **		100,000	0.03	4,992,898	1.48
09/10/2020 **		100,000	0.03	5,092,898	1.51
16/10/2020 **		100,000	0.03	5,192,898	1.54
23/10/2020 *		(45)	(0.00)	5,192,853	1.54
06/11/2020 **		133,000	0.04	5,325,853	1.58
13/11/2020 **		127,064	0.04	5,452,917	1.62
13/11/2020 *		(45)	(0.00)	5,452,872	1.62
20/11/2020 **		17,113	0.01	5,469,985	1.63
27/11/2020 **		45	0.00	5,470,030	1.63
11/12/2020 **		(509,060)	(0.15)	4,960,970	1.47
18/12/2020 *		(80,000)	(0.02)	4,880,970	1.45
25/12/2020 *		(200,000)	(0.06)	4,680,970	1.39
<b>At the end of the Year</b>				<b>4,680,970</b>	<b>1.39</b>

Note: \* Sale through Open Market.

\*\* Purchase from Open Market.

## Directors' Report (continued)

Sl. No.	Investor Education and Protection Fund Authority (IEPF)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
7	<b>At the beginning of the Year</b>	2,872,011	0.85	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus /sweat equity etc):				
	10/01/2020 *	(1,570)	(0.00)	2,870,441	0.85
	24/01/2020 *	(1,000)	(0.00)	2,869,441	0.85
	28/02/2020 *	(2,500)	(0.00)	2,866,941	0.85
	29/05/2020 *	(1,210)	(0.00)	2,865,731	0.85
	19/06/2020 **	1,24,513	0.04	2,990,244	0.89
	26/06/2020 **	997	0.00	2,991,241	0.89
	10/07/2020 *	(2,000)	(0.00)	2,989,241	0.89
	24/07/2020 *	(1,000)	(0.00)	2,988,241	0.89
	07/08/2020 *	(710)	(0.00)	2,987,531	0.89
	28/08/2020 *	(710)	(0.00)	2,986,821	0.89
	04/09/2020 *	(500)	(0.00)	2,986,321	0.89
	30/09/2020 *	(500)	(0.00)	2,985,821	0.89
	16/10/2020 *	(500)	(0.00)	2,985,321	0.89
	11/12/2020 *	(640)	(0.00)	2,984,681	0.89
	25/12/2020 **	1,12,748	0.03	3,097,429	0.92
	31/12/2020 **	1,592	0.00	3,099,021	0.92
	<b>At the end of the Year</b>			<b>3,099,021</b>	<b>0.92</b>

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

**Note:** \* Transfer to the Shareholders demat account.

\*\* Transferred by the Company to the Investor Education and Protection Fund (IEPF) Authority.

Sl. No.	Dhandho India Zero Fee Fund, L.P	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
8	<b>At the beginning of the Year</b>	2,446,290	0.73	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>2,446,290</b>	<b>0.73</b>

Sl. No.	Hitesh Narayandasji Jhawar	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
9	<b>At the beginning of the Year</b>	2,046,963	0.61	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	28/02/2020 **	1,352	0.00	2,048,315	0.61
	06/03/2020 *	-899	(0.00)	2,047,416	0.61

Sl. No.	Hitesh Narayandasji Jhawar	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
	13/03/2020 *	-199	(0.00)	2,047,217	0.61
	27/03/2020 **	2,798	0.00	2,050,015	0.61
	08/05/2020 **	31,010	0.01	2,081,025	0.62
	15/05/2020 **	4,471	0.00	2,085,496	0.62
	05/06/2020 **	1,995	0.00	2,087,491	0.62
	12/06/2020 **	23,005	0.01	2,110,496	0.63
	04/09/2020 **	2,500	0.00	2,112,996	0.63
	25/09/2020 **	20,246	0.01	2,133,242	0.63
	30/09/2020 **	2,130	0.00	2,135,372	0.63
	09/10/2020 **	2,624	0.00	2,137,996	0.64
	<b>At the end of the Year</b>			<b>2,137,996</b>	<b>0.64</b>

Note: \* Sale through Open Market.

\*\* Purchase from Open Market.

Sl. No.	Dhandho India Zero Fee Fund Offshore Ltd.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
10	<b>At the beginning of the Year</b>	1,844,252	0.55	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):				
	<b>At the end of the Year</b>			<b>1,844,252</b>	<b>0.55</b>

Sl. No.	Ricky Ishwardas Kirpalani	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
11	<b>At the beginning of the Year</b>	100,070	0.03	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/sweat equity etc):				
	10/01/2020 *	(23,133)	(0.01)	76,937	0.02
	17/01/2020 **	126,005	0.04	202,942	0.06
	24/01/2020 **	35,008	0.01	237,950	0.07
	31/01/2020 *	(4,655)	(0.00)	233,295	0.07
	07/02/2020 **	38,731	0.01	272,026	0.08
	07/02/2020 *	(233,295)	(0.07)	38,731	0.01
	14/02/2020 **	(11,166)	(0.00)	27,565	0.01
	21/02/2020 *	(19,565)	(0.01)	8,000	0.00
	28/02/2020 **	30,945	0.01	38,945	0.01
	06/03/2020 **	158,962	0.05	197,907	0.06
	13/03/2020 *	(26,789)	(0.01)	171,118	0.05
	20/03/2020 *	(118,921)	(0.04)	52,197	0.02
	27/03/2020 **	75,489	0.02	127,686	0.04
	31/03/2020 **	5,000	0.00	132,686	0.04
	03/04/2020 **	20,030	0.01	152,716	0.05
	10/04/2020 *	(118,244)	(0.04)	34,472	0.01



## Directors' Report (continued)

Sl. No.	Ricky Ishwardas Kirpalani	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
	17/04/2020 *	(34,472)	(0.01)	-	-
	24/04/2020 **	269,390	0.08	269,390	0.08
	01/05/2020 **	86,669	0.03	356,059	0.11
	15/05/2020 **	18,388	0.01	374,447	0.11
	22/05/2020 **	40,013	0.01	414,460	0.12
	29/05/2020 **	5,713	0.00	420,173	0.12
	05/06/2020 **	202,539	0.06	622,712	0.19
	12/06/2020 *	(192,673)	(0.06)	430,039	0.13
	19/06/2020 *	(230,179)	(0.07)	199,860	0.06
	26/06/2020 **	589,724	0.18	789,584	0.23
	10/07/2020 **	1,386	0.00	790,970	0.24
	17/07/2020 **	67,772	0.02	858,742	0.26
	24/07/2020 **	45,124	0.01	903,866	0.27
	07/08/2020 **	118,169	0.04	1,022,035	0.30
	14/08/2020 *	(118,538)	(0.04)	903,497	0.27
	21/08/2020 *	(17,369)	(0.01)	886,128	0.26
	28/08/2020 **	17,000	0.01	903,128	0.27
	18/09/2020 **	1,000	0.00	904,128	0.27
	25/09/2020 **	33,706	0.01	937,834	0.28
	20/11/2020 **	910,000	0.27	1,847,834	0.55
	11/12/2020 *	(82,719)	(0.02)	1,765,115	0.52
	<b>At the end of the Year</b>			<b>1,765,115</b>	<b>0.52</b>

Note: \* Sale through Open Market.

\*\* Purchase from Open Market.

### v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
<b>Directors</b>					
<b>1</b>	<b>Mr. N. Radhakrishna Reddy</b>				
	At the beginning of the Year	10,383,730	3.09	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>10,383,730</b>	<b>3.09</b>
<b>2</b>	<b>Mr. Jagan Mohan Reddy Nellore</b>				
	At the beginning of the Year	100	0.00	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>100</b>	<b>0.00</b>

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
<b>3</b>	<b>Mr. N. Sujith Kumar Reddy</b>				
	At the beginning of the Year	10,028,770	2.98	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>10,028,770</b>	<b>2.98</b>
<b>4</b>	<b>Mr. H.L. Zutshi</b>				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>NIL</b>	<b>NIL</b>
<b>5</b>	<b>Mr. Varun Batra</b>				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>NIL</b>	<b>NIL</b>
<b>6</b>	<b>Mr. Brian Jude McNamara</b>				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>NIL</b>	<b>NIL</b>
<b>7</b>	<b>Ms. Nirmala Reddy</b>				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>NIL</b>	<b>NIL</b>
<b>8</b>	<b>Ms. Radhika Vijay Haribhakti</b>				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>NIL</b>	<b>NIL</b>

## Directors' Report (continued)

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total Shares of the Company	No. of Shares	% to total Shares of the Company
<b>Key Managerial Personnel</b>					
<b>1</b>	<b>Mr. N. Radhakrishna Reddy Managing Director</b>				
	At the beginning of the Year	1,03,83,730	3.09	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>1,03,83,730</b>	<b>3.09</b>
<b>2</b>	<b>Mr. T. Srinivasa Rao, Chief Financial Officer</b>				
	At the beginning of the Year	90,000	0.03	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>90,000</b>	<b>0.03</b>
<b>3</b>	<b>Mr. S. Venkat Ramana Reddy, Company Secretary</b>				
	At the beginning of the Year	NIL	NIL	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	<b>At the end of the Year</b>			<b>NIL</b>	<b>NIL</b>

## V. INDEBTEDNESS

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

Particulars	(₹ Million)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the Financial Year</b>				
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
<b>Total (i+ii+iii)</b>	<b>3,397.80</b>	<b>-</b>	<b>-</b>	<b>3,397.80</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	710.76	-	-	710.76
Forex impact	94.35	-	-	94.35
Interest	(2.37)	-	-	(2.37)
Net Change	618.79			618.79
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	2,776.04	-	-	2,776.04
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.97	-	-	2.97
<b>Total (i+ii+iii)</b>	<b>2,779.01</b>	<b>-</b>	<b>-</b>	<b>2,779.01</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

\* 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

Sl. No	Particulars of Remuneration	Name of Independent Director					Total Amount
		Mr. H.L. Zutshi	Mr. Varun Batra	Mr. Brian Jude McNamara	Ms. Radhika Vijay Haribhakti	Ms. Nirmala Reddy	
							(₹ Million)
1	Independent Directors						
	Fee for attending board/committee meetings	0.7	0.7	0.7	0.7	0.82	3.62
	Commission	0.65	0.65	0.65	0.65	0.65	3.25
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.47</b>	<b>6.87</b>
2	Other Non-Executive Directors	<b>Mr. N. Radhakrishna Reddy#</b>	<b>Mr. Jagan Mohan Reddy Nellore#</b>	<b>Mr. N. Sujith Kumar Reddy#</b>			
	Fee for attending board/committee meetings	0.00	0.00	0.00			0.00
	Commission	0.00	0.00	0.00			0.00
	Others, please specify	0.00	0.00	0.00			0.00
	<b>Total (2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>0.00</b>
	<b>Total (B)=(1+2)</b>						<b>6.87</b>
	Total Managerial Remuneration to Non-executive Directors (Commission)						3.25
	Overall Ceiling as per the Act for Directors who are neither Managing Director/Whole Time Director (1% of Net Profits Calculated in accordance with the Provisions of Section 198 of the Companies Act, 2013)						3.53

# Mr. N. Radhakrishna Reddy, Mr. Jagan Mohan Reddy Nellore and Mr. N. Sujith Kumar Reddy have not received any remuneration during the financial year ended December 31, 2020.

## Directors' Report (continued)

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

		Key Managerial Personnel			(₹ Million)
Sl. No	Particulars of Remuneration	Managing Director	Chief Financial Officer	Company Secretary	Total Amount
		Mr. N. Radhakrishna Reddy	Mr. T. Srinivasa Rao	Mr. S. Venkat Ramana Reddy	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	6.73	1.92	8.65
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	8.47	2.65	11.12
	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		0.81	0.23	1.04
	National pension Scheme	-	0.67	-	0.67
	<b>Total</b>	<b>0.00</b>	<b>16.68</b>	<b>4.80</b>	<b>21.48</b>

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

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

Place: Hyderabad  
Date: February 25, 2021

## ANNEXURE - 6

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

**A. CONSERVATION OF ENERGY**

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

**B. TECHNOLOGY ABSORPTION**

- i. The efforts made towards technology absorption  
NIL
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution  
NIL
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)  
NIL
- iv. The expenditure incurred on Research and Development -N.A.-

**C. FOREIGN EXCHANGE EARNINGS AND OUT GO**

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

Particulars	(₹ Million)	
	December 31, 2020	December 31, 2019
Used	120.53	354.15
Earned	467.71	792.42

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 25, 2021

## Directors' Report (continued)

### 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](http://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 (in ₹ Million)		
	2019	2018	2017
Net Profit	20.83	(72.92)	(8.40)
Average Net Profit for the preceding three Financial Years	-20.16		

4. Prescribed CSR expenditure (2% of the amount as in item 3 above): Nil. However, the Company has spent ₹ 1 Million.
5. Details of CSR spent for the financial year:
  - a. Total amount to be spent during the financial year: Nil
  - b. Amount unspent, if any: Nil

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	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 ₹ 1 Million to Pragnya Priya Foundation, a Company established under Section 25 of Companies Act, 1956 (Section 8 as per Companies Act, 2013)	₹ 1 Million	₹ 1 Million	The amount was spent through Pragnya Priya Foundation, a Section 25 Company under Companies Act, 1956 (Section 8 of Companies Act, 2013).
<b>Total</b>				<b>₹ 1 Million</b>	<b>₹ 1 Million</b>	<b>₹ 1 Million</b>	<b>-</b>

6. Though the amount of Profits of the Company as per CSR Rules is negative, the Company has spent ₹ 1 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  
for **Rain Industries Limited**

**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 25, 2021



## Directors' Report (continued)

### ANNEXURE - 8

#### SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31<sup>st</sup> December, 2020

#### 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 **December 31, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended December 31, 2020 ("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 complied with the provisions of Secretarial Standards issued by Institute of Company Secretaries of India.
3. 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 Directors and Woman Directors. There were no changes in the composition of the Board of Directors during the period under review.
- 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 there are no events, which would attract the following Acts:
- 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 except as provided in Auditors Report for the Reporting Period.

For **DVM & Associates LLP**

Company Secretaries

L2017KR002100

**DVM Gopal**

Partner

M No: F 6280

C.P. No: 6798

UDIN: F006280B003370951

Place: Hyderabad

Date: February 24, 2021

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

## Directors' Report (continued)

### 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

C.P. No: 6798

UDIN: F006280B003370951

Place: Hyderabad

Date: February 24, 2021

## ANNEXURE - 8A

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

for the Financial Year ended December 31, 2020

[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 31<sup>st</sup> December, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- I. The Companies Act, 2013 (the Act) and the rules made thereunder.
- II. The Depositories Act, 1996 and the Regulations and Bye-laws 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'):-
  1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during the audit period);
  2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the audit period);
  4. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the audit period);
  5. 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;
  7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018 (Not applicable to the Company during the audit period);
  8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the audit period); and
  9. 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
  2. Mines and Mineral (Regulation and Development) Act, 1957 read with Mineral Conservation and Development Rules, 1988
  3. Cement (Quality Control) Order, 2003.

## Directors' Report (continued)

4. 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;
14. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
15. Water (Prevention & Control of Pollution) Cess Act, 1977;
16. 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: A031197B002953369

Place: Hyderabad

Date: February 19, 2021

**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

Place: Hyderabad  
Date: February 19, 2021

C.P. No: 14449  
UDIN: A031197B002953369

## Directors' Report (continued)

### ANNEXURE - 8B

#### SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31<sup>st</sup> December, 2020

#### 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 31<sup>st</sup> December, 2020 complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> December, 2020 ("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 have been complied with:
  - 1) Andhra Pradesh Factories Act, 1950 (Prescribed under Rule 55, 55-A and 56).
  - 2) 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.
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. There was no change in the composition of the Board of Directors during the period under review.
  - 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.
- 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: F 6280

C.P. No: 6798

UDIN: F006280B003063730

Place: Hyderabad

Date: February 19, 2021

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



## Directors' Report (continued)

### 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  
C.P. No: 6798

UDIN: F006280B003063730

Place: Hyderabad  
Date: February 19, 2021

## ANNEXURE - 8C

**Secretarial Compliance Report of Rain Industries Limited for the Financial Year ended December 31, 2020**

We, DVM & Associates LLP, Company Secretaries, having our office situated at No. 6/3/154-159, Flat No. 303, 3<sup>rd</sup> 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, 2020 (“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.
- (e) Since the auditor has already been appointed, the terms of appointment of the auditor have been suitably modified to give effect to 6(A) and 6(B) of SEBI Circular No. CIR/ CFD/CMD1/114/2019 dated October 18, 2019.

For **DVM & Associates LLP**

Company Secretaries  
L2017KR002100

**DVM Gopal**

Partner

M No: F 6280

C.P. No: 6798

UDIN: F006280B002935668

Place: Hyderabad

Date: February 16, 2021

## Directors' Report (continued)

### 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)	Nil
2	Mr. Jagan Mohan Reddy Nellore (Vice Chairman)	Nil
3	Mr. N. Sujith Kumar Reddy (Non-Executive Director)	Nil
4	Mr. H.L. Zutshi (Independent Director)	2.57:1
5	Mr. Varun Batra (Independent Director)	2.57:1
6	Ms. Radhika Vijay Haribhakti (Independent Director)	2.57:1
7	Ms. Nirmala Reddy (Independent Director)	2.80:1
8	Mr. Brian McNamara (Independent Director)	2.57:1

\*Median remuneration of Employees: ₹ 5,25,431.5/-

**(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 / KMP	Ratio of the remuneration to the median remuneration of the employees
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. H.L. Zutshi (Independent Director)	Nil
5	Mr. Varun Batra (Independent Director)	Nil
6	Ms. Nirmala Reddy (Independent Director)	Nil
7	Ms. Radhika Vijay Haribhakti (Independent Director)	Nil
8	Mr. Brian McNamara (Independent Director)	Nil
9	Mr. T. Srinivasa Rao (Chief Financial Officer)	Nil
10	Mr. S. Venkat Ramana Reddy (Company Secretary)	Nil

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

**(iv) The number of permanent employees on the rolls of Company**  
There are 143 permanent employees on the rolls of the Company.

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

The Average percentile increase already made in the salaries of employees is 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**

**N. Radhakrishna Reddy**  
*Managing Director*  
DIN: 00021052

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

Place: Hyderabad  
Date: February 25, 2021

## Directors' Report (continued)

### STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. No.	Name & Designation	Remuneration received	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age	The last employment held before joining the company	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5	Whether is a relative of any director or manager of the company
1	Mr. N. Radhakrishna Reddy (Managing Director)	Nil	Regular	Under Graduate More than 52 years of experience in Construction and Cement Industry.	January 2, 1984	78 Years	N.A.	N.A.	Father of Mr. Jagan Mohan Reddy Nellore, Director and Mr. N. Sujith Kumar Reddy, Director.
2	Mr. T. Srinivasa Rao (Chief Financial Officer)	₹ 16.68 Million	Regular	B. Com, FCA 34 years	April 1, 2012	54 years	Vice President (Finance) of Rain CIL Carbon (Mztag) Limited	N.A.	N.A.

\* Mr. N. Radhakrishna Reddy, Managing Director has not been paid any remuneration during the financial year ended 31<sup>st</sup> December 2020.

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

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

**N. Radhakrishna Reddy**  
Managing Director  
DIN: 00021052

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

Place: Hyderabad  
Date: February 25, 2021

**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, 2020**

S. No.	Name & Designation	Remuneration received during the period from January 1, 2020 to December 31, 2020	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
1	Mr. N. Radhakrishna Reddy (Managing Director)	Nil*	Regular	Under Graduate, More than 50 Years of Experience in Construction and Cement Industry	02.01.1984	78	N.A.	Father of Jagan Mohan Reddy Nellore, Director and Mr. N. Sujith Kumar Reddy, Director.	N.A.
2	Mr. T. Srinivasa Rao, Chief Financial Officer	₹ 16.68 Million	Regular	B.Com, FCA 34 years	01.04.2012	54	Vice President (Finance) of Rain CII Carbon (Vizag) Limited	N.A.	N.A.
3	Mr. Balasubramanian Ramaswamy, Chief Internal Auditor	₹ 8.26 Million	Regular	B.Com, ICWAI 36 years	21.04.2017	53	Metro Cash & Carry India	N.A.	N.A.
4	Mr. M. S. Krishnamohan Reddy, General Manager – HR	₹ 6.60 Million	Regular	B.Com, B.L. and M.H.R.M. 33 years	12.06.1996	59	SOL Pharmaceuticals Limited	N.A.	N.A.
5	Mr. Rakesh Jain General Manager -Global Shared Services	₹ 6.48 Million	Regular	CA 22 years	18.02.2019	45	W N S	N.A.	N.A.
6	Mr. K. Shankar Sathish, Deputy General Manager – IT	₹ 4.90 Million	Regular	B.Com, ACA, ICWAI 19 years	26.09.2016	44	Archean Group	N.A.	N.A.
7	Mr. S. Venkata Ramana Reddy, Company Secretary	₹ 4.80 Million	Regular	M.Com, LLB, ACS 18 years	01.02.2008	48	Suryalata Spinning Mills Limited	N.A.	N.A.

## Directors' Report (continued)

S. No.	Name & Designation	Remuneration received during the period from January 1, 2020 to December 31, 2020	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
8	Mr. V. P. Srikanth, Deputy General Manager – Legal	₹ 3.20 Million	Regular	B.Sc., BL 27 years	11.02.2008	56	Advanta India	N.A.	N.A.
9	Mr. U. S. Saranga Pani, Assistant General Manager - Corporate Finance	₹ 2.96 Million	Regular	B.Com, CA and CWA 14 years	23.06.2014	37	Dr.Reddy's Laboratories Limited	N.A.	N.A.
10	Mr. Madhu Babu Gondi Assistant General Manager -IT	₹ 2.95 Million	Regular	MFM 19 years	21.12.2015	49	Delta Technology International Services	N.A.	N.A.
11	Mr. Udayagiri Pavan Kumar, Head of Internal Controls Group	₹ 2.60 Million	Regular	ACA and ICWA 11 years	06.08.2018	34	Grupo Kaybee Singapore Limited	N.A.	N.A.

\*Mr. N. Radhakrishna Reddy, Managing Director has not been paid any remuneration during the financial year ended December 31, 2020

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 25, 2021

## ANNEXURE - 10

**RAIN INDUSTRIES LIMITED - BUSINESS RESPONSIBILITY REPORT - FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020**

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**

- |  |   |
|--|---|
| <p><b>1. Corporate Identity Number (CIN) of the Company:</b><br/>L26942TG1974PLC001693</p> <p><b>2. Name of the Company:</b><br/>Rain Industries Limited</p> <p><b>3. Registered address:</b><br/>Rain Center, 34, Srinagar Colony, Hyderabad- 500073, Telangana State, India.</p> <p><b>4. Website:</b><br/>www.rain-industries.com</p> | <p><b>5. E-mail id:</b><br/>secretarial@rain-industries.com</p> <p><b>6. Financial Year reported:</b><br/>January 1, 2020 to December 31, 2020.</p> <p><b>7. Sector(s) that the Company is engaged in (industrial activity code-wise)</b><br/>Rain Industries Limited (Rain Group) along with its subsidiaries in India and outside India are engaged in the business of Manufacture and Sale of Cement, Carbon Products (Calcined Petroleum Coke and Coal Tar Pitch), Electricity and Specialty Chemicals.</p> |
|--|---|

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

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

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

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

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

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

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

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



## Directors' Report (continued)

### b) Number of National Locations:

**Cement and Electricity:** Cement Plants are situated in the State of Telangana and Andhra Pradesh. 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.

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

Local	State	National	International
√	√	√	√

### SECTION B:

#### FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (₹): ₹ 672,691,358/-
- Total Revenue (₹): ₹ 476.25 Million (Standalone) and ₹ 104,646.93 Million (Consolidated).
- Total profit after taxes (₹) : ₹ 273.02 Million (Standalone) and ₹ 5,581.67 Million (Consolidated).
- Total spending on Corporate Social Responsibility (CSR) as percentage of profit:  
Though Rain Industries Limited (the Company) is not required to spend 2% of its net profits calculated in accordance with Section 198 of the Companies Act, 2013 towards CSR expenditure as per Section 135 of the Companies Act, 2013, however, the Company has spent ₹ 1 Million towards CSR activities.  
  
The Company along with its subsidiaries in India has spent an amount of ₹ 253.21 Million on its CSR activities during last 3 years.
- 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 24 Subsidiary Companies.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**  
Rain Industries Limited positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. All the Company's subsidiaries are guided to conduct their business in an ethical, transparent and accountable manner. It encompasses suppliers, customers and other stakeholders. It also addresses 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

- DIN Number: 00017633
- Name: Mr. Jagan Mohan Reddy Nellore
- 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	P8	P9
	Do you have a policy/ policies for									
1	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the policies are in comparable with the best practices in the industry.								
3	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
4	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Indicate the link for the policy to be viewed online?	www.rain-industries.com								
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
7	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

## Directors' Report (continued)

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

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

### 3. Governance related to BR

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

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

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

BR will be published annually along with the Annual Report.

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

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, 2020.

#### 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.
  - Ordinary Portland and Portland Pozzolana Cement;
  - Carbon products (Calcined Petroleum Coke and Coal Tar Pitch); and
  - 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):

**a) 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.

## 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 287 complaints from Shareholders during the Financial Year ended December 31, 2020 and all the complaints have been resolved satisfactorily.

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

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

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

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

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

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

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

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

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

The Company and subsidiary Companies accord priority to local suppliers in procurement of stores

and spares and other consumables. Company's contractors who supply labour services for plant operations employ workmen from nearby communities. This workforce is educated and are provided training in occupational health and safety.

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

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

**Principle 3**

**Businesses should promote the well-being of all employees**

1. Please indicate the Total number of employees of Rain Industries Limited: 143
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis: Nil
3. Please indicate the Number of permanent women employees: 19
4. Please indicate the Number of permanent employees with disabilities: Nil
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees are members of this recognized employee association: Nil

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

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

## Directors' Report (continued)

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

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

### Principle 4

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

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

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

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

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

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

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

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

### Principle 5

**Businesses should respect and promote Human Rights**

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

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

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? No complaints with respect to Human Rights was reported during the Financial Year ended December 31, 2020.

### Principle 6

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

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. The Company and its subsidiary Companies adheres to all the Statutory Environmental Regulatory requirements. The subsidiary Companies in India have adopted Environment, Health and Safety policy.
2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. -No-
3. Does the company identify and assess potential environmental risks? Y/N -Yes-

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

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
- i. Rain Cements Limited, a wholly owned Subsidiary has Waste Heat Recovery based Power Generation plants at its Cement Plant situated at Suryapet District, Telangana State, India to generate up to 4.1 MW Electricity and at Kurnool District, Andhra Pradesh, India to generate up to 6.4 MW Electricity;

- ii. Rain Cements Limited, a wholly owned Subsidiary has Solar Power Plants at its Cement Plant situated at Suryapet District, Telangana State, India to generate up to 1.0 MW Electricity and at Kurnool District, Andhra Pradesh, India to generate up to 1.0 MW Electricity;
- iii. 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
- iv. 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.

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

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

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

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

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

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

**Principle 7**

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

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

Yes. The Company is a member of Federation of Telangana Chamber of Commerce and Industry (FTCCI), Telangana State, India.

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

-No-

**Principle 8**

**Businesses should support inclusive growth and equitable development.**

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

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

- i. 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.

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

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

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

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

## Directors' Report (continued)

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

The Company along with its subsidiaries in India have spent an amount of ₹ 74.63 Million on its CSR activities during Financial year ended December 31, 2020.

**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 conduct routine health-related initiatives for communities such as de-addiction counselling and creating awareness about health education in marginalised communities.

• **Education**

Recognising the role 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.

• **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.**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**  
No complaints/consumer cases are pending as on the end of financial year.
2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**  
The Company and its subsidiary Companies displays product information on the product label as per the requirement of law.
3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**  
No case was filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.
4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**  
The Company has not carried out any formal consumer survey/consumer satisfaction trends. However, the Company keeps track of responses/comments from various stakeholders.

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

**N. Radhakrishna Reddy**

Managing Director

DIN: 00021052

**Jagan Mohan Reddy Nellore**

Director

DIN: 00017633

Place: Hyderabad

Date: February 25, 2021

## 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

1. 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.
5. 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.
3. 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**

1. 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.



## Directors' Report (continued)

### C. Term and Remuneration

#### 1. Managing Director/Whole-time Director

- i. 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 Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013.

#### 2. Chief Financial Officer (C.F.O), Company Secretary (C.S) and Senior Management Personnel

- i. 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 re-appointment 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**

**N. Radhakrishna Reddy**

*Managing Director*

DIN: 00021052

**Jagan Mohan Reddy Nellore**

*Director*

DIN: 00017633

Place: Hyderabad

Date: February 25, 2021

## Management Discussion and Analysis

### 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 17 production facilities in seven 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 products are critical raw materials for 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 derivatives and resins, which are critical to the specialty chemicals, coatings, construction automotive, petroleum and several other global industries.

Our Cement business segment produces and markets high-quality ordinary portland cement ("OPC") and portland pozzolana cement ("PPC"), which are 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 capitalize on market opportunities by addressing raw material supply and product demand on a global basis, in both established (mainly North America and Europe) and emerging markets (mainly Asia and the Middle East).

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, 2020. 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 the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India.

### 2. DISCUSSION ON FINANCIAL PERFORMANCE

#### Consolidated Financial Performance

	₹ in Million	
Particulars	CY 2020	CY 2019
Income from Operations	104,647	123,607
Operating Profit	19,892	17,427
Operating Profit (%)	19.0%	14.1%
Profit Before Tax	8,510	5,907
Net Profit After Tax @	5,321	5,211

@ 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	21,008	5,582
Adjustments:		
Inventory adjustments due to extraordinary fall in commodity prices	1,350	1,350
Reorganisation costs on account of closure of certain facilities in Europe	(156)	(156)
Expenses towards strategic projects and other non-recurring items	1,094	1,094
Accelerated depreciation due to plant closure in the Netherlands	-	139
Repairs and other costs incurred on account of hurricane	460	460
Gain on divestment of superplasticizer business	(3,864)	(3,864)
Tax impact on above adjustments	-	(190)
Deferred tax adjustments	-	906
<b>Adjusted Amount</b>	<b>19,892</b>	<b>5,321</b>

During CY 2020, our business generated revenue from operations of ₹ 104.6 billion and operating profit of ₹ 19.9 billion. The revenue in CY 2020 was lower by 15.3% compared to CY 2019 mainly due to lower price realisations and reduction in volumes. The operating margins in CY 2020 were higher due to lower operating costs resulting from a decrease in raw material costs. As a result, the net

profit after tax in CY 2020 was ₹ 5.3 billion (i.e., ₹ 0.1 billion higher than the ₹ 5.2 billion generated in CY 2019).

Consequently, the earnings per share is ₹ 15.8 in CY 2020 as against ₹ 15.5 in CY 2019.

With a moderate performance in CY 2020 coupled with a strong cash balance of ₹ 20.5 billion and undrawn

working capital loans of ₹ 9.5 billion, RAIN Group is well placed to meet its debt-servicing obligations in the future and 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, 2020 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 2020	Financial year 2019	Variance
(i)	Debtors Turnover	9.53	9.12	4%
(ii)	Inventory Turnover	2.94	3.27	-10%
(iii)	Interest Coverage Ratio	4.25	4.08	4%
(iv)	Current Ratio	1.94	1.99	-3%
(v)	Net Debt Equity Ratio	1.33	1.36	-3%
(vi)	Adjusted Operating Profit Margin (%)	19%	14%	5%
(vii)	Adjusted Net Profit Margin (%)	5%	4%	1%
(viii)	Return on Net Worth	10%	11%	-1%

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

Particulars	₹ in Million	
	CY 2020	CY 2019
Sales Volumes ('000 Tonnes)	2,522	2,616
Net Revenue	66,772	81,225
Operating Profit	13,857	12,758
Operating Profit (%)	20.7%	15.7%

Our Carbon business segment includes the manufacturing and trading of carbon products comprising CPC, CTP, GPC and other derivatives 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 64.2% of RAIN Group's consolidated revenue for CY 2020 was generated from the Carbon business segment.

During CY 2020, the Carbon business segment generated ₹ 66.8 billion in net revenue, a decrease of approximately 17.8% as compared to ₹ 81.2 billion generated during CY 2019. The decrease in revenue was due to a decrease in average realisations by approximately 14.7%, including exchange fluctuation from depreciation of Indian Rupee against US Dollar and appreciation against Euro, and by a decrease in volumes by approximately 3.6%. The operating margin increased to 20.7% in CY 2020 as compared to 15.7% in CY 2019. Margins increased in the Carbon business due to lower operating costs resulting from decrease in raw material costs.

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

Particulars	₹ in Million	
	CY 2020	CY 2019
Sales Volumes ('000 Tonnes)	398	442
Net Revenue	26,935	31,348
Operating Profit	3,864	3,107
Operating Profit (%)	14.3%	9.9%

Our Advanced Materials business segment mainly comprises engineered products, petrochemical intermediates, resins and naphthalene derivatives, which are derived from our primary distillate – naphthalene – and additional raw materials purchased from third parties. About 25.9% of the consolidated revenue for CY 2020 is from the Advanced Materials business segment.

During CY 2020, our Advanced Materials business segment generated ₹ 26.9 billion in net revenue, a decrease of 14.1% as compared to ₹ 31.3 billion during CY 2019. The decrease was primarily related to a 4.6% decrease in blended price realisations during CY 2020 and by a 10.0% decrease in sales volumes. The operating margin increased from 9.9% in CY 2019 to 14.3% in CY 2020 due to a decrease in raw material prices and shutdown of lower-margin facility in the Netherlands.

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.

## Management Discussion and Analysis (continued)

### 5. PERFORMANCE OF CEMENT BUSINESS SEGMENT

Particulars	₹ in Million	
	CY 2020	CY 2019
Sales Volumes ('000 Tonnes)	2,241	2,468
Net Revenue	10,255	10,300
Operating Profit	2,171	1,562
Operating Profit (%)	21.2%	15.2%

Our Cement business segment is engaged in the manufacture and sale of cement. The products include high-quality OPC and PPC. About 9.9% of the consolidated revenue of RAIN Group for CY 2020 was from this business segment. During CY 2020, this segment generated ₹ 10.3 billion in net revenue. Due to a decrease in volumes of approximately 9.2% in CY 2020, which has been netted off with increase in price realisation by 9.6%, there is a decrease in revenue by approximately 0.4% compared to ₹ 10.3 billion during CY 2019. The Cement business segment operated at an average capacity utilization of approximately 56% during CY 2020 compared to approximately 62% in CY 2019.

The operating margin of Cement business increased from 15.2% in CY 2019 to 21.2% in CY 2020 mainly due to better average realisations and decreased 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 emphasize performance improvement, 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 our plants allow RAIN Group to realise economies of scale.

The Group has integrated our coal tar and petroleum tar distillation operations with our 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 CTP and 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 ADEQUACY

The Company established an in-house internal audit department in India during CY2018 to carry out robust reviews of various RAIN Group companies in India, Europe and North America. Further, Ernst & Young LLP, India (EY) carries 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 our 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 our subsidiaries across the globe. The Company believes that the quality of our 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 Safety Training Observation Programme (STOPTM), which focuses on ways to address unsafe acts and recognize 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.

2020 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.

As the COVID-19 virus spread at the beginning of 2020, we quickly recognised our immense responsibility to keep RAIN's employees safe and production facilities running so that we remained an unbroken link in the global supply chain. Our prompt response helped minimise the pandemic's impact on RAIN during the year.

## 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, feedstock 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**

**N. Radhakrishna Reddy**  
Managing Director  
DIN: 00021052

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

Place: Hyderabad  
Date: February 25, 2021

## Report on 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 your 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.

Your 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.

Your Company presents this report, prepared in terms of the SEBI Listing Regulations (including the amendments to the extent applicable), enumerating the current Corporate Governance systems and processes at the Company

#### 1. 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, 2020, 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 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 your 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.

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

The Board of your Company comprises of Eight Directors as on December 31, 2020.

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.

Sl. 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 McNamara	Director	Independent Director
7	Ms. Radhika Vijay Haribhakti	Director	Independent Director
8	Ms. Nirmala Reddy	Director	Independent Director

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

The details of the attendance of the Directors at the Board meetings held during the Financial Year ended December 31, 2020 and at the last Annual General Meeting (AGM) are given below:

Name of the Director	Number of Board Meetings		Attendance at last ANNUAL GENERAL MEETING
	Held	Attended	
Mr. N. Radhakrishna Reddy	4	4	No
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 McNamara	4	4	Yes

#### c. Other Directorships

The number of Directorships and memberships in the Committees of other Companies held by the Directors as on December 31, 2020 are as under:

Name of the Director	No. of other Directorships*	In other Public Companies**	
		Membership	Chairmanship
Mr. N. Radhakrishna Reddy	8	-	-
Mr. Jagan Mohan Reddy Nellore	6	4	-
Mr. N. Sujith Kumar Reddy	8	-	-
Mr. H. L. Zutshi	-	-	-
Mr. Varun Batra	1	-	-
Mr. Brian Jude McNamara	-	-	-
Ms. Radhika Vijay Haribhakti	3	3	2
Ms. Nirmala Reddy	4	2	2

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

\*\* Includes only Audit Committee, Nomination and Remuneration 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).



## Report on Corporate Governance (continued)

### Names of the Listed Companies wherein the Directors of the Company are Directors

Sl. 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. Zutshi	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	3	<ol style="list-style-type: none"> <li>1. <b>Navin Fluorine International Limited-</b> Independent Director</li> <li>2. <b>EIH Associated Hotels Limited-</b> Independent Director</li> <li>3. <b>ICRA Ltd-</b> Independent Director</li> </ol>

#### 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 your 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 your Company, as well as steps taken by your 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 your 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 your 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, 2020. 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 28, 2020, May 28, 2020, July 30, 2020 and October 30, 2020.

**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, 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, 2020 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 details of familiarization programme attended by Independent Directors is available on the website: <https://www.rain-industries.com>

**i. Given below is the chart setting out the skills/expertise/competence of the Board of Directors:**

Sl. No.	Name of the Director	Category	Specialization
1	Mr. H. L. Zutshi	Chairman - Independent Director	He has more than 52 years of experience in Manufacturing Industry.
2	Mr. N. Radhakrishna Reddy	Managing Director (Promoter)	He has more than 52 years of experience in Construction and Cement Industry.
3	Mr. Jagan Mohan Reddy Nellore	Non-Executive Director (Promoter)	He has more than 28 years of experience in finance, commercial and manufacturing areas.
4	Mr. N. Sujith Kumar Reddy	Non-Executive Director (Promoter)	He has more than 29 years of experience in Manufacturing and Construction Industry.
5	Mr. Varun Batra	Independent Director	He is a Senior finance professional with more than 30 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 32 years career in Project Finance, Corporate Finance and Investment Management.
7	Ms. Radhika Vijay Haribhakti	Independent Director	She has over 30 years of experience in Commercial and Investment Banking.
8	Ms. Nirmala Reddy	Independent Director	She has more than 47 years of experience in Banking, Finance and Project appraisal.

## Report on Corporate Governance (continued)

### j. 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 declarations /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. No Independent Director has resigned from the Directorship of the Company before the expiry of their term of appointment during the Financial Year ended December 31, 2020.

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

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

He was a member of the Government of India appointed expert Sub-Committee for developing a policy paper on deregulation etc, which provided inputs for the Hydro Carbon Vision 2025. He was formerly Chairman of the Petroleum, Coal, Fertilizer and related products Division Council of Bureau of Indian Standards (BIS), New Delhi, Convener of the Financial Services Sector task force of the Department of Public Enterprises, which fixed annual performance targets of the Financial Services PSUs. He was also Advisor Energy & Hydrocarbon to Mittal S.a.r.l, Luxomberg and ABN Amro Investments. He was formerly Independent Director on the Boards of MMTC, MECON Ltd and IDBI Bank Ltd., Indirapuram Habitat Centre Pvt. Ltd., Terasol Labs Pvt.Ltd, Jaguar Overseas Limited and Deepwater Drilling & Industries Ltd., He was also Special Director of BIFR on the boards of two companies namely Saurastra 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 (78 years) is the Managing Director of Rain Industries Limited. He has more than 52 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 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, Vice-Chairman and Mr. N. Sujith Kumar Reddy, Director. Other than the said Directors, he is not related to any other Director.

- **Mr. Jagan Mohan Reddy Nellore**

Mr. Jagan Mohan Reddy Nellore (54 years) brings with him 28 years of experience to the Company in the finance, commercial and operations areas. Mr. Nellore is presently the Vice Chairman 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, Pragnya Priya Foundation, Rain Commodities (USA) Inc., Rain CII Carbon LLC, USA, Rain Carbon Inc. 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.

Mr. Nellore holds 100 equity shares in the Company.

Mr. Nellore 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 of the Company.

- **Mr. N. Sujith Kumar Reddy, Non-Executive Director**

Mr. N. Sujith Kumar Reddy (49 Years) holds a Bachelor's degree in Commerce. He has more

than 29 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 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, Vice-Chairman. Other than the said Directors, he is not related to any other Director.

- **Mr. Varun Batra, Independent Director**

Mr. Varun Batra (54 years) is a Senior finance professional with more than 30 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.

## Report on Corporate Governance (continued)

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.

- **Mr. Brian Jude McNamara, Independent Director**

Mr. Brian McNamara (58 years) is a former banker with 32 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.

- **Ms. Nirmala Reddy, Independent Director**

Ms. Nirmala Reddy (73 years) 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 l'voire.

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 a Member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee of Rain Industries Limited, Member of Nomination and Remuneration Committee of Rain CII Carbon (Vizag) Limited and Member of Nomination and Remuneration Committee of Rain Cements Limited.

- **Ms. Radhika Vijay Haribhakti, Independent Director**

Ms. Radhika Haribhakti (63 years) has over 30 years of experience in Commercial and Investment Banking that includes leadership roles at 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 EIH Associated Hotels Ltd, ICRA Ltd and Navin Fluorine International Ltd.

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 and Stakeholders' Relationship Committee of Navin Fluorine International 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:

- i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
- f. Disclosure of any related party transactions; and
- g. modified opinion in the draft audit report.
- v) Reviewing with the management, the quarterly financial statements before submission to the board for approval;
- vi) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- viii) Approval or any subsequent modification of transactions of the company with related parties;
- ix) Scrutiny of inter-corporate loans and investments;
- x) Valuation of undertakings or assets of the company, wherever it is necessary;
- xi) Evaluation of internal financial controls and risk management systems;
- xii) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv) Discussion with internal auditors of any significant findings and follow up there on;
- xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or

## Report on Corporate Governance (continued)

irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

- xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii) To review the functioning of the Whistle Blower mechanism;
- xix) Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- xxi) Monitoring the end use of funds raised through public offers and related matters;
- xxii) To review the management discussion and analysis of financial condition and results of operations;
- xxiii) To review the statement of significant related party transactions (as defined by the audit committee), submitted by management;
- xxiv) To review the management letters / letters of internal control weaknesses issued by the statutory auditors;
- xxv) To review the internal audit reports relating to internal control weaknesses;
- xxvi) To review the appointment, removal and terms of remuneration of the chief internal auditor.
- xxvii) To review the statement of deviations of following:
  - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015.

- b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxviii) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- xxix) The Audit Committee shall have authority to investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company; and
- xxx) The auditors of the company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

### b. Composition, names of members and Chairperson

- The Audit Committee of the Company comprises of 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. Ms. Nirmala Reddy, Chairman of the Audit Committee, was present at the 45<sup>th</sup> Annual General Meeting of the Company held on August 13, 2020 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.

- Attendance at the Audit Committee Meetings:**

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Ms. Nirmala Reddy	Chairperson	4	4
Mr. H. L. Zutshi	Member	4	4
Ms. Radhika Vijay Haribhakti	Member	4	4
Mr. Varun Batra	Member	4	4
Mr. Brian McNamara	Member	4	4

**c. Audit Committee meetings held and attendance during the Financial year ended December 31, 2020**

- Four Audit Committee Meetings were held during the Financial Year ended December 31, 2020. 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 27, 2020, May 28, 2020, July 30, 2020 and October 30, 2020.

### 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 performance of Board, its Committees and Individual Directors;
- 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 45<sup>th</sup> Annual General Meeting of the Company held on August 13, 2020.

**c. Nomination and Remuneration Committee meetings**

- One Nomination and Remuneration Committee Meeting was held during the Financial Year ended December 31, 2020.



## Report on Corporate Governance (continued)

- The Nomination and Remuneration Committee Meeting was held on October 30, 2020.

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

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Ms. Radhika Vijay Haribhakti	Chairperson	1	1
Mr. H. L. Zutshi	Member	1	1
Ms. Nirmala Reddy	Member	1	1
Mr. Varun Batra	Member	1	1
Mr. Brian McNamara	Member	1	1

#### d. Nomination and Remuneration policy

- The compensation of the Executive Directors comprises of a fixed component and commission. The compensation is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the Executive Directors is periodically reviewed and suitable revision is recommended to the Board by the Committee.
- The Non-Executive Directors are paid Sitting Fees and Commission for attending meetings of the Board/Committees.

#### e. The Criteria for Evaluation of Independent Directors is given below:

- Qualifications: Professional qualifications;
- Experience: Experience relevant to the entity;
- Knowledge and Competency:
  - How the person fares for effective functioning of the entity and the Board; and
  - Whether the person has sufficient understanding and knowledge of the entity and fulfillment of the independence criteria as specified in these regulations and their independence from the management;
- Fulfillment of functions: Whether the person understands and fulfills the functions assigned to him/her as by the Board and the law;
- 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;

- Availability and attendance: Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay;
- 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;
- Integrity: Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.);
- Independence: Whether person is independent from the entity and the Management 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. Terms of Appointment of Independent Directors:

As per Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act, the terms and conditions of appointment / re-appointment of Independent Directors are available on the Company's website <https://www.rain-industries.com/investors/#shareholders-information>

#### g. Performance evaluation of Directors

Pursuant to applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board, in consultation with its Nomination & Remuneration Committee has formulated a framework containing, inter-alia, the criteria for performance evaluation

of the Independent Directors, Board of Directors, Committees of Board, Individual Directors including Managing Director and Non- Executive Directors and Chairperson of the Board.

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:

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

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

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

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

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

#### 4. Meeting of Independent Directors

A separate meeting of the Independent Directors was held on October 30, 2020 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

- a. There were no pecuniary relationship or 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](http://www.rain-industries.com)

## Report on Corporate Governance (continued)

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, 2020:

(In ₹ Million)			
Name of the Director	Sitting Fees	Commission	Total Amount
Mr. H. L. Zutshi	0.70	0.65	1.35
Mr. Varun Batra	0.70	0.65	1.35
Mr. Brian Jude McNamara	0.70	0.65	1.35
Ms. Radhika Vijay Haribhakti	0.70	0.65	1.35
Ms. Nirmala Reddy	0.82	0.65	1.47
Mr. N. Radhakrishna Reddy	-	-	-
Mr. Jagan Mohan Reddy Nellore	-	-	-
Mr. N. Sujith Kumar Reddy	-	-	-

d. The Remuneration paid to the Managing Director during the year is as follows:

(In ₹ Million)										
Name of the Director and Designation	Salary	Benefits	Bonuses	Pension	Commission	Performance linked incentives	Performance criteria	Service contracts	Notice period	Total
Mr. N. Radhakrishna Reddy Managing Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Appointed for a period of 3 years	3 Months	Nil

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

- (i) 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, 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.

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 45<sup>th</sup> Annual General Meeting of the Company held on August 13, 2020.

## 9. Share Transfer 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

### b. Terms of Reference

- i) 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
- ii) The Committee oversees the performance of the Registrar and Transfer agents

and recommends measures for overall improvement in the quality of investor services.

### c. Name and designation of Compliance Officer

Mr. S. Venkat Ramana Reddy, Company Secretary

### d. Number of Shareholders complaints received and resolved so far.

During the year ended December 31, 2020, the Company has received 287 and resolved 287 complaints.

### e. 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
2019	August 13, 2020	11.00 A.M.	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs (MCA Circulars).
2018	May 8, 2019	3.00 P.M.	KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry (FTAPCCI), Red Hills, Hyderabad-500004, Telangana State, India.
2017	May 11, 2018	3.00 P.M.	

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

Year	Date	Time	Special Resolutions Passed
2019	August 13, 2020	11.00 A.M.	No Special Resolutions were 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

### 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 Annual General Meeting.

## Report on Corporate Governance (continued)

### 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 your Company's corporate governance ethos.

Your 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.

Your 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** : 46<sup>th</sup> Annual General Meeting
- Date : May 10, 2021
- Time : 11.00 a.m.
- Venue : Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the Members.
- b) **Financial Calendar** : January 1, 2021 to December 31, 2021.

Tentative Schedule for considering Financial Results:

For the Quarter ending March 31, 2021 : April / May, 2021

For the Quarter ending June 30, 2021 : July / August, 2021

For the Quarter ending September 30, 2021 : October / November, 2021

For the Quarter/ Year ending December 31, 2021 : January / February, 2022

- 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, Phiroze JeeJeebhoy Towers, Dalal street, Mumbai – 400 001, Maharashtra, India.	500339
National Stock Exchange of India Limited, Exchange Plaza, Floor 5, Plot # C/1, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India.	RAIN

The listing fees for the year 2020 - 2021 has been paid to the above stock exchanges.

#### e) Stock Code

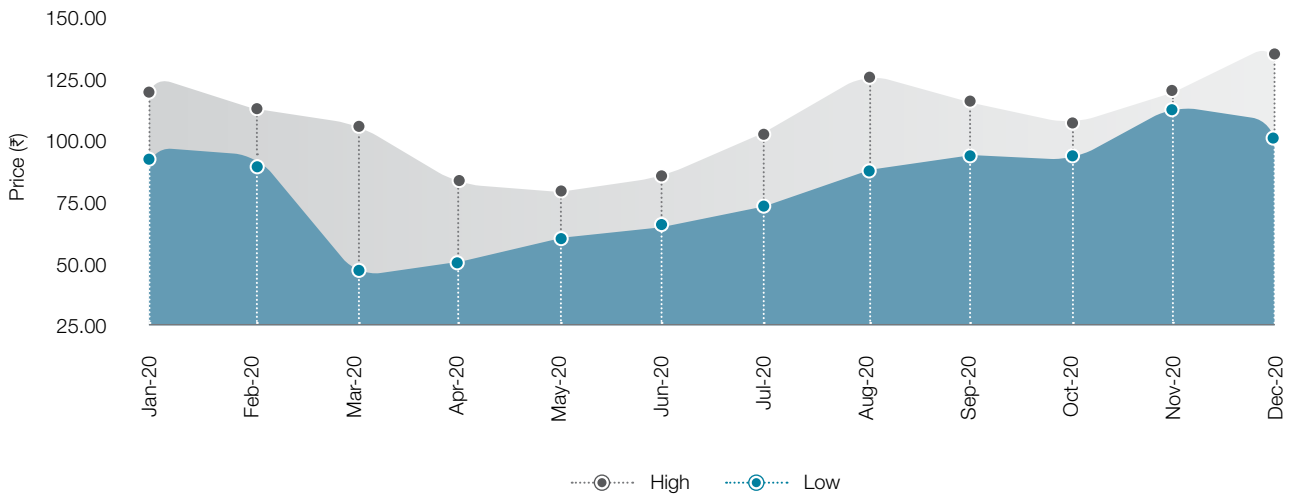
Name of the Stock Exchange	Scrip Code
BSE Limited	500339
National Stock Exchange of India Limited	RAIN

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

## BSE Limited (BSE)

Month	High (₹)	Low (₹)	No. of Equity Shares traded
January, 2020	128.90	98.50	6,211,863
February, 2020	115.00	96.50	1,835,507
March, 2020	107.90	44.90	1,998,428
April, 2020	84.35	50.90	2,153,706
May, 2020	81.20	61.35	1,630,004
June, 2020	87.30	66.00	3,788,377
July, 2020	105.30	75.00	7,788,611
August, 2020	128.55	89.65	4,331,207
September, 2020	118.35	96.05	1,663,546
October, 2020	108.40	93.55	1,373,628
November, 2020	122.50	116.30	319,040
December, 2020	142.20	110.60	4,464,691

## Share Prices at BSE

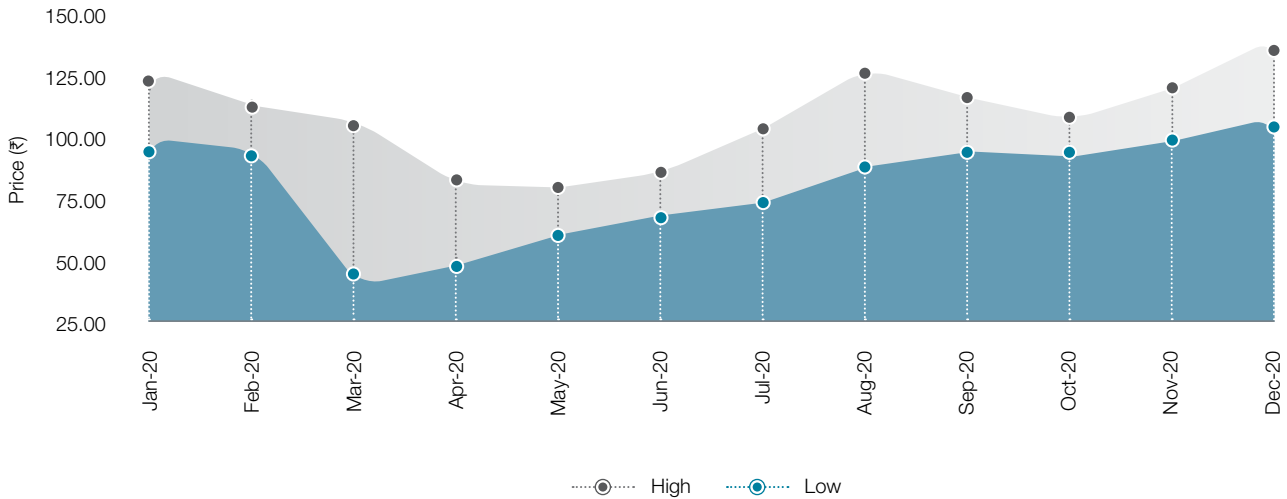


## Report on Corporate Governance (continued)

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

Month	High (₹)	Low (₹)	No. of Equity Shares traded
January, 2020	128.80	98.45	53,659,463
February, 2020	114.95	96.20	22,536,795
March, 2020	107.50	44.75	21,938,677
April, 2020	84.30	49.30	24,164,788
May, 2020	81.40	61.10	28,467,113
June, 2020	87.30	70.50	46,769,634
July, 2020	105.25	75.05	77,965,671
August, 2020	128.50	89.40	54,659,168
September, 2020	118.45	97.00	19,776,342
October, 2020	108.50	94.00	18,870,841
November, 2020	122.70	100.00	31,606,438
December, 2020	142.40	110.55	53,309,975

### Share Prices at NSE



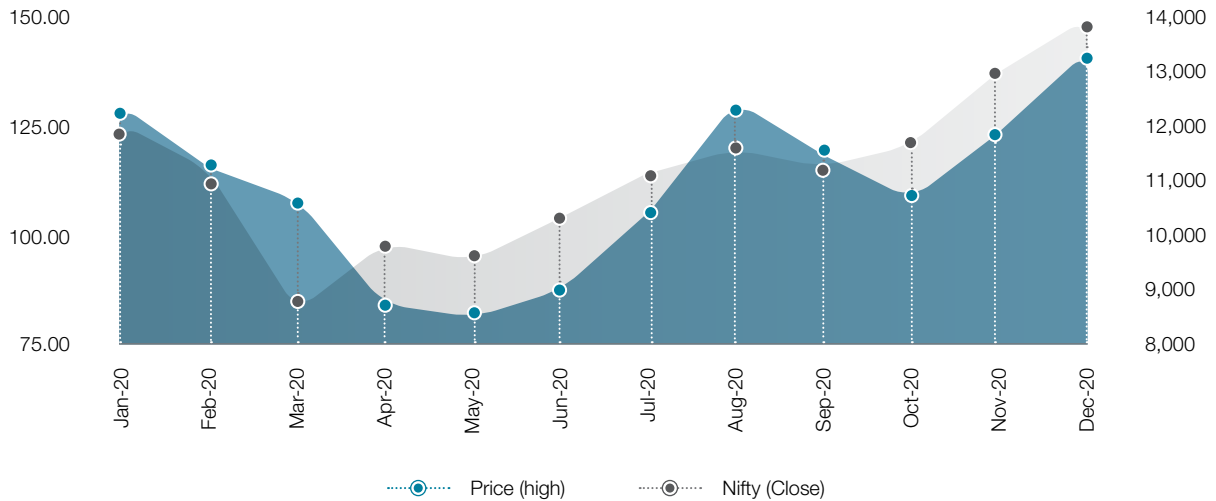
**g) Performance in comparison to broad based indices of BSE Sensex:**

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



**Performance in comparison to broad based indices of Nifty:**

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





## Report on Corporate Governance (continued)

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

E-mail: einward.ris@kfintech.com  
Website: www.kfintech.com

- 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)  
Selenium Building, Tower B, Plot No. 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally Mandal,  
Hyderabad – 500 032, Telangana State, India.  
Fax: +91 40 23001153  
Phone: +91 40 6716 2222

- j) **Share Transfer System**

The physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. All the valid transfers are approved by Share Transfer Committee and are noted at Board Meetings. In compliance with the SEBI Guidelines for transfer of shares held in physical form.

- k) **Distribution of Shareholding**

Shareholding pattern as on December 31, 2020

Sl. No.	Category	No. of shares held	% of shareholding
1	Promoters/Directors/ Associates	138,378,854	41.14
2	Mutual Funds	8,096,719	2.41
3	Financial Institutions and Banks	36,500	0.01
4	Foreign Portfolio Investors	44,358,302	13.19
5	Bodies Corporate	22,813,378	6.78
6	Alternate Investment Funds	135,000	0.04
7	Trusts	10,905	0.00
8	NRIs	15,305,998	4.55
9	HUF	4,962,830	1.48
10	Clearing Members	1,046,189	0.31
11	Investor Education Protection Fund (IEPF) A/c	3,099,021	0.92
12	Unclaimed Suspense Account	682,195	0.20
13	Indian Public	97,419,788	28.96
	<b>Total</b>	<b>336,345,679</b>	<b>100.00</b>

### Distribution of shareholding according to nominal value as on December 31, 2020

Share Holding of nominal value of	Shareholder		Shares	Shareholding	
	Number	% to Total Number		in ₹	% to Total Amount
1-5000	126,493	96.15	34,956,110	69,912,220	10.39
5001- 10000	2,555	1.94	9,458,837	18,917,674	2.81
10001- 20000	1,222	0.93	8,969,550	17,939,100	2.67
20001- 30000	400	0.30	5,067,048	10,134,096	1.51
30001- 40000	204	0.16	3,630,815	7,261,630	1.08
40001- 50000	152	0.12	3,470,867	6,941,734	1.03
50001- 100000	233	0.18	8,185,390	16,370,780	2.43
100001& Above	299	0.23	262,607,062	525,214,124	78.08
<b>Total</b>	<b>131,558</b>	<b>100.00</b>	<b>336,345,679</b>	<b>672,691,358</b>	<b>100.00</b>

**l) Dematerialization of Shares and liquidity**

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

330,133,799 equity shares were dematerialised representing 98.15% of the total paid up equity share capital of the Company as on December 31, 2020.

**ISIN: INE855B01025**

**m)** There are no outstanding Global Depository Receipts/American Depository Receipts or Warrants or any convertible instruments as on December 31, 2020.

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

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

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

**p)** Address for correspondence:

**Company Secretary**

Rain Industries Limited  
Regd. Off: "Rain Center", 34, Srinagar Colony,  
Hyderabad - 500 073, Telangana State, India.  
Phone No.040-40401234, 040-40401259  
Fax No. 040-40401214.

CIN: L26942TG1974PLC001693

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

**Website:** www.rain-industries.com

**q) Credit Rating**

Given below are the ratings given to the Company by India Ratings & Research during the Financial Year ended December 31, 2020:

(i) Long term borrowing: IND A/Negative.

**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, 2020, 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 No.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.

## Report on Corporate Governance (continued)

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://www.rain-industries.com>

The ombudsman had not received any complaint during the Financial Year ended December 31, 2020.

- e) The policy for determining 'material' subsidiaries is available on the website of the Company <https://www.rain-industries.com>
- f) The policy on dealing with related party transactions is available on the website of the Company: <https://www.rain-industries.com>
- g) The Company has not raised any funds through preferential allotment or qualified institutions placement during the Financial Year ended December 31, 2020.
- 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.
- i) 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, 2020:

Sl. No.	Payments to the Statutory Auditors (excluding taxes)	Fees paid in ₹ Million
1	Statutory Audit fees paid for Audit of the Company and Subsidiary Companies situated in India	6.60
2	Fees paid for Limited review of the Company and Subsidiary Companies situated in India and outside India	9.66
3	Statutory Audit fees paid for Audit of Subsidiary Companies situated outside India	43.08
4	Fees paid for other services	9.09
5	Reimbursement of expenses	1.51
	<b>Total</b>	<b>69.94</b>

- j) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Sl. No.	Particulars	No.
1	Number of complaints on Sexual harassment received during the year	Nil
2	Number of Complaints disposed off during the year	Not Applicable
3	Number of cases pending as on end of the Financial Year	Not Applicable

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

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

Regulation	Particulars of Regulations	Compliance status (Yes/No)
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 twenty 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 Ltd, Hyderabad-500034, Telangana State, India vide DPID: IN301330 and Client ID: 40195702.

## Report on Corporate Governance (continued)

In accordance with the requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

S. No.	Particulars	Number of shareholders	Number of equity shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e., January 1, 2020.	501	789,525
2	No. of shareholders who approached the Company for transfer of shares from Unclaimed Suspense account during the year.	13	33,605
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	13	33,605
4	Transferred to Investor Education and Protection fund Authority	95	73,725
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., December 31, 2020 (1-3-4).	393	6,82,195

The voting rights on the shares outstanding in the suspense account as on December 31, 2020 shall remain froze 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 240,350 equity shares (125,510 equity shares during June 2020 and 114,840 equity shares during December, 2020) to Investor Education and Protection Fund during the Financial Year ended December 31, 2020.

### 23. Proceeds from public issues, rights issues, preferential issues, etc.

During the year ended December 31, 2020, 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://www.rain-industries.com>

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://www.rain-industries.com>

26. The Company has adopted policy on Dividend Distribution. Policy on Dividend Distribution which is available on the website of the Company: <https://www.rain-industries.com>.

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 25, 2021

## 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, 2020.

for **Rain Industries Limited**

**N. Radhakrishna Reddy**

*Managing Director*

DIN: 00021052

Place: Hyderabad

Date: February 25, 2021

## 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, 2020 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**

**N. Radhakrishna Reddy**

*Managing Director*

DIN: 00021052

**T. Srinivasa Rao**

*Chief Financial Officer*

M. No. F29080

Place: Hyderabad

Date: February 25, 2021

## 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) Regulations, 2015**

We, DVM & Associates LLP, Practicing Company Secretaries, have examined the Company and Registrar of Companies records, books and papers 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, 2020.

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, 2020:

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	Non-Executive Director	00017633
4	Mr. N. Sujith Kumar Reddy	Non-Executive 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. Nirmla Reddy	Independent Director	01673128

For **DVM & Associates LLP**

Company Secretaries

L2017KR002100

**DVM Gopal**

Partner

M No: F 6280

C.P. No: 6798

UDIN: F006280B003364613

Place: Hyderabad

Date: February 24, 2021

## Independent Auditors' Certificate on Compliance with the Corporate Governance Requirements under SEBI

### (Listing Obligations and Disclosure Requirements) REGULATIONS, 2015

To  
The Members of  
**Rain Industries Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated June 6, 2019.
2. We have examined the compliance of conditions of Corporate Governance by Rain Industries Limited ("the Company"), for the year ended December 31, 2020, as stipulated in regulations 17 to 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 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

#### Management's Responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

#### Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended December 31, 2020.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for

Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
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.

#### Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Associates LLP**

Chartered Accountants

Firm Registration Number: 116231W/W-100024

**Sriram Mahalingam**

Partner

Place: Hyderabad

Date: February 25, 2021

Membership Number: 049642

UDIN: 21049642AAAAAQ6857



## Independent Auditors' Report

### To the Members of Rain Industries Limited

#### Report on the Audit of the Standalone Financial Statements

##### OPINION

We have audited the standalone financial statements of Rain Industries Limited ("the Company"), which comprise the standalone balance sheet as at December 31, 2020, 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 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 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 December 31, 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 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 on the standalone financial statements.

##### KEY AUDIT MATTERS

We have determined that there are no key audit matters to communicate in our report.

##### 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE STANDALONE 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 financial statements that give a true and fair view of the state of affairs, profit/loss 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

## Independent Auditors' Report (continued)

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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Independent Auditors' Report (continued)

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 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 REQUIREMENTS

1. 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.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The 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 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 4 January 2021 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls 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:
- i. The Company has disclosed the impact of pending litigations as at December 31, 2020 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements;

## Independent Auditors' Report (continued)

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 08, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended December 31, 2020.
- (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 **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration No. 116231W/W-100024

**Sriram Mahalingam**

*Partner*

Membership No: 049642

UDIN: 21049642AAAAM4414

Place: Hyderabad

Date: February 25, 2021

## Annexure A

to the Independent Auditors' report on the standalone financial statements of Rain Industries Limited for the period ended December 31, 2020

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 financial statements for the year ended December 31, 2020, 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 bi-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 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. As explained to us, the Company did not have any dues on account of Sales tax, Service Tax, duty of customs, Duty of excise, Value added tax and Cess.
 

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, employees' State Insurance, Sales-tax, Income Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at December 31, 2020 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, Service Tax, duty of customs, Duty of excise, Value added tax and Cess and other material statutory dues, 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 financial statements of Rain Industries Limited for the period ended December 31, 2020 (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	Interest	91.24 (91.24)	AY 2004-05	Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
Income-tax Act, 1961	Income-tax and interest	19.48	AY 2008-09	
Income-tax Act, 1961	Income-tax and interest	16.76	AY 2009-10	
Income-tax Act, 1961	Income-tax and interest	20.02	AY 2010-11	
Income-tax Act, 1961	Income-tax and interest	31.71	AY 2011-12	
Income-tax Act, 1961	Income-tax and interest	32.56	AY 2012-13	
Income-tax Act, 1961	Income-tax and interest	18.40 (18.40)	AY 2013-14	

(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 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 **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 116231W/W-100024

**Sriram Mahalingam**

Partner

Membership No: 049642

UDIN: 21049642AAAAM4414

Place: Hyderabad

Date: February 25, 2021

## Annexure B

to the Independent Auditors' report on the standalone financial statements of Rain Industries Limited for the period ended December 31, 2020

### **Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2(A)(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 December 31, 2020 in conjunction with our audit of the standalone 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 December 31, 2020, based on the internal financial controls with reference to standalone 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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 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 FINANCIAL STATEMENTS**

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

## Annexure B

to the Independent Auditors' report on the standalone financial statements of Rain Industries Limited for the period ended December 31, 2020 (continued)

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of 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 FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to standalone 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration No. 116231W/W-100024

**Sriram Mahalingam**

*Partner*

Membership No: 049642

UDIN: 21049642AAAAM4414

Place: Hyderabad

Date: February 25, 2021



## Balance Sheet

as at December 31, 2020

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

	Note	As at December 31, 2020	As at December 31, 2019
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3	69.40	70.05
(b) Other Intangible assets	4	1.07	1.22
(c) Financial assets			
(i) Investments	5	9,169.65	9,169.65
(ii) Loans	6	88.72	2,281.70
(d) Deferred tax asset (net)	26	1.54	1.45
(e) Non-current tax assets (net)	26	119.83	254.04
(f) Other non-current assets	7	0.43	-
<b>2. Current assets</b>			
(a) Financial assets			
(i) Trade receivables	8	47.45	49.92
(ii) Cash and cash equivalents	9	207.78	202.67
(iii) Bank balances other than cash and cash equivalents	9	35.54	42.79
(iv) Loans	10	2,252.06	686.63
(v) Other financial assets	11	4.83	0.62
(b) Other current assets	12	2.03	2.71
<b>TOTAL</b>		<b>12,000.33</b>	<b>12,763.45</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	13	672.69	672.69
(b) Other equity	14	8,442.40	8,504.05
		<b>9,115.09</b>	<b>9,176.74</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	521.09	2,699.16
(b) Provisions	16	6.36	6.57
<b>Current liabilities</b>			
(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 enterprises and small enterprises		5.91	3.83
(ii) Other financial liabilities	18	2,295.66	739.88
(b) Other current liabilities	19	37.14	14.88
(c) Provisions	20	2.32	1.30
(d) Current tax liabilities (net)	26	16.76	121.09
<b>TOTAL</b>		<b>12,000.33</b>	<b>12,763.45</b>
Corporate information	1		
Significant accounting policies	2		
<b>The notes referred to above form an integral part of the financial statements</b>			

As per our report of even date attached  
for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership number: 049642

Place: Hyderabad  
Date: February 25, 2021

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

## Statement of Profit and Loss

for the year ended December 31, 2020

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

	Note	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>1 TOTAL INCOME</b>			
Revenue from operations	21	476.25	637.91
Other income	22	499.88	610.16
<b>Total income</b>		<b>976.13</b>	<b>1,248.07</b>
<b>2 EXPENSES</b>			
Purchases of stock-in-trade		150.88	301.59
Employee benefits expense	23	183.05	187.16
Finance costs	24	121.39	186.70
Depreciation and amortisation expense	3 & 4	6.43	5.86
Loss / (gain) on foreign currency transactions and translations (net)		10.76	8.22
Other expenses	25	157.19	171.37
<b>Total expenses</b>		<b>629.70</b>	<b>860.90</b>
<b>3 PROFIT BEFORE TAX (1-2)</b>		<b>346.43</b>	<b>387.17</b>
<b>4 TAX EXPENSE/(BENEFIT)</b>	26		
1. Current tax		9.61	32.78
2. Tax relating to earlier years		60.63	-
3. Minimum alternate tax		3.26	-
4. Deferred tax		(0.09)	-
<b>5 PROFIT FOR THE YEAR (3-4)</b>		<b>273.02</b>	<b>354.39</b>
<b>6 OTHER COMPREHENSIVE INCOME:</b>			
A. (i) Items that will not be reclassified subsequently to profit or loss			
- Remeasurements of the defined benefit plans	29 (b)	1.68	0.09
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B. (i) Items that will be reclassified subsequently to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Other Comprehensive Income for the year</b>		<b>1.68</b>	<b>0.09</b>
<b>7 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (5+6)</b>		<b>274.70</b>	<b>354.48</b>
<b>8 EARNINGS PER SHARE (FACE VALUE OF ₹ 2/- EACH)</b>			
Basic and Diluted (₹)	32	0.81	1.05
Corporate information	1		
Significant accounting policies	2		
<b>The notes referred to above form an integral part of the financial statements</b>			

As per our report of even date attached  
for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership number: 049642

Place: Hyderabad  
Date: February 25, 2021

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

## Statement of changes in Equity

for the year ended December 31, 2020

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

Particulars	(i)									
	Other equity									
	Equity Share Capital	Capital Reserve	Capital Redemption Reserve	Capital Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other Comprehensive Income	Remeasurements of Defined Benefit Plans	Total
<b>Balance as on January 1, 2020</b>	672.69	4,319.91	47.66	516.67	801.62	599.75	2,219.36	(0.92)		9,176.74
Profit for the year (A)	-	-	-	-	-	273.02	-	-	-	273.02
<b>Other comprehensive income (B)</b>										
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	1.68		1.68
<b>Total Comprehensive Income for the year (A+B)</b>	-	-	-	-	-	<b>273.02</b>	-	<b>1.68</b>		<b>274.70</b>
Dividends including dividend distribution tax (Refer note 13(ii))	-	-	-	-	-	(336.35)	-	-		(336.35)
Transfer from retained earnings	-	-	-	-	27.30	(27.30)	-	-		-
<b>Balance as on December 31, 2020</b>	<b>672.69</b>	<b>4,319.91</b>	<b>47.66</b>	<b>516.67</b>	<b>828.92</b>	<b>509.12</b>	<b>2,219.36</b>	<b>0.76</b>		<b>9,115.09</b>
<b>For the year ended December 31, 2019</b>										
Particulars	Equity Share Capital	Capital Reserve	Capital Redemption Reserve	Capital Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other Comprehensive Income	Remeasurements of Defined Benefit Plans	Total
<b>Balance as on January 1, 2019</b>	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)	-	-	-	-	-	354.39	-	-	-	354.39
<b>Other comprehensive income (B)</b>										
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	0.09		0.09
<b>Total Comprehensive Income for the year (A+B)</b>	-	-	-	-	-	<b>354.39</b>	-	<b>0.09</b>		<b>354.48</b>
Dividends including dividend distribution tax (Refer note 13(ii))	-	-	-	-	-	(336.35)	-	-		(336.35)
Transfer from retained earnings	-	-	-	-	35.44	(35.44)	-	-		-
<b>Balance as on December 31, 2019</b>	<b>672.69</b>	<b>4,319.91</b>	<b>47.66</b>	<b>516.67</b>	<b>801.62</b>	<b>599.75</b>	<b>2,219.36</b>	<b>(0.92)</b>		<b>9,176.74</b>

## Statement of changes in Equity

for the year ended December 31, 2020 (continued)

### (II) DESCRIPTION OF THE PURPOSES OF EACH RESERVE WITHIN EQUITY:

#### Reserves and Surplus:

- (a) **Capital reserve:** It consists of pre-acquisition profits. During amalgamation, the excess of net assets taken, over the cost of consideration paid were treated as capital reserve in accordance with previous GAAP.
- (b) **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
- (c) **Capital redemption reserve:** It consists of reserves on the buyback of equity shares from its retained earnings. The amount represents nominal amount of the equity shares bought back.
- (d) **General reserve:** It represents the portion of the net profit which the 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.
- (e) **Retained earnings:** Retained earnings represents the net profits after all distributions and transfers to other reserves.

#### Items of Other Comprehensive Income:

- (a) **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.
- (b) **Remeasurements of defined benefit plans:** Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets (excluding interest income).

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 25, 2021

**For and on behalf of the Board of Directors of**

**Rain Industries Limited**

CIN: L26942TG1974PLC001693

**N Radha Krishna Reddy**

Managing Director

DIN: 00021052

**Jagan Mohan Reddy Nellore**

Director

DIN: 00017633

**T. Srinivasa Rao**

Chief Financial Officer

M. No.: F29080

**S. Venkat Ramana Reddy**

Company Secretary

M. No.: A14143

## Statement of Cash Flow

for the year ended December 31, 2020

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	346.43	387.17
Adjustments for:		
Depreciation and amortisation expense	6.43	5.86
Interest and other borrowing costs	121.39	186.70
Interest income	(117.05)	(231.72)
Dividend income from non-current investments	(369.41)	(366.34)
Liabilities / provisions no longer required written back	(0.57)	-
Foreign exchange loss, net	10.62	8.54
<b>Operating loss before working capital changes</b>	<b>(2.16)</b>	<b>(9.79)</b>
Adjustments for changes in working capital:		
(Increase) / decrease in operating assets:		
Trade receivables	3.22	277.22
Loans and other assets	(3.82)	20.65
Increase / (decrease) in operating liabilities:		
Trade payables	2.44	(311.86)
Other current liabilities	22.47	(10.30)
Other financial liabilities	(7.69)	(0.38)
Provisions	2.49	1.58
<b>Cash used in operations</b>	<b>16.95</b>	<b>(32.88)</b>
Income taxes (paid) / refund received, net	(40.50)	164.46
<b>Net cash (used in) / from operating activities</b>	<b>(23.55)</b>	<b>131.58</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, intangible assets including capital advances	(5.63)	(1.00)
Loans repaid by subsidiaries	710.76	172.15
Bank balances other than cash and cash equivalents	7.25	0.03
Interest received	115.02	205.61
Dividend received from Subsidiaries	369.41	366.34
<b>Net cash from investing activities</b>	<b>1,196.81</b>	<b>743.13</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of non-current borrowings	(711.70)	(172.37)
Interest and other borrowing costs paid	(120.02)	(181.49)
Dividend paid	(336.35)	(336.35)
<b>Net cash used in financing activities</b>	<b>(1,168.07)</b>	<b>(690.21)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>5.19</b>	<b>184.50</b>
Cash and cash equivalents - opening balance	202.67	18.17
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(0.08)	-
<b>Cash and cash equivalents - closing balance (Refer note 9)</b>	<b>207.78</b>	<b>202.67</b>
<b>Notes:</b>		
(i) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard - 7 on Statement on Cash Flows.		
(ii) Components of Cash and cash equivalents		
	As at December 31, 2020	As at December 31, 2019
<b>Cash and cash equivalents</b>		
Balances with banks:		
- in current accounts	58.38	32.60
- in deposit accounts (with original maturity of 3 month or less)	149.40	170.07
	<b>207.78</b>	<b>202.67</b>

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 25, 2021

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

## Notes

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, 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, 2020 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 25, 2021.

##### (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 liabilities (refer accounting policy regarding financial instruments)	Fair value
Net defined benefit asset/liability	Fair value of plan assets less present value of defined benefit plan
Borrowings	Amortised cost using effective interest rate method

#### (iv) Use of estimates

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

#### 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))

## Notes

Forming part of the Financial Statements (continued)

### Current and Non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle.

### Assets

An asset is classified as current when it satisfies any of the following criteria:

- i) It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle
- ii) It is held primarily for the purpose of being traded
- iii) It is expected to be realised within 12 months after the reporting date or
- iv) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

### Liabilities

A liability is classified as current when it satisfies any of the following criteria

- i) It is expected to be settled in the Company's normal operating cycle
- ii) It is held primarily for the purpose of being traded
- iii) It is due to be settled within 12 months after the reporting date or
- iv) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's operating cycle is within a period of 12 months.

### (v) Measurement of fair value

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

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

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

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

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.

## Notes

Forming part of the Financial Statements (continued)

### 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 non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs related to acquisition are expensed as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12- "Income Tax" and Ind AS 19 –"Employee Benefits" respectively. - Assets that are classified as held for sale in accordance with Ind AS 105- "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard. Reacquired rights are measured at a value determined based on the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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



## Notes

Forming part of the Financial Statements (continued)

### Financial Assets

#### Recognition and initial measurement

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

All financial assets not classified as measured at amortised cost or 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

## Notes

Forming part of the Financial Statements (continued)

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.

**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 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.

## Notes

Forming part of the Financial Statements (continued)

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 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 other non-current assets 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

## Notes

Forming part of the Financial Statements (continued)

(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".

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

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

## Notes

Forming part of the Financial Statements (continued)

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 31<sup>st</sup> every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

### Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

## k) Leases

### (i) Transition to Ind AS 116

In March 2019, Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning January 1, 2020 and applied the standard to its lease contracts existing on January 1, 2020 using the modified retrospective approach, with the right-of-use asset recognised at an amount equal to the present value of lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those

leases. Accordingly, the Company has not restated comparative information.

The adoption of the standard did not have any impact on the financial statements of the Company.

### (ii) Ind AS 116

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not

## Notes

Forming part of the Financial Statements (continued)

paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

In pursuance of the notification issued by the Ministry of corporate affairs dated July 24, 2020, the company has elected to apply the practical expedient arising on account of Covid-19 not to account for the changes in the lease payments as a lease modification as it satisfies the conditions mentioned in the paragraph 46B of Ind AS 116.

### Company as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

### l) Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset is added to the cost of the assets.

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

### m) Earnings Per Share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise net profit after tax (and includes the post-tax effect of any extra ordinary items). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

## Notes

Forming part of the Financial Statements (continued)

### 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.

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

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in 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 consists of cash and short-term deposits, as defined below, 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

## Notes

Forming part of the Financial Statements (continued)

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.

### q) Dividend declared

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

Interim dividend is recorded as a liability on the date of declaration by the Board of Directors.

### r) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from January 1, 2021.



## Notes

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

Description	Gross Block			Accumulated Depreciation			Net Block	
	As at January 1, 2020	Additions	Deletions	As at January 1, 2020	For the year	Deletions	As at December 31, 2020	As at December 31, 2019
<b>Tangible assets</b>								
Land - freehold	2.21	-	-	-	-	-	2.21	2.21
Buildings	66.67	-	-	5.39	1.35	-	59.93	61.28
Furniture and fixtures	4.87	-	-	4.87	-	-	-	-
Office equipment	21.84	5.63	-	15.86	4.81	-	6.80	5.98
Vehicles	1.06	-	-	0.48	0.12	-	0.46	0.58
<b>Total</b>	<b>96.65</b>	<b>5.63</b>	<b>-</b>	<b>26.60</b>	<b>6.28</b>	<b>-</b>	<b>69.40</b>	<b>70.05</b>

Description	Gross Block			Accumulated Depreciation			Net Block	
	As at January 1, 2019	Additions	Deletions	As at January 1, 2019	For the year	Deletions	As at December 31, 2019	As at December 31, 2018
<b>Tangible assets</b>								
Land - freehold	2.21	-	-	-	-	-	2.21	2.21
Buildings	66.67	-	-	4.04	1.35	-	61.28	62.63
Furniture and fixtures	10.22	-	5.35	10.22	-	5.35	4.87	-
Office equipment	21.06	0.93	0.15	11.77	4.24	0.15	5.98	9.29
Vehicles	1.06	-	-	0.36	0.12	-	0.58	0.70
<b>Total</b>	<b>101.22</b>	<b>0.93</b>	<b>5.50</b>	<b>26.39</b>	<b>5.71</b>	<b>5.50</b>	<b>70.05</b>	<b>74.83</b>

#### Notes:

- Movable assets are pledged against borrowings availed from bank. Refer note 15 (ii) for the same

## Notes

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

Description	Gross Block			Accumulated Depreciation			Net Block	
	As at January 1, 2020	Additions	Deletions	As at January 1, 2020	For the year	Deletions	As at December 31, 2020	As at December 31, 2019
<b>Other Intangible assets:</b>								
Software	1.47	-	-	0.25	0.15	-	1.07	1.22
<b>Total</b>	<b>1.47</b>	<b>-</b>	<b>-</b>	<b>0.25</b>	<b>0.15</b>	<b>-</b>	<b>1.07</b>	<b>1.22</b>
Description	Gross Block			Accumulated Depreciation			Net Block	
	As at January 1, 2019	Additions	Deletions	As at January 1, 2019	For the year	Deletions	As at December 31, 2019	As at December 31, 2018
<b>Other Intangible assets:</b>								
Software	1.40	0.07	-	0.10	0.15	-	1.22	1.30
<b>Total</b>	<b>1.40</b>	<b>0.07</b>	<b>-</b>	<b>0.10</b>	<b>0.15</b>	<b>-</b>	<b>1.22</b>	<b>1.30</b>

## Notes

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, 2020	As at December 31, 2019
<b>Investment (unquoted, at cost)</b>		
<b>A. Equity shares</b>		
<b>(i) of subsidiaries</b>		
<b>Rain Cements Limited, India</b>	2,128.10	2,128.10
29,805,000 (December 31, 2019 : 29,805,000) Equity Shares of ₹ 10 each fully paid up representing 100% of share capital		
<b>Rain Commodities (USA) Inc., United States of America (U.S.A.)</b>		
20 (December 31, 2019 : 20) Common Stock at par value of US\$ 0.01 per share fully paid up representing 100% of share capital	4.45	4.45
200,000 (December 31, 2019 : 200,000) Class B Redeemable Common Stock at par value of US\$ 100 per share fully paid up representing 100% of share capital	902.80	902.80
<b>Rain CII Carbon (Vizag) Limited, India (refer note c below)</b>	13.00	13.00
1,000,000 (December 31, 2019 : 1,000,000) Equity Shares of ₹ 10 each fully paid up representing 12.22% of share capital		
<b>B. Preference shares</b>		
<b>(i) of subsidiaries</b>		
<b>Rain Commodities (USA) Inc.</b>	6,121.30	6,121.30
97,800 (December 31, 2019 : 97,800) Convertible Redeemable Preferred Series - B at par value US\$ 1,000 per share fully paid up		
<b>Total</b>	<b>9,169.65</b>	<b>9,169.65</b>
(a) aggregate value of unquoted investments	9,169.65	9,169.65
(b) aggregate value of quoted investments	-	-
(c) Investments are pledged with banks against borrowings availed from banks. Refer note 15(ii) for the same.		

### NOTE 6: NON-CURRENT LOANS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good, unless otherwise stated)</b>		
Loans and advances		
- to related parties*	87.66	2,280.64
Electricity Deposit	1.06	1.06
<b>Total</b>	<b>88.72</b>	<b>2,281.70</b>

\* For details of loans to related parties refer note 10

### NOTE 7: OTHER NON-CURRENT ASSETS

	As at December 31, 2020	As at December 31, 2019
Excess contribution to Plan assets for Defined benefit plan (Refer note 29 (b))	0.43	-
<b>Total</b>	<b>0.43</b>	<b>-</b>

## 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, 2020	As at December 31, 2019
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	47.45	49.92
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	<b>47.45</b>	<b>49.92</b>
Less: Allowance for doubtful trade receivables	-	-
<b>Total</b>	<b>47.45</b>	<b>49.92</b>

- (i) Trade receivables amounting to ₹ 47.45 (December 31, 2019: ₹ 48.32) 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, 2020	As at December 31, 2019
<b>A. Cash and cash equivalents</b>		
Balances with banks:		
- in current accounts	58.38	32.60
- in deposit accounts (with original maturity of 3 months or less)	149.40	170.07
	<b>207.78</b>	<b>202.67</b>
<b>B. Bank balances other than cash and cash equivalents</b>		
Unclaimed dividend accounts	35.54	42.79
	<b>35.54</b>	<b>42.79</b>
<b>Total [A+B]</b>	<b>243.32</b>	<b>245.46</b>

Cash and bank balances are pledged to fulfill collateral requirements against borrowings availed from banks. Refer note 15 (ii) for the same.

### NOTE 10: CURRENT LOANS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good, unless otherwise stated)</b>		
Loans to related parties* (Refer note 30)	2,250.05	684.19
Loan to employees	2.01	2.44
<b>Total</b>	<b>2,252.06</b>	<b>686.63</b>

#### 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. The outstanding loan as at December 31, 2020 is repayable by Rain Commodities (USA) Inc. in 5 quarterly instalments. Balance as at December 31, 2020 is ₹ 876.64 including current portion of ₹ 788.98 (December 31, 2019: ₹ 1,539.43 including current portion of ₹ 684.19).
- 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, 2020 is ₹ 1,461.07 including current portion of ₹ 1,461.07 (December 31, 2019: ₹ 1,425.40 including current portion of ₹ Nil).
- C) These loan were given for the purpose of making investment in subsidiaries outside India.

## Notes

Forming part of the Financial Statements (continued)

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

### NOTE 11: OTHER CURRENT FINANCIAL ASSETS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good, unless otherwise stated)</b>		
Interest accrued on deposits	0.33	0.62
Unbilled revenue	4.50	-
<b>Total</b>	<b>4.83</b>	<b>0.62</b>

### NOTE 12: OTHER CURRENT ASSETS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good, unless otherwise stated)</b>		
Prepaid expenses	-	0.12
Balances with Government authorities	1.88	2.33
Advance to supplier and service providers	0.15	0.26
<b>Total</b>	<b>2.03</b>	<b>2.71</b>

### NOTE 13: SHARE CAPITAL

	As at December 31, 2020		As at December 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorised share capital:</b>				
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
<b>Total</b>	<b>594,900,000</b>	<b>1,670.00</b>	<b>594,900,000</b>	<b>1,670.00</b>
Issued, subscribed and fully paid up share capital				
Equity Shares of ₹ 2 each	336,345,679	672.69	336,345,679	672.69
<b>Total</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>

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

	As at December 31, 2020		As at December 31, 2019	
	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	-	-	-	-
<b>As at end of the year</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>

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

The Company has only one class of equity shares having a par value of ₹ 2 each per share. Each holder of equity shares is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. However, in case of interim dividend the profits are distributed based on approval of Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

## Notes

Forming part of the Financial Statements (continued)

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

### NOTE 13: SHARE CAPITAL (CONTINUED)

The Board of Directors at its meeting held on October 30, 2020 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, 2020 and no further dividend recommended during the year.

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.

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

Name of the Shareholder	As at December 31, 2020		As at December 31, 2019	
	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	27,300,669	8.12	27,152,351	8.07
Meghamala Enterprises Private Limited	14,506,022	4.31	17,400,610	5.17

(iv) There are no shares issued pursuant to contract without payment being received in cash during the period of five years immediately preceding the reporting date.

### NOTE 14: OTHER EQUITY

	As at December 31, 2020	As at December 31, 2019
<b>Reserves and Surplus:</b>		
(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	801.62	766.18
Add: Transferred from surplus in Statement of Profit and Loss	27.30	35.44
<b>Closing balance</b>	<b>828.92</b>	<b>801.62</b>
(e) Retained earnings		
Opening balance	599.75	617.15
Add: Profit for the year	273.02	354.39
Less: Dividend	(336.35)	(336.35)
Transfer to General Reserve	(27.30)	(35.44)
<b>Closing balance</b>	<b>509.12</b>	<b>599.75</b>
<b>Items of Other Comprehensive Income:</b>		
(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	(0.92)	(1.01)
Add: Actuarial gain on remeasurements of defined benefit plans	1.68	0.09
<b>Closing balance</b>	<b>0.76</b>	<b>(0.92)</b>
<b>Total</b>	<b>8,442.40</b>	<b>8,504.05</b>

## Notes

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

	As at December 31, 2020	As at December 31, 2019
<b>A. Term loans</b>		
From banks		
- Secured	2,771.14	3,383.35
Less: Current portion of Non-current borrowings disclosed under Note 18 - Other current financial liabilities	2,250.05	684.19
<b>Total</b>	<b>521.09</b>	<b>2,699.16</b>

#### 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. Balance (gross of transaction costs) as at December 31, 2020 is ₹ 1,314.97 (December 31, 2019: ₹ 1,967.05).

(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
- 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 months USD LIBOR plus 290 basis points for year 3 payable monthly. Balance (gross of transaction costs) as at December 31, 2020 is ₹ 1,461.07 (December 31, 2019: ₹ 1,425.40)

(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, 2020
<b>Outstanding Term Loans from Banks:</b>	
IDBI Bank Limited - US\$ 18.0 Million*	1,314.97
Citibank - US\$ 20.0 Million**	1,461.07
<b>Total</b>	<b>2,776.04</b>

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

\*\* US\$ 20 Million is a bullet repayment on October 29, 2021.

(v) The aggregate amount of loans outstanding (including current maturities of non-current borrowings) guaranteed by subsidiaries is ₹ 2,776.04 (December 31, 2019 : ₹ 3,392.45). (Refer note 30)

## Notes

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)

(vi) Reconciliation of liabilities arising from financing activities\*

	As at December 31, 2020	As at December 31, 2019
Opening balance at the beginning of the year	3,383.35	3,476.20
Borrowings made during the year	-	-
Borrowings repaid during the year	(711.70)	(172.37)
Exchange (gain) loss on monetary items	95.29	75.32
Others - Amortisation of Deferred finance cost	4.20	4.20
<b>Closing balance at the end of the year</b>	<b>2,771.14</b>	<b>3,383.35</b>

\*Aforesaid reconciliation includes current maturities of non-current borrowings

(vii) The Company's exposure to foreign currency, liquidity and interest rate risk is included in note 27.7, 27.4 and 27.6

### NOTE 16: NON-CURRENT PROVISIONS

	As at December 31, 2020	As at December 31, 2019
<b>Provision for employee benefits:</b>		
- Compensated absences (Refer note 29 (c))	6.36	5.36
- Gratuity (Refer note 29 (b))	-	1.21
<b>Total</b>	<b>6.36</b>	<b>6.57</b>

### NOTE 17: TRADE PAYABLES

	As at December 31, 2020	As at December 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	5.91	3.83
<b>Total</b>	<b>5.91</b>	<b>3.83</b>
<b>Disclosures of dues to Micro Enterprises and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:</b>		
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	-	-
(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, 2020 has been made in



## Notes

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 (CONTINUED)

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, 2020	As at December 31, 2019
Current maturities of non-current borrowings (Refer note 15)	2,250.05	684.19
Interest accrued but not due on borrowings	2.97	5.35
Employee payables	3.95	4.80
Payables to auditors	3.15	2.75
Unclaimed dividends*	35.54	42.79
<b>Total</b>	<b>2,295.66</b>	<b>739.88</b>

\*There is no amount due and outstanding to be credited to Investor Education and Protection fund as at December 31, 2020 and December 31, 2019.

The Company's exposure to foreign currency, liquidity and interest rate risk is included in note 27.7, 27.4 and 27.6

### NOTE 19: OTHER CURRENT LIABILITIES

	As at December 31, 2020	As at December 31, 2019
Provision for expenses	33.67	10.74
Other payables		
- Statutory liabilities	3.47	4.14
<b>Total</b>	<b>37.14</b>	<b>14.88</b>

### NOTE 20: CURRENT PROVISIONS

	As at December 31, 2020	As at December 31, 2019
<b>Provision for employee benefits:</b>		
- Compensated absences (Refer note 29(c))	2.32	1.30
<b>Total</b>	<b>2.32</b>	<b>1.30</b>

### NOTE 21: REVENUE FROM OPERATIONS

	For the year ended December 31, 2020	For the year ended December 31, 2019
Sale of products and duty scripts (Refer note 30)	152.68	303.38
Sale of services (Refer note 30)	323.57	334.53
<b>Revenue from operations</b>	<b>476.25</b>	<b>637.91</b>

#### (i) Break up of revenue from operations based on timing of transfer of goods or services:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from operations recognised at a point in time	152.68	303.38
Revenue from operations recognised over a period of time	323.57	334.53

## Notes

Forming part of the Financial Statements (continued)

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

### NOTE 21: REVENUE FROM OPERATIONS (CONTINUED)

#### (ii) Contract assets and contract liabilities:

Particulars	As at December 31, 2020	As at December 31, 2019
Contract assets recorded in balance sheet	4.50	-
Contract liabilities recorded in balance sheet	-	-

The Contract liabilities are primarily related to advance from customers for sale of products, for which revenue is recorded at a point in time. The amount of ₹ Nil included in contract liabilities as at December 31, 2019 has been recognised as revenue in the current year.

#### (iii) Reconciliation of Revenue from sale of products and duty scripts with contract price:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue as per contracted price (A)	152.68	303.38
Less - Reductions towards variable consideration components: (B)		
Sales returns	-	-
<b>Revenue recognised (A-B)</b>	<b>152.68</b>	<b>303.38</b>

### NOTE 22: OTHER INCOME

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income		
Interest from banks on deposits	8.02	4.26
Interest on loans and advances (Refer note 30)	105.91	165.58
Interest on income tax refund	3.12	61.88
Dividend income from non-current investments (Refer note 30)	369.41	366.34
Other non-operating income		
Rental income from operating leases (Refer note 30 & 34)	12.78	11.62
Liabilities / provisions no longer required written back	0.57	-
Miscellaneous income	0.07	0.48
<b>Total</b>	<b>499.88</b>	<b>610.16</b>

### NOTE 23: EMPLOYEE BENEFITS EXPENSE

	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries, wages and bonus	169.45	173.30
Contributions to provident and other funds (Refer note 29)	13.48	13.62
Staff welfare expenses	0.12	0.24
<b>Total</b>	<b>183.05</b>	<b>187.16</b>

## Notes

Forming part of the Financial Statements (continued)

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

### NOTE 24: FINANCE COSTS

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest expense	117.01	181.54
Interest on income tax	-	0.77
Other borrowing costs	4.38	4.39
<b>Total</b>	<b>121.39</b>	<b>186.70</b>

### NOTE 25: OTHER EXPENSES

	For the year ended December 31, 2020	For the year ended December 31, 2019
Repairs and maintenance	6.03	7.29
Insurance	0.98	1.04
Rent	4.26	4.42
Rates and taxes	5.77	7.01
Communication expenses	12.24	5.20
Travelling and conveyance	4.69	24.03
Printing and stationery	0.26	1.64
Advertisement expense	0.74	0.73
Corporate Social Responsibility and other donations (Refer note 33)	1.00	2.00
Consultancy charges	7.55	8.76
Payment to auditors (Refer note below)	4.13	4.56
Directors' sitting fees (Refer note 30)	3.62	3.84
Commission to directors (Refer note 30)	3.25	3.98
IT infrastructure expenses and licenses	98.66	91.81
Miscellaneous expenses	4.01	5.06
<b>Total</b>	<b>157.19</b>	<b>171.37</b>
<b>Note:</b>		
<b>Payment to auditors comprises (excluding GST):</b>		
Statutory audit	2.60	2.60
Limited review	1.20	1.20
Other services	0.29	0.31
Reimbursement of expenses	0.04	0.45
<b>Total</b>	<b>4.13</b>	<b>4.56</b>

## Notes

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 / (benefit) recognised in statement of profit and loss:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Current tax		
(i) Tax for current year	9.61	32.78
(ii) Tax relating to earlier years	60.63	-
(iii) Minimum alternate tax credit write-off*	3.26	-
Net current tax	<b>73.50</b>	<b>32.78</b>
Deferred tax	(0.09)	-
<b>Total</b>	<b>73.41</b>	<b>32.78</b>

#### (ii) Reconciliation of Effective tax rate:

Particulars	For the year ended December 31	
	2020	2019
<b>Income tax expense for the year to be reconciled to the accounting profit:</b>		
Profit before taxes	<b>346.43</b>	<b>387.17</b>
Enacted income tax rate in India	25.17%	29.12%
Computed expected tax expense	87.19	112.74
<b>Effect off:</b>		
Effects of tax-exempt income and other deductions	(70.43)	(63.33)
Effect of income charged at special rate	(7.15)	(16.63)
Tax related to prior years	60.63	-
Others, net	3.17	-
<b>Total income taxes expenses</b>	<b>73.41</b>	<b>32.78</b>
<b>Effective tax rate</b>	<b>21.2%</b>	<b>8.5%</b>

#### (iii) Recognised deferred tax assets and liabilities:

Particulars	As at December 31, 2020	As at December 31, 2019
	<b>Deferred tax assets</b>	
Employee benefits	2.08	2.30
Land indexation	1.54	1.45
Tax on losses carried forward	-	6.74
<b>Total deferred tax assets</b>	<b>3.62</b>	<b>10.49</b>
<b>Deferred tax liabilities</b>		
Basis difference of property, plant, and equipment	(2.08)	(9.04)
<b>Total deferred tax liabilities</b>	<b>(2.08)</b>	<b>(9.04)</b>
<b>Net deferred tax asset</b>	<b>1.54</b>	<b>1.45</b>

## Notes

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)

#### (iv) Movement in temporary differences:

Particulars	Balance as at January 1, 2019	Recognised in profit or loss during the year	Recognised in OCI during the year	Any other adjustment	Balance as at December 31, 2019	Recognised in profit or loss during the year	Recognised in OCI during the year	Any other adjustment	Balance as at December 31, 2020
On account of depreciation and amortization	(12.78)	3.74	-	-	(9.04)	6.96	-	-	(2.08)
On account of employee benefits	1.98	0.32	-	-	2.30	(0.22)	-	-	2.08
On account of land indexation	1.45	-	-	-	1.45	0.09	-	-	1.54
Tax on losses carried forward	10.80	(4.06)	-	-	6.74	(6.74)	-	-	-
<b>Total</b>	<b>1.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.45</b>	<b>0.09</b>	<b>-</b>	<b>-</b>	<b>1.54</b>

#### (v) 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:

Particulars	As at December 31, 2020*		As at December 31, 2019	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax Losses	-	-	239.47	69.73
Basis difference of property, plant, and equipment	(24.11)	(6.07)	-	-

\*On September 20, 2019 vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019, subject to certain conditions. During the year ended December 31, 2020, the Company has evaluated and adopted the new tax rate of 25.168%. Accordingly, the Company remeasured its current tax expense and Deferred tax asset/liability basis the rate prescribed in the said section. The change in tax rate resulted in write off of Minimum Alternate Tax Credit by ₹ 3.26 for the year ended December 31, 2020.

#### (vi) Non-current tax assets and current tax liabilities

Particulars	As at	
	December 31, 2020	December 31, 2019
Non-current tax assets (net of provision for tax ₹ 1,276.17 (December 31, 2019: ₹ 987.13))	119.83	254.04
Current tax liabilities (net of advance tax ₹ 249.99 (December 31, 2019: ₹ 490.21))	16.76	121.09

(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.

## Notes

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:

#### 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:

Sl. No.	Particulars	As at December 31, 2020				As at December 31, 2019			
		Carrying value	Level of inputs used in			Carrying value	Level of inputs used in		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>I</b>	<b>Financial Assets at amortised cost</b>								
	Investments in Equity instruments	9,169.65	-	-	-	9,169.65	-	-	-
	Loans	2,340.78	-	-	-	2,968.33	-	-	-
	Trade receivables	47.45	-	-	-	49.92	-	-	-
	Cash and cash equivalents	207.78	-	-	-	202.67	-	-	-
	Bank balances other than cash and cash equivalents	35.54	-	-	-	42.79	-	-	-
	Other current financial assets	4.83	-	-	-	0.62	-	-	-
		<b>11,806.03</b>	-	-	-	<b>12,433.98</b>	-	-	-
<b>II</b>	<b>Financial Liabilities at amortised cost</b>								
	Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	2,771.14	-	-	-	3,383.35	-	-	-
	Trade payables	5.91	-	-	-	3.83	-	-	-
	Other current financial liabilities	45.61	-	-	-	55.69	-	-	-
		<b>2,822.66</b>	-	-	-	<b>3,442.87</b>	-	-	-

#### Valuation Techniques:

- (a) **Borrowings (at amortised cost):** The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.
- (b) 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.

#### 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 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.

## Notes

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)

#### 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	As at
	December 31, 2020	December 31, 2019
Financial assets that are neither past due nor impaired	47.45	49.92
<b>Total</b>	<b>47.45</b>	<b>49.92</b>

#### The Company's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	Carrying amount as at	
	December 31, 2020	December 31, 2019
Europe	43.00	37.83
Asia	4.45	12.09
<b>Total</b>	<b>47.45</b>	<b>49.92</b>

At December 31, 2020, the carrying amount of the Company's most significant customer is ₹ 4.45 (December 31, 2019: ₹ Nil).

#### 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	
	December 31, 2020	December 31, 2019
United States	2,337.71	2,964.83
Asia	1.06	1.06
<b>Total</b>	<b>2,338.77</b>	<b>2,965.89</b>

#### Investments

The Company has investments in wholly owned and step down subsidiaries, thereby limiting the exposure to credit risk. All the counterparties have sound financial position with positive net worth. The Company does not expect any losses from non-performance by these counter parties.

## Notes

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)

#### 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, 2020, 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):

Contractual cash flows	As at December 31, 2020						Total
	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	
<b>Non-derivative financial liabilities</b>							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	2,771.14	2,250.05	525.99	-	-	-	2,776.04
Trade payables	5.91	5.91	-	-	-	-	5.91
Other current financial liabilities	45.61	45.61	-	-	-	-	45.61
Contractual cash flows	As at December 31, 2019						Total
	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	
<b>Non-derivative financial liabilities</b>							
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

\* 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.



## Notes

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)

#### 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	
	December 31, 2020	December 31, 2019
<b>Variable rate instruments</b>		
Financial assets	2,337.71	2,964.83
Financial liabilities	(2,776.04)	(3,392.45)

#### 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, 2020		For the year ended December 31, 2019	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
<b>Impact on Profit and loss</b>				
Variable-rate instruments	(4.38)	4.38	(4.28)	4.28

#### 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, shared service arrangements with group entities, and advance to group entity. The currency in which these transactions are denominated are USD and EUR. There are no outstanding balances in any other currency apart from USD and EUR. The Company evaluates exchange rate exposure arising from foreign currency transactions.

The following table analyzes foreign currency risk from non derivative financial instruments as at December 31, 2020:

	USD	EUR	Total
<b>Assets:</b>			
Trade receivables (Refer note 30)	-	43.00	43.00
Loans to subsidiary (Refer note 30)	2,337.71	-	2,337.71
	<b>2,337.71</b>	<b>43.00</b>	<b>2,380.71</b>
<b>Liabilities:</b>			
Interest accrued but not due on borrowings	2.97	-	2.97
Borrowings	2,776.04	-	2,776.04
	<b>2,779.01</b>	<b>-</b>	<b>2,779.01</b>

## Notes

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
<b>Assets:</b>			
Trade receivables (Refer note 30)	-	37.83	37.83
Loans to subsidiary (Refer note 30)	2,964.83	-	2,964.83
	<b>2,964.83</b>	<b>37.83</b>	<b>3,002.66</b>
<b>Liabilities:</b>			
Interest accrued but not due on borrowings	5.35	-	5.35
Borrowings	3,392.45	-	3,392.45
	<b>3,397.80</b>	<b>-</b>	<b>3,397.80</b>

#### 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, 2020		December 31, 2019	
	Strengthening	Weakening	Strengthening	Weakening
<b>Impact on Profit and loss</b>				
EUR	0.43	(0.43)	0.38	(0.38)
USD	(4.41)	4.41	(4.33)	4.33

### 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. The Company's Net debt to equity ratio is as follows.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company monitors capital on the basis of the following gearing ratio.

## Notes

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)

Particulars	As at	As at
	December 31, 2020	December 31, 2019
Total borrowings, net of cash and cash equivalents	2,563.36	3,180.68
Equity	9,115.09	9,176.74
<b>Net debt to equity ratio</b>	<b>0.28</b>	<b>0.35</b>

### 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: ₹ 10.40 (December 31, 2019 - ₹ 10.88).

#### b) Benefit plans:

The Company operates the following defined benefit plans:

- (i) Gratuity
- (ii) Compensated Absences

The Company 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, 2020. 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	As at
	December 31, 2020	December 31, 2019
Present value of funded obligation	15.56	13.72
Less: Fair value of plan assets	15.99	12.51
<b>Net liability/(excess contribution to plan assets)</b>	<b>(0.43)</b>	<b>1.21</b>

#### (ii) Amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	For the year ended	For the year ended
	December 31, 2020	December 31, 2019
Current service cost	2.90	2.69
Interest on net defined benefit liability/(asset)	0.05	(0.09)
<b>Total</b>	<b>2.95</b>	<b>2.60</b>

Amount recognised in other comprehensive income for the year ended December 31, 2020 is ₹ 1.68 (December 31, 2019 - ₹ 0.09).

## Notes

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, 2020	As at December 31, 2019
Opening defined benefit obligation	13.72	13.79
Current service cost	2.90	2.69
Interest cost	0.83	0.94
Remeasurements due to:		
Changes in financial assumptions	0.60	0.82
Changes in demographic assumptions	(0.45)	-
Experience adjustments	(1.81)	(1.47)
Benefits paid	(0.23)	(3.05)
<b>Closing defined benefit obligation</b>	<b>15.56</b>	<b>13.72</b>

#### (iv) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	As at December 31, 2020	As at December 31, 2019
Opening fair value of plan assets	12.51	14.51
Employer contributions	2.91	0.58
Interest on plan assets	0.78	1.03
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	0.02	(0.56)
Benefits paid	(0.23)	(3.05)
<b>Closing fair value of plan assets</b>	<b>15.99</b>	<b>12.51</b>
<b>Actual return on plan assets</b>	<b>0.80</b>	<b>0.47</b>

#### (v) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2020	As at December 31, 2019
Insurer managed funds	100%	100%

#### (vi) Principal Actuarial assumptions used:

Particulars	As at December 31, 2020	As at December 31, 2019
Discount rates on benefit obligations	6.10%	6.75%
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.

## Notes

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, 2020 shown below:

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(0.46)	0.49
Future salary growth (0.5% movement)	0.43	(0.40)

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)

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, 2021 is ₹ 1.00.

(ix) As at December 31, 2020 the weighted average duration of the defined benefit obligation is 6.13 years.

**c) Compensated absences**

The Company provides for accumulation of compensated absences to 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, 2020 is ₹ 8.68 (December 31, 2019 - ₹ 6.66).

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.

## Notes

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

#### a) Names of related parties and description of relationship

Sl. No	Relationship	Name
<b>(a)</b>	<b>List of related parties where control exists</b>	
(i)	Subsidiaries	
1		Rain Cements Limited [RCL]
2		Renuka Cement Limited [RenCL]
3		Rain Commodities (USA) Inc. [RCUSA]
4		Rain Global Services LLC [RGS]
5		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)
11		Rain Carbon Canada Inc. (formerly known as RÜTGERS Canada Inc. (RCan))
12		RÜTGERS Polymers Ltd. (RPL) **
13		Handy Chemicals (USA) Ltd [HUSA]**
14		Rain Carbon BV (RCBV)
15		VFT France SA [VFSA]
16		RÜTGERS Holdings Germany GmbH [RHGmbH]*
17		Rain Carbon Wohnimmobilien GmbH & Co. KG (formerly known as RÜTGERS Wohnimmobilien GmbH & Co. KG)
18		Rain Carbon Gewerbeimmobilien GmbH & Co. KG (formerly known as RÜTGERS Gewerbeimmobilien GmbH & Co. KG)
19		Rain Carbon Germany GmbH (formerly known as RÜTGERS Germany GmbH (RGmbH))
20		OOO Rain Carbon LLC (formerly known as Rain RÜTGERS LLC)
21		Rain Carbon Poland Sp. z. o. o (formerly known as RÜTGERS Poland Sp. z. o.o (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.

## Notes

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)

Sl. No	Relationship	Name
<b>(b)</b>	<b>Other related parties where transactions have taken place during the year/balances exists at year end</b>	
(i)	Associates and joint ventures of subsidiaries	1 InfraTec Duisburg GmbH (IDGmbH) (Investment by Rain Carbon Germany GmbH (formerly known as 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)	1 Mr. N. Radha Krishna Reddy Managing Director (since March 31, 2019) 2 Mr. Jagan Mohan Reddy Nellore Managing Director (till March 30, 2019) 3 Mr. T. Srinivasa Rao Chief Financial Officer 4 Mr. S. Venkat Ramana Reddy Company Secretary
(iv)	Non-executive directors	1 Mr. Jagan Mohan Reddy Nellore - Vice Chairman (Non-Executive Director) 2 Mr. N. Sujith Kumar Reddy - Non-Executive Director 3 Mr. H.L. Zutshi - Independent Director 4 Mr. Varun Batra - Independent Director 5 Ms. Radhika Vijay Haribhakti - Independent Director 6 Ms. Nirmala Reddy - Independent Director 7 Mr. Brian Jude Mc Namara - Independent Director

\* Merged with Rain Carbon GmbH retrospectively with effect from 01.01.2019

\*\* Entities sold on 31.12.2020

#### b) Transactions with related parties for the year ended December 31, 2020

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/ (From)
<b>Sales</b>					
- RCCVL	113.06	-	-	-	(4.45)
<b>Revenue from Services</b>					
- RCCVL	55.00	-	-	-	-
- RCL	46.13	-	-	-	-
- RCC	79.56	-	-	-	-
- RCG	138.38	-	-	-	(43.00)
<b>Loans Given</b>					
- RCUSA	-	-	-	-	(2,337.71)
<b>Loans Repaid</b>					
- RCUSA	710.76	-	-	-	-

## Notes

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)

Nature of Transaction	Subsidiary Companies	Enterprise where key managerial personnel along with their relatives exercise significant control	Key Management Personnel	Non-executive directors	Balance Outstanding To/ (From)
<b>Interest Income</b>					
- RCUSA	105.91	-	-	-	-
<b>Rental Income</b>					
- RCCVL	6.39	-	-	-	-
- RCL	6.39	-	-	-	-
<b>Remuneration ** (Short term employee benefits)</b>					
- T Srinivasa Rao	-	-	16.11	-	-
- S Venkat Ramana Reddy	-	-	4.80	-	-
<b>Dividend Paid</b>	-	81.27	10.47	10.03	-
<b>Donations given</b>					
- PPF	-	1.00	-	-	-
<b>Dividend Income Received from</b>					
- RCL	280.17	-	-	-	-
- RCUSA	89.24	-	-	-	-
<b>Sitting Fee</b>	-	-	-	3.62	-
<b>Commission</b>	-	-	-	3.25	3.25
<b>Reimbursement of payments made to Subsidiary</b>					
- RCCVL	0.55	-	-	-	-
<b>Customer Advances</b>					
- RCCVL	15.00	-	-	-	-
<b>Reimbursements of payments made on behalf of</b>					
- RCCVL	0.03	-	-	-	-
<b>Corporate Guarantee (released)/ given on behalf of the company by</b>					
- RCL	-	-	-	-	1,314.97
- RCCVL	-	-	-	-	1,461.07



## Notes

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, 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)
<b>Sales</b>					
- RCCVL	123.27	-	-	-	-
<b>Revenue from Services</b>					
- RCCVL	58.83	-	-	-	-
- RCL	45.80	-	-	-	(10.49)
- RCC	90.86	-	-	-	-
- RHGmbH*	82.34	-	-	-	-
- RCG	75.95	-	-	-	(37.83)
<b>Loans Given</b>					
- RCUSA	-	-	-	-	(2,964.83)
<b>Loans Repaid</b>					
- RCUSA	172.15	-	-	-	-
<b>Interest Income</b>					
- RCUSA	165.58	-	-	-	-
<b>Rental Income</b>					
- RCCVL	5.81	-	-	-	-
- RCL	5.81	-	-	-	-
<b>Remuneration ** (Short term employee benefits)</b>					
- Jagan Mohan Reddy Nellore	-	-	4.16	-	-
- T Srinivasa Rao	-	-	16.24	-	-
- S Venkat Ramana Reddy	-	-	4.83	-	-
<b>Dividend Paid</b>	-	81.27	10.47	10.03	-
<b>Donations given</b>					
- PPF	-	2.00	-	-	-
<b>Dividend Income Received from</b>					
- RCL	223.54	-	-	-	-
- RCUSA	142.80	-	-	-	-
<b>Sitting Fee</b>	-	-	-	3.84	-
<b>Commission</b>	-	-	-	3.98	3.98
<b>Reimbursement of payments made to Subsidiary</b>					
- RCCVL	1.89	-	-	-	-
<b>Reimbursements of payments made on behalf of</b>					
- RCCVL	0.10	-	-	-	-
<b>Corporate Guarantee (released)/ given on behalf of the company by</b>					
- RCL	-	-	-	-	1,967.05
- RCCVL	-	-	-	-	1,425.40

\* Merged with Rain Carbon GmbH retrospectively with effect from 01.01.2019

## Notes

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	
	2020	2019
As at the beginning of the year	2,964.83	3,070.76
Given during the year	-	-
Repaid during the year	710.76	172.15
Exchange gain / (loss)	83.64	66.22
<b>As at the end of the year</b>	<b>2,337.71</b>	<b>2,964.83</b>

Information pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	As at December 31	
	2020	2019
Loans to subsidiaries		
<b>Loan to Rain Commodities (USA) Inc.:</b>		
Amount outstanding as at the year ended	2,337.71	2,964.83
Maximum amount outstanding	2,964.83	3,070.76

### NOTE 31: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at December 31, 2020	As at December 31, 2019
<b>(I) Contingent liabilities</b>		
(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.

## Notes

Forming part of the Financial Statements (continued)

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

### NOTE 31: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) (CONTINUED)

The Company has reviewed all its pending litigations including legal proceedings initiated in the ordinary course of business except as disclosed above. The Company does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.

### NOTE 32: EARNINGS PER SHARE (EPS)

Particulars	As at	As at
	December 31, 2020	December 31, 2019
a. Profit for the year	273.02	354.39
b. Weighted average number of equity shares of ₹ 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
<b>Earnings per Share</b>		
c. Basic and Diluted - [a]/[b] - (₹)	0.81	1.05

### 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, 2020 is Nil (December 31, 2019: Nil)

Particulars	For the year ended December 31, 2020		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than construction / acquisition of any asset – as promotion of Health and Education	1.00	-	1.00
<b>Total</b>	<b>1.00</b>	<b>-</b>	<b>1.00</b>

Particulars	For the year ended December 31, 2019		
	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than construction / acquisition of any asset – as promotion of Health and Education	2.00	-	2.00
<b>Total</b>	<b>2.00</b>	<b>-</b>	<b>2.00</b>

**NOTE 34:** The Company has leased its assets to its wholly owned subsidiaries in India. The leases are operating and cancellable in nature. There are no finance leases.

### NOTE 35: SEGMENT REPORTING

In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

## Notes

Forming part of the Financial Statements (continued)

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

**NOTE 36:** There is no impact on the financial results of the Company due to the nationwide lockdown announced by the Government of India in the month of March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions.

**NOTE 37:** Previous year's figures have been regrouped/ reclassified wherever necessary, to conform to current year's classification/ disclosure.

As per our report of even date attached  
for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Sriram Mahalingam**

Partner

Membership number: 049642

Place: Hyderabad

Date: February 25, 2021

**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 associate which comprise the consolidated balance sheet as at December 31, 2020, 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 associate as at December 31, 2020, 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 ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 opinion on the consolidated financial statements.

##### 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.

## Independent Auditors' Report (continued)

Key audit matter	How the matter was addressed in our audit
<p><b>Revenue recognition</b></p> <p>The Group derives its revenue from carbon and carbon-based chemicals including advanced materials and cement. 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.</p> <p>The Group recognizes revenues when control of the product is transferred to the customer in accordance with the underlying terms of arrangements.</p> <p>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.</p> <p>We identified the timing of recognition of revenue as a key audit matter as revenue is one of the key performance indicators of the Company. Further, given the transfer of control is contract specific, revenue is subject to an inherent risk of misstatement at the year-end.</p> <p>Refer note 2(b) of the summary of significant accounting policies and note 29 to the Consolidated financial statements.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• We evaluated the design and implementation of key internal financial controls with respect to revenue recognition and tested operating effectiveness of such controls on selected transactions.</li> <li>• We selected samples of revenue transactions recorded during the year using statistical sampling and tested the underlying documents to assess satisfaction of recognition criteria.</li> <li>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards and contractual terms.</li> <li>• We tested the underlying documentation for samples of revenue transactions recorded around the year end date selected based on contractual terms to determine recognition of revenue in the correct financial period.</li> <li>• We carried out analytical procedures on revenue recognised during the year to identify unusual variances.</li> <li>• We tested sample journal entries selected based on specified risk-based criteria to identify unusual items.</li> <li>• We assessed the disclosures provided by the Group in relation to revenue recognition in the notes to the consolidated financial statements.</li> </ul>
<p><b>Impairment</b></p> <p>As disclosed in note 5, the Group has goodwill of ₹ 64,726.35 million as at December 31, 2020 which represents goodwill acquired through various business combinations and allocated to cash generating units of the Group.</p> <p>A cash generating unit to which goodwill has been allocated to or belongs to, is tested for impairment annually. As disclosed in note 40, impairment of goodwill is determined by assessing the recoverable amount of each cash generating unit to which these assets relate. The determination of the fair value of the reporting units requires the Group to make significant estimates and assumptions related to forecasts of future revenues and operating margins and discount rates.</p> <p>The recoverable amount of the cash generating unit as at December 31, 2020 has been determined based on Discounted Cashflow method.</p> <p>We identified this area as key audit matter because of the judgmental factors involved in impairment assessment and the significance of the carrying value.</p>	<p>Our audit procedures in testing this area included the following:</p> <ul style="list-style-type: none"> <li>• We evaluated the design of key controls and its operating effectiveness with respect to impairment testing and preparation of cash flow forecasts of the CGU.</li> <li>• We tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units.</li> <li>• We evaluated reasonableness of the assumptions used by the Group in the forecasted cashflows within the budgeted period. This was based on our understanding of the Group's historical financial performance, industry's external factors including impact of COVID-19 and performing a high-level sensitivity analysis.</li> <li>• We involved our valuation experts to assist in testing the appropriateness of the impairment / valuation model, including an independent assessment of the underlying assumptions relating to discount rate, growth rate and terminal values.</li> <li>• We assessed the disclosures provided by the Group in relation to its annual impairment test in the notes to the consolidated financial statements.</li> </ul>

## Independent Auditors' Report (continued)

### 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.

### MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES 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 associate 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 Management and Board of Directors of the companies included in the Group and of its associate 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 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 Management and 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 associate 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 the respective Board of Directors 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 associate 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)

## Independent Auditors' Report (continued)

(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to consolidated 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 the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors 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 and its 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 associate to express an opinion on the consolidated financial statements. 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 para (a) of the Other Matters section 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

- We did not audit the financial statements of 7 subsidiaries, whose financial statements reflect total assets of ₹ 203,039.11 million as at December 31, 2020, total revenue of ₹ 59,085.23 million, net cash flows amounting to ₹ 471.58 million for the year ended on that date, as considered in the consolidated financial statements. The above financial statements are before giving effect to any intra group eliminations and consolidation adjustments. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries



## Independent Auditors' Report (continued)

and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

- b) The financial statements of 12 subsidiaries, whose financial statements reflect total assets of ₹ 831.98 million as at December 31, 2020, total revenue of ₹ 6,896.90 million and net cash flows amounting to ₹ (182.58) million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of total net profit after tax (and other comprehensive income) of ₹ 5.46 million for the year ended December 31, 2020, in respect of associate, whose financial statements have not been audited by us or by other auditors. 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 Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid 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 Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (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 January 04, 2021 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, 2020 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".

## Independent Auditors' Report (continued)

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, as noted in the 'Other Matters' paragraph:
- The consolidated financial statements disclose the impact of pending litigations as at December 31, 2020 on the consolidated financial position of the Group and its associate. Refer Note 45 to the consolidated financial statements.
  - The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended December 31, 2020.
  - There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended December 31, 2020.
  - The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from November 08, 2016 to December 30, 2016 have not

been made in the consolidated financial statements since they do not pertain to the financial year ended December 31, 2020.

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 and subsidiaries incorporated in India 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 **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration No. 116231W/W-100024

**Sriram Mahalingam**

*Partner*

Membership No: 049642

UDIN: 21049642AAAAAO3577

Place: Hyderabad

Date: February 25, 2021

## Annexure A

to the Independent Auditors' Report on the Consolidated Financial Statements of Rain Industries Limited for the year ended December 31, 2020

### **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**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **OPINION**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2020, 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, 2020, 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 with reference to consolidated 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 consolidated 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 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 with reference to consolidated financial statements.

#### **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:

- 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;

## Annexure A

to the Independent Auditors' Report on the Consolidated Financial Statements of Rain Industries Limited for the year ended December 31, 2020 (continued)

- 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
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated 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 **B S R & Associates LLP**

*Chartered Accountants*

ICAI Firm Registration No. 116231W/W-100024

**Sriram Mahalingam**

*Partner*

Membership No: 049642

UDIN: 21049642AAAAAO3577

Place: Hyderabad

Date: February 25, 2021

# Consolidated Balance Sheet

as at December 31, 2020

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

	Note	As at December 31, 2020	As at December 31, 2019
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3	41,306.06	32,381.13
(b) Capital work in progress	3	9,313.55	13,624.09
(c) Right of use asset	4	4,913.36	-
(d) Goodwill	5	64,726.35	62,216.87
(e) Other intangible assets	5	298.01	319.04
(f) Equity accounted investments	6	98.74	82.97
(g) Financial assets			
(i) Investments	7	46.77	43.39
(ii) Loans	8	327.43	327.47
(iii) Other financial assets	9	4.17	16.69
(h) Deferred tax asset (net)	35 (iv)	8,545.95	6,218.13
(i) Non-current tax assets (net)	35 (vii)	885.38	727.13
(j) Other non-current assets	10	2,528.38	2,593.50
<b>2. Current assets</b>			
(a) Inventories	11	15,856.70	17,421.58
(b) Financial assets			
(i) Investments	12	-	260.00
(ii) Trade receivables	13	10,914.65	11,050.49
(iii) Cash and cash equivalents	14	15,198.32	10,951.58
(iv) Bank balances other than cash and cash equivalents	14	2,800.04	738.26
(v) Loans	15	32.18	16.05
(vi) Other financial assets	16	2,750.98	1,042.09
(c) Current tax assets (net)	35 (vii)	477.32	340.96
(d) Other current assets	17	1,747.86	1,916.74
(e) Assets held for sale	54	39.41	61.41
<b>Total</b>		<b>182,811.61</b>	<b>162,349.57</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	18	672.69	672.69
(b) Other equity	19	54,662.27	48,926.36
		<b>55,334.96</b>	<b>49,599.05</b>
(c) Non-controlling interests	41	1,715.02	1,954.70
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	80,011.96	73,555.51
(ii) Other financial liabilities	21	75.08	140.86
(b) Provisions	22	15,751.66	12,275.08
(c) Deferred tax liability (net)	35 (iv)	4,178.58	2,372.45
(d) Non-current tax liabilities (net)	35 (vii)	-	417.07
(e) Other non-current liabilities	23	32.32	54.25
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	5,162.32	3,969.95
(ii) Trade payables	25		
(A) total outstanding dues of micro enterprises and small enterprises		17.87	18.48
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		8,203.76	7,876.14
(ii) Other financial liabilities	26	8,122.68	5,676.37
(b) Other current liabilities	27	1,407.31	1,198.96
(c) Provisions	28	1,511.11	2,377.58
(d) Current tax liabilities (net)	35 (vii)	1,286.98	863.12
<b>Total</b>		<b>182,811.61</b>	<b>162,349.57</b>
Corporate information	1		
Significant accounting policies	2		
<b>The notes referred to above form an integral part of the consolidated financial statements</b>			

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 25, 2021

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, 2020

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

	Note	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>1 INCOME</b>			
Revenue from operations	29	104,646.93	123,606.57
Other income	30	4,552.97	1,563.68
<b>Total income</b>		<b>109,199.90</b>	<b>125,170.25</b>
<b>2 EXPENSES</b>			
Cost of materials consumed		37,273.74	49,934.42
Purchases of stock-in-trade		10,320.49	13,683.11
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	1,251.71	3,664.04
Employee benefits expense	32	12,131.93	12,396.58
Finance costs	33	4,900.71	4,524.01
Depreciation and amortisation expense	3,4 & 5	7,917.17	5,940.15
Loss / (gain) on foreign currency transactions and translations (net)		617.85	(75.25)
Other expenses	34	26,281.89	29,195.88
<b>Total expenses</b>		<b>100,695.49</b>	<b>119,262.94</b>
<b>3 PROFIT BEFORE SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND TAX (1-2)</b>		<b>8,504.41</b>	<b>5,907.31</b>
<b>4 Share of profit / (loss) of associates (net of income tax)</b>		5.46	(0.21)
<b>5 PROFIT BEFORE TAX (3-4)</b>		<b>8,509.87</b>	<b>5,907.10</b>
<b>6 TAX EXPENSE/(BENEFIT)</b>	35 (i)		
1. Current tax		2,384.06	3,154.40
2. Tax relating to earlier years		(253.94)	(178.19)
3. Minimum alternate tax		3.26	-
4. Deferred tax			
(a) Deferred tax excluding (b) below		463.26	(1,540.07)
(b) Impact on account of change in tax rate in India		30.92	(153.38)
<b>7 PROFIT FOR THE YEAR (5-6)</b>		<b>5,882.31</b>	<b>4,624.34</b>
<b>8 OTHER COMPREHENSIVE INCOME / (LOSS) (NET OF TAX)</b>			
A. (i) Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit plans		(1,397.14)	(1,860.78)
(ii) Income tax relating to items that will not be reclassified to profit or loss	35 (ii)	439.25	602.21
B. (i) Items that will be reclassified to profit or loss			
- Foreign currency translation reserve		1,814.70	1,281.03
- Effective portion of cash flow hedge		(0.78)	0.78
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year</b>		<b>856.03</b>	<b>23.24</b>
<b>9 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (7+8)</b>		<b>6,738.34</b>	<b>4,647.58</b>
Attributable to:			
- Owners of the Company		6,616.40	3,753.94
- Non-controlling interests		121.94	893.64
<b>10 OF THE TOTAL COMPREHENSIVE INCOME ABOVE:</b>			
Profit for the year attributable to:			
- Owners of the Company		5,581.67	3,913.84
- Non-controlling interests		300.64	710.50
Other comprehensive income / (loss) attributable to:			
- Owners of the Company		1,034.73	(159.90)
- Non-controlling interests		(178.70)	183.14
<b>11 EARNINGS PER SHARE (FACE VALUE OF ₹2/- EACH)</b>	47		
Basic and Diluted (₹)		16.60	11.64
Corporate information	1		
Significant accounting policies	2		
<b>The notes referred to above form an integral part of the consolidated financial statements</b>			

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 25, 2021

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, 2020

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

(i)

Particulars	Attributable to Owners of the Company										Total
	Equity Share Capital	Reserves and Surplus				Other Comprehensive Income (loss)				Attributable to Non-controlling interest	
		Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve	Remeasurements of defined benefit plans		
Balance as on January 1, 2020	672.69	43.98	516.67	47.66	1,546.55	46,513.90	0.78	1,957.63	(1,700.81)	1,954.70	51,553.75
Profit for the year	-	-	-	-	-	5,581.67	-	-	-	300.64	5,882.31
<b>Other comprehensive income (loss) for the year</b>											
- Effective portion of cash flow hedge	-	-	-	-	-	-	(0.78)	-	-	-	(0.78)
- Foreign currency translation reserve	-	-	-	-	-	-	-	1,993.40	-	(178.70)	1,814.70
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	-	(957.89)	-	(957.89)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	5,581.67	(0.78)	1,993.40	(957.89)	121.94	6,738.34
Dividends (Refer note 18(ii))	-	-	-	-	-	(336.35)	-	-	-	(361.62)	(697.97)
Transfer to general reserve	-	-	-	-	27.30	(27.30)	-	-	-	-	-
Impact on account of sale of subsidiaries	-	-	-	-	-	(435.37)	-	(108.77)	-	-	(544.14)
<b>Balance as on December 31, 2020</b>	<b>672.69</b>	<b>43.98</b>	<b>516.67</b>	<b>47.66</b>	<b>1,573.85</b>	<b>51,296.55</b>	<b>-</b>	<b>3,842.26</b>	<b>(2,658.70)</b>	<b>1,715.02</b>	<b>57,049.98</b>

Particulars	Attributable to Owners of the Company										Total
	Equity Share Capital	Reserves and Surplus				Other Comprehensive Income (loss)				Attributable to Non-controlling interest	
		Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve	Remeasurements of defined benefit plans		
Balance as on January 1, 2019	672.69	43.98	516.67	47.66	1,425.27	43,103.64	-	859.74	(442.24)	1,433.25	47,660.66
Profit for the year	-	-	-	-	-	3,913.84	-	-	-	710.50	4,624.34
<b>Other comprehensive income (loss) for the year</b>											
- Effective portion of cash flow hedge	-	-	-	-	-	-	0.78	-	-	-	0.78
- Foreign currency translation reserve	-	-	-	-	-	-	-	1,097.89	-	183.14	1,281.03
- Remeasurements of defined benefit plans (net of tax)	-	-	-	-	-	-	-	-	(1,258.57)	-	(1,258.57)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	3,913.84	0.78	1,097.89	(1,258.57)	893.64	4,647.58
Dividends including dividend distribution tax (Refer note 18(ii))	-	-	-	-	-	(382.30)	-	-	-	(372.19)	(754.49)
Transfer to general reserve	-	-	-	-	121.28	(121.28)	-	-	-	-	-
<b>Balance as on December 31, 2019</b>	<b>672.69</b>	<b>43.98</b>	<b>516.67</b>	<b>47.66</b>	<b>1,546.55</b>	<b>46,513.90</b>	<b>0.78</b>	<b>1,957.63</b>	<b>(1,700.81)</b>	<b>1,954.70</b>	<b>51,553.75</b>

# Consolidated Statement of changes in Equity

for the year ended December 31, 2020 (continued)

## (II) DESCRIPTION OF THE PURPOSES OF EACH RESERVE WITHIN EQUITY:

### Reserves and Surplus:

- (a) **Capital reserve:** It consists of pre-acquisition profits. During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.
- (b) **Securities premium:** The amount received in excess of face value of the equity shares is recognised in securities premium. It is utilized in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.
- (c) **Capital redemption reserve:** It consists of reserves on the buyback of equity shares from its retained earnings. The amount represents nominal amount of the equity shares bought back.
- (d) **General reserve:** It represents the portion of the net profit which the Group has transferred, before declaring dividend pursuant to the earlier provision of companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.
- (e) **Retained earnings:** Retained earnings are the net profits after all distributions and transfers to other reserves.

### Items of Other Comprehensive Income:

- (a) **Foreign currency translation reserve (FCTR):** Represents the FCTR of a foreign subsidiary. For the purpose of consolidation of subsidiaries financial statements with the financial statement of the parent company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange difference which is accumulated in Foreign Currency Translation Reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies in the current year.
- (b) **Remeasurements of defined benefit plans:** Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets (excluding interest income).
- (c) **Effective portion of cash flow hedges:** The effective portion of cash flow hedge represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedges reserve will be reclassified to consolidated statement of profit and loss only when the hedged transaction affects the consolidated profit or loss, or included as a basis adjustment to the non-financial hedged item.

As 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 25, 2021

**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 Cash Flows

for the year ended December 31, 2020

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	8,509.87	5,907.10
<b>Adjustments for:</b>		
Depreciation and amortisation expense	7,917.17	5,940.15
Profit on sale of property, plant and equipment (net)	(13.87)	(118.21)
Interest and other borrowing costs	4,900.71	4,524.01
Interest income	(320.08)	(403.22)
Dividend income from current investments	(6.01)	(7.43)
Gain on sale of subsidiaries (Refer note 56)	(3,864.20)	-
Advances written off	1.71	68.18
Assets written off	-	20.99
Provision / write down of inventories	233.68	127.74
Other income	(26.80)	-
Liabilities / provisions no longer required written back	(124.26)	(481.25)
Bad debts written off	8.31	2.33
Provision for doubtful debts and advances	0.81	88.28
Share of loss / (profit) of associates (net of income tax)	(5.46)	0.21
Provision / (reversal) of provision for plant closure costs	(156.12)	1,076.21
Foreign exchange (gain) / loss, net	568.42	(95.54)
	<b>9,114.01</b>	<b>10,742.45</b>
<b>Operating profit before working capital changes</b>	<b>17,623.88</b>	<b>16,649.55</b>
<b>Adjustments for changes in working capital:</b>		
Inventories	1,778.04	6,410.54
Trade receivables	(373.32)	5,272.13
Financial assets and other assets	710.25	563.81
Trade payables, other liabilities and provisions	917.94	(3,540.37)
	<b>3,032.91</b>	<b>8,706.11</b>
<b>Cash generated from operations</b>	<b>20,656.79</b>	<b>25,355.66</b>
Income taxes paid, net	(2,431.34)	(2,955.86)
<b>Net cash from operating activities</b>	<b>18,225.45</b>	<b>22,399.80</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets, including capital advances	(10,805.36)	(11,936.71)
Proceeds from sale of property, plant and equipment	210.58	21.67
Inter corporate deposits (placed)/released	(2,074.51)	(3.70)
Purchase of current investments	-	(260.00)
Proceeds from sale of current investments and subsidiaries (Refer note 56)	6,693.48	-
Fixed/restricted deposits with banks (placed)/realised	(2,019.67)	28.87
Interest received	274.24	350.41
Dividends received on current investments	6.01	7.43
<b>Net cash used in investing activities</b>	<b>(7,715.23)</b>	<b>(11,792.03)</b>

## Consolidated Statement of Cash Flows

for the year ended December 31, 2020 (continued)

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from non-current borrowings	675.79	-
Repayment of non-current borrowings	(769.03)	(172.81)
Proceeds/(Repayment) of current borrowings, net	714.28	(1,027.58)
Sales tax deferment paid	(99.58)	(53.06)
Payment of lease liabilities	(1,071.94)	(121.12)
Payment of interest on lease liabilities	(218.19)	(33.48)
Interest and other borrowing costs paid	(4,532.40)	(4,365.85)
Dividend paid to owners of the company (including tax on dividend)	(336.35)	(382.30)
Dividend paid to non-controlling interests	(361.62)	(372.19)
<b>Net cash used in financing activities</b>	<b>(5,999.04)</b>	<b>(6,528.39)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>4,511.18</b>	<b>4,079.38</b>
<b>Cash and cash equivalents - opening balance</b>	<b>10,951.58</b>	<b>7,734.16</b>
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(264.44)	(861.96)
<b>Cash and cash equivalents - closing balance</b>	<b>15,198.32</b>	<b>10,951.58</b>
<b>Notes:</b>		
(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.		
	<b>As at</b>	<b>As at</b>
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>(ii) Components of Cash and cash equivalents</b>		
Cash on hand	0.64	0.97
Cheques/ drafts on hand	1.32	3.55
Balances with banks:		
- in current accounts	7,771.14	7,443.42
- in exchange earners foreign currency (EEFC) accounts	199.53	135.88
- in deposit accounts (with original maturity of three months or less)	7,225.69	3,367.76
	<b>15,198.32</b>	<b>10,951.58</b>

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 25, 2021

For and on behalf of the Board of Directors of  
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**N Radha Krishna Reddy**  
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**Jagan Mohan Reddy Nellore**  
Director  
DIN: 00017633

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

## Notes

Forming part of the Consolidated Financial Statements

### NOTE 1: CORPORATE INFORMATION

Rain Industries Limited ("RIL" or "the Company" or the "Parent Company" 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 derivatives 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

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

##### (i) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (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, 2020 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 25, 2021.

##### (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 with 2 decimals, unless otherwise indicated.

#### (iii) Basis of measurement

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

Items	Measurement basis
Derivative financial instruments	Fair value
Certain financial assets and liabilities (refer accounting policy regarding financial instruments)	Fair value
Net defined benefit asset/liability	Fair value of plan assets less present value of defined benefit plan obligation
Inventories	Lower of cost or net realisable value
Investment in Associates / Joint Ventures	Equity method
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 42)

## Notes

Forming part of the Consolidated Financial Statements (continued)

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (Refer note 45 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 35)
- Useful life of property, plant and equipment (Refer note 2(e))
- Determination of cost for right-of-use assets and lease term (Refer note 2(m))
- Impairment of financial & non-financial assets. (Refer note 36)
- Provision for inventories (Refer note 11)
- Provision for loss allowance on trade receivables (Refer note 36.4)
- Measurement of borrowings at amortised cost (Refer note 20)
- 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;
- It is held primarily for the purpose of being traded;
- It is expected to be realised within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Group's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's operating cycle is within a period of 12 months.

### (v) Measurement of fair value

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

## Notes

Forming part of the Consolidated Financial Statements (continued)

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 36.

- 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 non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may

## Notes

Forming part of the Consolidated Financial Statements (continued)

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 cash-generating unit retained.

A cash generating unit is defined as an operating segment or a component of an operating segment. Accordingly, the following are considered as reporting units for the above assessment:

- a. Calcination business forming part of Carbon Segment
- b. Carbon distillation business forming part of Carbon Segment
- c. Advanced materials business
- d. Cements business

### 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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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 venturer.

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

## Notes

Forming part of the Consolidated Financial Statements (continued)

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, 2020 and are audited. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Ind AS12 – "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions. Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Companies considered in the consolidated financial statements along with Rain Industries Limited are:

S. No	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2020	December 31, 2019
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



## Notes

Forming part of the Consolidated Financial Statements (continued)

S. No	Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest (%)	
				December 31, 2020	December 31, 2019
12	Rain Carbon Canada Inc. (formerly known as RÜTGERS Canada Inc. (RCan))	Subsidiary of RCC	Canada	100	100
13	RÜTGERS Polymers Limited (RPL)**	Subsidiary of RCC	Canada	-	100
14	Rain Carbon BV (RCBV)	Subsidiary of RCG	Belgium	100	100
15	RÜTGERS Holding Germany GmbH (RHGmbH)*	Subsidiary of RCG	Germany	-	-
16	OOO Rain Carbon LLC (formerly known as Rain RÜTGERS LLC)	Subsidiary of RCBV	Russia	100	100
17	VFT France S.A (VFSA)	Subsidiary of RCBV	France	100	100
18	Rumba Invest BVBA & Co. KG (Rumba)	Subsidiary of RCG	Germany	94.9	94.9
19	Rain Carbon Germany GmbH (formerly known as RÜTGERS Germany GmbH (RGmbH))	Subsidiary of RCG	Germany	99.7	99.7
20	Severtar Holding Ltd. (Severtar)	Subsidiary of RCG	Cyprus	65.3	65.3
21	OOO RÜTGERS Severtar (OOOSevertar)	Subsidiary of Severtar	Russia	65.3	65.3
22	Rain Carbon Wohnimmobilien GmbH & Co. KG (formerly known as RÜTGERS Wohnimmobilien GmbH & Co. KG)	Subsidiary of RGmbH	Germany	100	100
23	Rain Carbon Gewerbeimmobilien GmbH & Co. KG (formerly known as RÜTGERS Gewerbeimmobilien GmbH & Co. KG)	Subsidiary of RGmbH	Germany	100	100
24	Rain Carbon Poland Sp. z. o. o (formerly known as 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 by Germany	Germany	30	30

\*RHGmbH merged with RCG in July 2019 with effect from January 1, 2019.

\*\* Entities sold on December 31, 2020

### b) Revenue recognition

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.

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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Accordingly, government grants:

- Related to or used for assets, are deducted from the carrying amount of the asset.
- Related to incurring specific expenditures are taken to the consolidated statement of profit and loss on the same basis and in the same periods as the expenditures incurred.
- By way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable

### e) 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:

- 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.
- 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	3-17
Land held under limestone mining lease	125
Office equipment	2-25
Plant and equipment	1-30
Vehicles	1-28

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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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.

### f) 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
Licenses and franchise	2-10
Other intangibles assets	5

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.

### g) 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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

### h) 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".

### i) 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

## Notes

Forming part of the Consolidated Financial Statements (continued)

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.

### j) 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. 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.

### k) 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, past-service costs, gains and losses on curtailments and non-routine 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 remainder 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

## Notes

Forming part of the Consolidated Financial Statements (continued)

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.

### l) 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 discrete 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

- (1) 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.

### m) Leases

#### (i) Transition to Ind AS 116:

In March 2019, Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning January 1, 2020 and applied the standard to its lease contracts existing on January 1, 2020 using the modified retrospective approach, with the right-of-use asset recognised at an amount equal to the present value of lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases. Accordingly, the Group has not restated comparative information.

#### Group as a lessee

##### Operating leases

For transition, the Group has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

## Notes

Forming part of the Consolidated Financial Statements (continued)

The Group has recognised ₹ 4,423.70 as Right-of-use asset and Lease Liability of ₹ 4,423.70 as on the date of transition i.e., January 1, 2020. Further, an amount of ₹ 27.63 has been reclassified from Non-Current/Current Assets to Right-of-use asset for prepaid operating lease rentals and an amount of ₹ 72.57 has been adjusted to Right-of-use asset from Non-Current Liabilities for lease equalization reserve. The lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 4.69% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

### Finance lease

The Group has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of ₹ 972.73 has been reclassified from property, plant and equipment to right-of-use assets.

### Group as a lessor

The Group is not required to make any adjustments on transition to Ind AS for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with Ind AS 116 from the date of initial application.

### (ii) Ind AS 116:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates

the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

## Notes

Forming part of the Consolidated Financial Statements (continued)

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

In pursuance of the notification issued by the Ministry of corporate affairs dated July 24, 2020, the Group has elected to apply the practical expedient arising on account of Covid-19 not to account for the changes in the lease payments as a lease modification as it satisfies the conditions mentioned in the paragraph 46B of Ind AS 116.

### Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

### n) 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



## Notes

Forming part of the Consolidated Financial Statements (continued)

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' arrangements and either (a) the Group has transferred substantially all the risks and rewards of the asset,

## Notes

Forming part of the Consolidated Financial Statements (continued)

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.

### o) Derivative Financial Instruments and Hedge Accounting

#### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to 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

## Notes

Forming part of the Consolidated Financial Statements (continued)

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. 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 either upon sale or disposal of the investment or repayment of designated loans 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.

### p) 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.

### q) Tax Expense

Income tax expenses comprises of current tax and deferred tax. It is recognised in consolidated statement of profit and loss except 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.

#### 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,

## Notes

Forming part of the Consolidated Financial Statements (continued)

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.

### r) 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.

### s) 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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined below, 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.

### t) Provisions and Contingencies

A provision is recognised when the Group has a present, legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

Contingent liabilities are disclosed in the notes to the consolidated financial statements, 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.

### u) 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.

### v) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from January 1, 2021.

## 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

Description	Gross Block				Accumulated Depreciation				Net Block			
	As at January 1, 2020	Effect of transition on adoption of Ind AS 116	Additions	Deletions / Adjustments (Refer note (vi) below)	As at December 31, 2020	As at January 1, 2020	Effect of transition on adoption of Ind AS 116	For the year	Deletions / Adjustments (Refer note (vi) below)	Exchange difference	As at December 31, 2020	As at December 31, 2019
Land - freehold	997.29	-	0.41	0.65	1,035.51	9.34	-	-	-	1.16	1,025.01	987.95
Land - leasehold (Refer note (v) below)	43.66	-	0.65	-	44.31	1.40	-	0.37	-	-	42.54	42.26
<b>Buildings</b>												
Owned (Refer note (ii) below)	6,184.86	-	1,620.47	471.38	7,122.35	2,016.06	-	572.07	198.93	(160.14)	4,893.29	4,168.80
Finance lease (Refer note (iii) below)	9.62	(9.62)	-	-	-	8.40	(8.40)	-	-	-	-	1.22
<b>Plant and equipment</b>												
Owned (Refer note (ii) below)	41,592.88	-	13,463.35	3,179.22	54,081.22	17,777.37	-	5,585.03	2,872.53	507.67	33,083.68	23,815.51
Finance lease	1,177.78	(1,177.78)	-	-	-	206.25	(206.25)	-	-	-	-	971.53
Furniture and fixtures	1,488.68	-	244.63	115.86	1,797.20	713.03	-	273.12	(0.25)	112.42	698.38	775.65
Vehicles	1,055.85	-	45.01	51.93	992.36	48.64	-	62.87	38.92	(16.12)	935.89	1,007.21
Office equipment	930.60	-	202.59	55.36	1,144.03	319.60	-	177.30	(2.85)	17.01	627.27	611.00
<b>Total Property, Plant and Equipment (A)</b>	<b>53,481.22</b>	<b>(1,187.40)</b>	<b>15,577.11</b>	<b>3,874.40</b>	<b>66,216.98</b>	<b>21,100.09</b>	<b>(214.65)</b>	<b>6,670.76</b>	<b>3,107.28</b>	<b>462.00</b>	<b>41,306.06</b>	<b>32,381.13</b>
Capital work in progress (B)	13,624.09	-	4,717.69	9,606.79	9,313.55	-	-	-	-	-	9,313.55	13,624.09
<b>Total (A+B)</b>	<b>67,105.31</b>	<b>(1,187.40)</b>	<b>20,294.80</b>	<b>13,481.19</b>	<b>75,530.53</b>	<b>21,100.09</b>	<b>(214.65)</b>	<b>6,670.76</b>	<b>3,107.28</b>	<b>462.00</b>	<b>50,619.61</b>	<b>46,005.22</b>

## 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 (continued)

Description	Gross Block				Accumulated Depreciation				Net Block				
	As at January 1, 2019	Effect of transition on adoption of Ind AS 116	Additions	Deletions / Adjustments	Exchange difference	As at December 31, 2019	Effect of transition on adoption of Ind AS 116	For the year	Deletions / Adjustments	Exchange difference	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	-	-	-	-	43.66	1.03	0.37	-	-	1.40	42.26	42.63
<b>Buildings</b>													
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	-	-	2.80	2.24	9.62	7.26	1.59	2.70	2.25	8.40	1.22	2.92
<b>Plant and equipment</b>													
Owned (Refer note (ii) below)	36,942.63	-	3,834.09	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
<b>Total Property, Plant and Equipment (A)</b>	<b>45,965.82</b>	<b>-</b>	<b>6,595.92</b>	<b>562.75</b>	<b>1,482.23</b>	<b>53,481.22</b>	<b>14,976.00</b>	<b>5,831.22</b>	<b>450.16</b>	<b>743.03</b>	<b>21,100.09</b>	<b>32,381.13</b>	<b>30,989.82</b>
<b>Capital work in progress (B)</b>	<b>7,947.90</b>	<b>-</b>	<b>9,267.57</b>	<b>3,728.31</b>	<b>136.93</b>	<b>13,624.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,624.09</b>	<b>7,947.90</b>
<b>Total (A+B)</b>	<b>53,913.72</b>	<b>-</b>	<b>15,863.49</b>	<b>4,291.06</b>	<b>1,619.16</b>	<b>67,105.31</b>	<b>14,976.00</b>	<b>5,831.22</b>	<b>450.16</b>	<b>743.03</b>	<b>21,100.09</b>	<b>46,005.22</b>	<b>38,937.72</b>

### Notes:

- (i) Certain movable and immovable property, plant and equipment are hypothecated against the current and non-current borrowings availed by the Group. Refer note 20 and 24.
- (ii) Includes plant and equipment installed and buildings constructed on leasehold land and depreciated over lease period.
- (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 45 (ii).
- (v) Leasehold land pertains to limestone mining leases in Rain Cements Limited
- (vi) Deletions/Adjustments include derecognition of assets on sale of subsidiaries.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 4: RIGHT OF USE ASSET

Description	Gross Block				Accumulated Depreciation				Net Block				
	As at January 1, 2020	Effect of transition on adoption of Ind AS 116	Additions	Deletions / Adjustments (Refer note (ii) below)	Exchange difference	As at December 31, 2020	As at January 1, 2020	Effect of transition on adoption of Ind AS 116	For the year	Deletions / Adjustments (Refer note (ii) below)	Exchange difference	As at December 31, 2020	As at December 31, 2019
Land - leasehold	-	609.34	-	0.96	1.16	609.54	-	-	61.44	-	0.01	61.45	-
Buildings	-	615.11	314.14	1.05	17.47	945.67	-	8.40	192.38	-	1.29	202.07	-
Plant and equipment	-	2,885.20	93.36	185.41	250.48	3,043.63	-	206.25	553.47	40.30	40.49	759.91	-
Vehicles	-	1,434.05	21.51	8.81	178.39	1,625.14	-	-	292.18	4.12	15.76	303.82	-
Office equipment	-	22.44	1.58	2.41	2.28	23.89	-	-	7.66	0.66	0.26	7.26	-
<b>Total</b>	-	<b>5,566.14</b>	<b>430.59</b>	<b>198.64</b>	<b>449.78</b>	<b>6,247.87</b>	-	<b>214.65</b>	<b>1,107.13</b>	<b>45.08</b>	<b>57.81</b>	<b>1,334.51</b>	<b>4,913.36</b>

### Notes:

- (i) For details regarding future minimum lease payments at the end of the year, Refer note 46.  
(ii) Deletions/Adjustments include derecognition of assets on sale of subsidiaries.



## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 5: GOODWILL AND OTHER INTANGIBLE ASSETS

Description	Gross Block			Accumulated Amortisation			Net Block			
	As at January 1, 2020	Additions	Deletions (Refer note (ii) below)	Exchange difference	As at December 31, 2020	For the year	Deletions (Refer note (ii) below)	Exchange difference	As at December 31, 2020	As at December 31, 2019
<b>Goodwill (A)</b>	62,216.87	-	1,930.86	4,440.34	64,726.35	-	-	-	64,726.35	62,216.87
<b>Other Intangible assets:</b>										
Licenses and franchise	424.49	77.78	3.63	55.23	553.87	132.34	3.51	22.42	268.17	290.04
Other intangible assets	39.08	10.86	-	(4.64)	45.30	6.94	-	(1.56)	29.84	29.00
<b>Total Other Intangible assets (B)</b>	463.57	88.64	3.63	50.59	599.17	139.28	3.51	20.86	298.01	319.04
<b>Total (A+B)</b>	<b>62,680.44</b>	<b>88.64</b>	<b>1,934.49</b>	<b>4,490.93</b>	<b>65,325.52</b>	<b>139.28</b>	<b>3.51</b>	<b>20.86</b>	<b>65,024.36</b>	<b>62,535.91</b>

Description	Gross Block			Accumulated Amortisation			Net Block			
	As at January 1, 2019	Additions	Deletions	Exchange difference	As at December 31, 2019	For the year	Deletions	Exchange difference	As at December 31, 2019	As at December 31, 2018
<b>Goodwill (A)</b>	61,315.31	-	-	901.56	62,216.87	-	-	-	62,216.87	61,315.31
<b>Other Intangible assets:</b>										
Licenses and franchise	305.97	117.50	1.09	2.11	424.49	101.99	2.02	1.47	290.04	272.96
Other intangible assets	34.58	-	-	4.50	39.08	6.94	-	0.53	29.00	31.97
<b>Total Other Intangible assets (B)</b>	340.55	117.50	1.09	6.61	463.57	108.93	2.02	2.00	319.04	304.93
<b>Total (A+B)</b>	<b>61,655.86</b>	<b>117.50</b>	<b>1.09</b>	<b>908.17</b>	<b>62,680.44</b>	<b>108.93</b>	<b>2.02</b>	<b>2.00</b>	<b>62,535.91</b>	<b>61,620.24</b>

#### Notes:

- (i) For impairment analysis performed for Goodwill on consolidation, Refer Note 40.  
(ii) Deletions include derecognition of assets on sale of subsidiaries.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 6: EQUITY ACCOUNTED INVESTMENTS

	As at December 31, 2020	As at December 31, 2019
<b>Associates (unquoted):</b>		
- InfraTec Duisburg GmbH – 7,500 (December 31, 2019: 7,500) ordinary shares with no par value (Refer Note 37)	98.74	82.97
<b>Total</b>	<b>98.74</b>	<b>82.97</b>

### NOTE 7: NON-CURRENT INVESTMENTS

	As at December 31, 2020	As at December 31, 2019
<b>A. Investment in equity shares</b>		
<b>(i) in other entities</b>		
At Fair value through Other comprehensive income (FVTOCI) (unquoted)		
- Arsol Aromatics GmbH & Co. – 1,365,860 (December 31, 2019: 1,365,860) ordinary shares with no par value	30.60	27.23
At Fair value through Profit and loss (FVTPL) (unquoted)		
- Andhra Pradesh Gas Power Corporation Limited - 134,000 (December 31, 2019: 134,000) equity shares of ₹ 10 each fully paid up	16.00	16.00
<b>B. Investment in Government securities carried at Fair value through Profit and loss (FVTPL) (unquoted)</b>		
- National Savings Certificates	0.17	0.16
<b>Total</b>	<b>46.77</b>	<b>43.39</b>
(a) aggregate value of quoted investments	-	-
(b) aggregate value of unquoted investments	46.77	43.39

### NOTE 8: NON-CURRENT LOANS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Security deposits	119.93	125.21
Loans and advances		
- to employees	10.66	5.00
- to others	-	0.42
Electricity deposit	196.84	196.84
<b>Total</b>	<b>327.43</b>	<b>327.47</b>

### NOTE 9: OTHER NON-CURRENT FINANCIAL ASSETS

	As at December 31, 2020	As at December 31, 2019
Bank deposits due to mature after 12 months of the reporting date* (Refer note 14)	4.12	16.63
Interest accrued on deposits	0.05	0.06
<b>Total</b>	<b>4.17</b>	<b>16.69</b>

\* Includes lien marked deposits with government authorities and customers.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 10: OTHER NON-CURRENT ASSETS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Capital advances	2,492.68	2,548.75
Advances other than capital advances:		
Prepaid expenses	-	0.64
Prepaid operating lease rentals*	-	11.38
Balances with Statutory authorities	35.27	32.73
Excess contribution to Plan assets for Defined benefit plan (Refer note 42)	0.43	-
<b>Total</b>	<b>2,528.38</b>	<b>2,593.50</b>

\* This includes operating lease rentals pertaining to land taken on lease from Visakhapatnam Port Trust till October 27, 2022, being amortised on straightline basis in accordance with Ind AS. As on January 1, 2020, this amount was reclassified to Right of use assets in accordance with Ind AS 116.

### NOTE 11: INVENTORIES

	As at December 31, 2020	As at December 31, 2019
<b>(At lower of cost and net realisable value)</b>		
a) Raw materials	5,822.85	5,894.96
b) Work-in-progress	1,410.23	1,879.73
c) Finished goods	4,450.36	5,110.23
d) Stock-in-trade	1,558.23	1,613.02
e) Stores and spares	2,147.97	1,908.55
f) Packing materials	142.85	100.33
g) Fuel	324.21	914.76
<b>Total</b>	<b>15,856.70</b>	<b>17,421.58</b>
<b>Goods-in-transit, included above</b>		
a) Raw materials	169.23	77.38
b) Stock-in-trade	23.85	309.48
c) Stores and spares	1.30	1.35
d) Fuel	37.13	2.86
<b>Total</b>	<b>231.51</b>	<b>391.07</b>

The above inventories are net of provision for net realisable values of ₹ 803.55 and ₹ 513.14 as at December 31, 2020 and December 31, 2019 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 24.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 12: CURRENT INVESTMENTS

	As at December 31, 2020	As at December 31, 2019
<b>Investment in mutual funds of (quoted, at Fair value through Profit and loss):</b>		
a) ICICI Prudential Ultra Short Term Fund - Direct Plan - Growth	-	40.00
b) Franklin India Ultra Short Bond Fund - Super Institutional Growth	-	220.00
<b>Total</b>	<b>-</b>	<b>260.00</b>
(a) Aggregate value of quoted investments	-	260.00
(b) Aggregate value of unquoted investments	-	-

### NOTE 13: TRADE RECEIVABLES

	As at December 31, 2020	As at December 31, 2019
Trade receivables considered good - secured	283.82	347.35
Trade receivables considered good - unsecured	10,630.83	10,703.14
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	156.84	158.33
	<b>11,071.49</b>	<b>11,208.82</b>
Less: Allowance for doubtful trade receivables	156.84	158.33
<b>Total</b>	<b>10,914.65</b>	<b>11,050.49</b>

- Trade receivables balances are net of secondary security deposits on dealer accounts amounting to ₹ 245.47 (December 31, 2019: ₹ 121.97)
- For details of trade receivables hypothecated against current borrowings, refer note 24.
- The Group's exposure to credit and currency risks related to trade receivables are disclosed in note 36.4 and 36.8.

### NOTE 14: CASH AND BANK BALANCES

	As at December 31, 2020	As at December 31, 2019
<b>A. Cash and cash equivalents</b>		
Cash on hand	0.64	0.97
Cheques/ drafts on hand	1.32	3.55
Balances with banks:		
- in current accounts	7,771.14	7,443.42
- in exchange earners foreign currency (EEFC) accounts	199.53	135.88
- in deposit accounts (with original maturity of three months or less)	7,225.69	3,367.76
	<b>15,198.32</b>	<b>10,951.58</b>
<b>B. Bank balances other than cash and cash equivalents</b>		
Balances held as margin money against guarantees and other commitments	181.29	231.55
Unclaimed dividend accounts	35.54	42.79
Bank deposits due to mature after three months of the reporting date	2,587.33	480.55
Less: Bank deposits due to mature after 12 months of the reporting date (Refer note 9)	4.12	16.63
	<b>2,800.04</b>	<b>738.26</b>
<b>Total [A+B]</b>	<b>17,998.36</b>	<b>11,689.84</b>

## 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: CURRENT LOANS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Security deposits	6.17	5.68
Loan to employees	26.01	10.37
<b>Total</b>	<b>32.18</b>	<b>16.05</b>

- The Group's exposure to credit and currency risks related to current loans are disclosed in note 36.4 and 36.8.

### NOTE 16: OTHER CURRENT FINANCIAL ASSETS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Derivative financial asset, net	-	0.36
Interest accrued on deposits	92.74	42.06
Unbilled revenue	173.21	198.18
Inter-corporate deposits with financial institutions (HDFC)	2,478.21	403.70
Advance to employees	2.14	1.41
Receivables on sale of fixed assets	-	157.76
Other receivables	4.68	238.62
<b>Total</b>	<b>2,750.98</b>	<b>1,042.09</b>

### NOTE 17: OTHER CURRENT ASSETS

	As at December 31, 2020	As at December 31, 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Prepaid expenses	335.83	430.12
Balances with statutory authorities	546.52	958.13
Advance to suppliers and service providers	844.21	492.84
Advance to employees	7.89	11.62
Others	13.41	24.03
<b>Total</b>	<b>1,747.86</b>	<b>1,916.74</b>

### NOTE 18: EQUITY SHARE CAPITAL

	As at December 31, 2020		As at December 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorised share capital:</b>				
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
<b>Total</b>	<b>594,900,000</b>	<b>1,670.00</b>	<b>594,900,000</b>	<b>1,670.00</b>
<b>Issued, subscribed and fully paid up share capital</b>				
Equity Shares of ₹ 2 each	336,345,679	672.69	336,345,679	672.69
<b>Total</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 18: EQUITY SHARE CAPITAL (CONTINUED)

#### Notes:

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

	As at December 31, 2020		As at December 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
As at beginning of the year	336,345,679	672.69	336,345,679	672.69
Less: Equity Shares bought back and extinguished during the year	-	-	-	-
<b>As at end of the year</b>	<b>336,345,679</b>	<b>672.69</b>	<b>336,345,679</b>	<b>672.69</b>

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

The Company has one class of equity shares having a par value of ₹ 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 October 30, 2020 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, 2020 and no further dividend has been recommended for the said year.

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.

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

Name of the Shareholder	As at December 31, 2020		As at December 31, 2019	
	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	27,300,669	8.12	27,152,351	8.07
Meghamala Enterprises Private Limited	14,506,022	4.31	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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 19: OTHER EQUITY

	As at December 31, 2020	As at December 31, 2019
<b>(i) Reserves and Surplus:</b>		
<b>(a) Capital reserve (Balance at the beginning and end of the year)</b>	<b>43.98</b>	<b>43.98</b>
<b>(b) Securities premium (Balance at the beginning and end of the year)</b>	<b>516.67</b>	<b>516.67</b>
<b>(c) Capital redemption reserve (Balance at the beginning and end of the year)</b>	<b>47.66</b>	<b>47.66</b>
<b>(d) General reserve</b>		
Opening balance	1,546.55	1,425.27
Add: Transferred from retained earnings	27.30	121.28
Closing balance	<b>1,573.85</b>	<b>1,546.55</b>
<b>(e) Retained earnings</b>		
Opening balance	46,513.90	43,103.64
Add: Profit for the year	5,581.67	3,913.84
Less: Dividend for the year (including tax on dividend)	336.35	382.30
Less: Transfer to general reserve	27.30	121.28
Less: Impact on account of sale of subsidiaries	435.37	-
Closing balance	<b>51,296.55</b>	<b>46,513.90</b>
<b>(ii) Items of other comprehensive income:</b>		
<b>(a) Foreign currency translation reserve</b>		
Opening balance	1,957.63	859.74
Add: Translation adjustments	1,993.40	1,097.89
Less: Impact on account of sale of subsidiaries	108.77	-
Closing balance	<b>3,842.26</b>	<b>1,957.63</b>
<b>(b) Remeasurements of defined benefit plans</b>		
Opening balance	(1,700.81)	(442.24)
Add: Actuarial gain/(loss) on remeasurements of defined benefit plans	(957.89)	(1,258.57)
Closing balance	<b>(2,658.70)</b>	<b>(1,700.81)</b>
<b>(c) Effective portion of cash flow hedges</b>		
Opening balance	0.78	-
Add: Effective portion of cash flow hedges	(0.78)	0.78
Closing balance	<b>-</b>	<b>0.78</b>
<b>Total</b>	<b>54,662.27</b>	<b>48,926.36</b>

### NOTE 20: NON-CURRENT BORROWINGS

	As at December 31, 2020	As at December 31, 2019
<b>A. Bonds (Refer note (i))</b>		
- Secured		
7.25% Senior secured notes (due for repayment in April 2025)	39,645.27	38,557.06
	<b>39,645.27</b>	<b>38,557.06</b>
<b>B. Term loans</b>		
From banks (Refer note (ii) to (vi))		
- Secured	37,588.08	34,155.93
From other parties (Refer note (vii))		
- Unsecured	441.55	-
Less: Current maturities of non-current borrowings disclosed under Note 26 - Other current financial liabilities	2,317.94	684.19
	<b>35,711.69</b>	<b>33,471.74</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 20: NON-CURRENT BORROWINGS (CONTINUED)

	As at December 31, 2020	As at December 31, 2019
<b>C. Deferred payment liabilities</b>		
- Unsecured (Refer note (viii))	510.36	609.94
Less: Current maturities of non-current borrowings disclosed under Note 26 - Other current financial liabilities	83.12	98.36
	<b>427.24</b>	<b>511.58</b>
<b>D. Non-current maturities of lease obligations</b>		
- Secured (Refer note (ix))	5,239.44	1,152.98
Less: Current maturities of non-current borrowings disclosed under Note 26 - Other current financial liabilities	1,011.68	137.85
	<b>4,227.76</b>	<b>1,015.13</b>
<b>Total [A+B+C+D]</b>	<b>80,011.96</b>	<b>73,555.51</b>

#### 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 redeem all of the outstanding 2018 Notes and tendered 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. The 2025 Notes are having second-lien on assets after Term loan B. Balance (gross of transaction costs) as at December 31, 2020 is ₹ 40,177.50 (December 31, 2019: ₹ 39,198.50).
- (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. The loan is repayable in 10 quarterly installments from December 2019. It carries interest of 3 months Libor plus 300 basis points. Balance as at December 31, 2020 is ₹ 1,314.97 (December 31, 2019: ₹ 1,967.05).
- (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:
- Parri passu first charge by way of hypothecation on all movable assets both present and future of the Company
  - Corporate guarantee of Rain CII Carbon (Vizag) Limited in favour of the bank
  - 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, 2020 is ₹ 1,461.07 (December 31, 2019: ₹ 1,425.40)
- (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) During the year, one of the Group company incorporated in India availed a loan of ₹ 199.10 from a bank towards purchase of Earth Moving Equipment such as Wheel Loaders, Tippers & Excavators. The loan is repayable in 35 equated monthly installments and is secured by First and exclusive charge on assets financed by a bank. The loan carries an interest rate of 8.50% p.a. Balance as at December 31, 2020 is ₹ 141.82 (December 31, 2019: ₹ Nil).



## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 20: NON-CURRENT BORROWINGS (CONTINUED)

- (vi) 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 by 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, 2020 is ₹ 35,018.10 (December 31, 2019: ₹ 31,153.19).
- (vii) On April 27, 2020, two subsidiary companies incorporated in USA received a ₹ 476.64 (USD 6.2 million) loan from the U.S. Small Business Administration through the Paycheck Protection Program (PPP). All or a portion of the loan is forgivable if the subsidiary companies meet specified requirements regarding the use of these funds over the designated period following receipt of loan proceeds. The unforgiven portion of the loan, if any, is payable over eighteen months, after the conclusion of a six month deferral period, and the subsidiary companies are permitted to repay at any time without penalty. The PPP loan is unsecured and is evidenced by a note in favour of Bank of America.
- The subsidiary companies have recognized the loan at its fair value and the interest expense being recognised on the loan under the effective interest rate method as at and for the year ended December 31, 2020. The benefit (i.e. difference between the fair value of loan on recognition and the amount received) is recognised as a government grant under the heading Other Income. The subsidiary companies will de-recognise the liability only upon formal forgiveness of the debt by the U.S. Small Business Administration or as principal payments are made on the outstanding PPP liability. Balance as at December 31, 2020 is ₹ 441.55 (USD 6.0 million) (December 31, 2019: ₹ Nil).
- (viii) Sales tax deferment represents interest free liability in Rain Cements Limited. Balance outstanding is repayable in 55 monthly instalments based on deferment schedule.
- (ix) Leases are secured by assets financed under the leasing agreement. Refer note 46.
- (x) Reconciliation of liabilities arising from financing activities

**(a) Non-current borrowings (including current maturities of non-current borrowings included in other current financial liabilities) excluding lease obligations:**

Particulars	As at December 31, 2020	As at December 31, 2019
Opening balance at the beginning of the year	73,322.93	72,434.58
Borrowings made during the year	675.79	-
Borrowings repaid during the year	(769.03)	(172.81)
Sales tax deferment paid	(99.58)	(53.06)
Effect of changes in foreign exchange rates	4,843.99	914.88
Amortisation of deferred finance cost	211.16	199.34
<b>Closing balance at the end of the year</b>	<b>78,185.26</b>	<b>73,322.93</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 20: NON-CURRENT BORROWINGS (CONTINUED)

#### (b) Lease obligations (including current maturities included in other current financial liabilities):

Particulars	As at December 31, 2020	As at December 31, 2019
Opening balance at the beginning of the year	1,152.98	338.76
Lease liabilities for operating leases recognised as at January 1, 2020 as per Ind AS 116	4,423.70	-
Additions during the year	430.59	960.91
Interest accrued during the year	251.44	33.48
Deletions during the year	(154.46)	-
Lease principal payments during the year	(1,071.94)	(121.12)
Lease interest payments during the year	(218.19)	(33.48)
Effect of changes in foreign exchange rates	425.32	(25.57)
<b>Closing balance at the end of the year</b>	<b>5,239.44</b>	<b>1,152.98</b>

### NOTE 21: OTHER NON-CURRENT FINANCIAL LIABILITIES

	As at December 31, 2020	As at December 31, 2019
Lease rentals straightlining*	-	74.29
Payables on purchase of property, plant and equipment	-	1.03
Employee payables	75.08	65.54
<b>Total</b>	<b>75.08</b>	<b>140.86</b>

\*As on January 1, 2020, the amount was adjusted to Right of use assets in accordance with Ind AS 116.

### NOTE 22: NON-CURRENT PROVISIONS

	As at December 31, 2020	As at December 31, 2019
<b>Provision for employee benefits:</b>		
- Compensated absences (Refer note 42)	271.94	244.76
- Defined benefit plans (net) (Refer note 42)	14,777.30	11,433.31
<b>Provision - others</b>		
- Provision for environment liabilities (Refer note 51)	651.13	565.99
- Other provisions (Refer note 52)	51.29	31.02
<b>Total</b>	<b>15,751.66</b>	<b>12,275.08</b>

### NOTE 23: OTHER NON-CURRENT LIABILITIES

	As at December 31, 2020	As at December 31, 2019
Unearned revenue	32.28	54.22
Others	0.04	0.03
<b>Total</b>	<b>32.32</b>	<b>54.25</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 24: CURRENT BORROWINGS

	As at December 31, 2020	As at December 31, 2019
<b>Loans repayable on demand</b>		
<b>From banks - Secured</b>		
- Buyer's credit (refer note (i))	-	266.27
- Suppliers credit loan (refer note (ii))	262.11	-
- Packing credit foreign currency loan (refer note (ii) & (iii))	158.18	545.55
- Demand loan (refer note (ii))	100.00	-
- Revolver credit facility (refer note (iv))	4,642.03	2,900.07
<b>From other parties - Unsecured (refer note (v))</b>	-	258.06
<b>Total</b>	<b>5,162.32</b>	<b>3,969.95</b>

#### 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, 2020 is ₹ Nil (December 31, 2019: ₹ 266.27).
- (ii) During 2013, the Group Company incorporated in India, entered into agreements with two banks for an aggregated facility amount of ₹ 3,754.77 (USD 51.4 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 Repo plus 170 basis points, LIBOR plus 125 basis points and LIBOR plus 65 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, 2020, cash drawings outstanding under the facility aggregated to ₹ 362.11 (USD 5.0 million), of which ₹ 100.00 (USD 1.4 million) were towards working capital demand loan and ₹ 262.11 (USD 3.6 million) were towards Suppliers credit loan.

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, 2020, letters of credit outstanding were ₹ 197.24 (USD 2.7 million) and bank guarantees outstanding was ₹ 65.75 (USD 0.9 million) under the facility.

At December 31, 2019, bank guarantees outstanding were ₹ 64.14 (USD 0.9 million) under the facility.

As at December 31, 2020, available limit under both facilities amounts to ₹ 3,129.67 (USD 42.8 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 11.1 million).

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 60 basis points per annum.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 24: CURRENT BORROWINGS (CONTINUED)

At December 31, 2020, cash drawings outstanding under the facility aggregated to ₹ 158.18 (USD 2.1 million), which is towards packing credit foreign currency loan.

At December 31, 2019, no cash drawings outstanding under the facility.

As of December 31, 2020 bank guarantees outstanding under the facility aggregated to ₹ 168.02 (USD 2.3 million).

As of December 31, 2019 bank guarantees outstanding under the facility aggregated to ₹ 178.18 (USD 2.5 million).

As at December 31, 2019, available limits were ₹ 483.80 (USD 6.7million).

- (iv) On January 16, 2018, the certain Group Companies in United States and European region entered into a Revolver Credit Facility (RCF) Agreement with three banks. The agreement provides for a ₹ 10,957.50 (USD 150.0 million) RCF loan commitment of which ₹ 2,922.00 (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 facility is available till January 2023. The interest rates are variable and depend on currency of the borrowing. At December 31, 2020 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, 2020 cash drawings outstanding under the RCF aggregated to ₹ 4,642.03 (USD 63.5 million) of which USD borrowings aggregated to ₹ 1,629.02 (USD 22.3 million) and EUR borrowings aggregated to ₹ 3,013.01 (EUR 33.5 million). Variable interest rate depends on the type of borrowing.

At December 31, 2019 cash drawings outstanding under the RCF aggregated to ₹ 2,900.07 (USD 40.7 million) of which USD borrowings aggregated to ₹ 1,781.75 (USD 25.0 million) and EUR borrowings aggregated to ₹ 1,118.32 (EUR 14.0 million). Variable interest rate depends on the type of borrowing.

At December 31, 2020, letters of credit outstanding aggregated ₹ 357.95 (USD 4.9 million) under the North-America facility and ₹ 672.06 (USD 9.2 million) under the European Ancillary facility.

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.

As at December 31, 2020, available limit under both the facilities amounts to ₹ 5,285.46 (USD 72.4 million).

- (v) During 2019, 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, 2020 is Nil and 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, 2020	As at December 31, 2019
Opening balance at the beginning of the year	3,969.95	5,021.59
Borrowings made during the year	6,639.39	10,420.40
Borrowings repaid during the year	5,925.11	(11,447.98)
Effect of changes in foreign exchange rates	478.09	(24.06)
<b>Closing balance at the end of the year</b>	<b>5,162.32</b>	<b>3,969.95</b>

The Group's exposure to liquidity risks, interest risks and currency risks related to borrowings is disclosed in note 36.5, 36.7 and 36.8.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 25: TRADE PAYABLES

	As at December 31, 2020	As at December 31, 2019
Total outstanding dues of micro enterprises and small enterprises	17.87	18.48
Total outstanding dues of creditors other than micro enterprise and small enterprises	8,203.76	7,876.14
<b>Total</b>	<b>8,221.63</b>	<b>7,894.62</b>

The Group's exposure to liquidity and currency risks related to trade payables is disclosed in note 36.5 and 36.8.

### NOTE 26: OTHER CURRENT FINANCIAL LIABILITIES

	As at December 31, 2020	As at December 31, 2019
Current maturities of non-current borrowings (Refer note 20)	3,412.74	920.40
Interest accrued but not due on borrowings	958.07	946.80
Trade and security deposits	179.37	104.19
Employee payables	695.75	810.26
Deposits from contractors	627.00	370.75
Unclaimed dividends*	35.54	42.79
Others		
- Payables on purchase of property, plant and equipment	1,517.22	1,778.52
- Retention money	77.68	83.37
- Others	619.31	619.29
<b>Total</b>	<b>8,122.68</b>	<b>5,676.37</b>

\*There is no amount due and outstanding to be credited to Investor Education and Protection fund as at December 31, 2020.

The Group's exposure to liquidity and currency risks related to other current financial liabilities is disclosed in note 36.5 and 36.8.

### NOTE 27: OTHER CURRENT LIABILITIES

	As at December 31, 2020	As at December 31, 2019
Unearned revenue	19.56	53.85
Other payables		
- Statutory liabilities	939.03	520.34
- Advances from customers	173.80	186.62
- Discounts payable	80.05	292.34
- Others	194.87	145.81
<b>Total</b>	<b>1,407.31</b>	<b>1,198.96</b>

### NOTE 28: CURRENT PROVISIONS

	As at December 31, 2020	As at December 31, 2019
<b>Provision for employee benefits:</b>		
- Compensated absences (Refer note 42)	77.07	64.92
- Defined benefit plans (net) (Refer note 42)	17.58	12.90
- Other provisions (Refer note 52)	71.13	228.34
<b>Provision - Others:</b>		
- Provision for environment liabilities (Refer note 51)	724.64	763.13
- Other provisions (Refer note 52)	620.69	1,308.29
<b>Total</b>	<b>1,511.11</b>	<b>2,377.58</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 29: REVENUE FROM OPERATIONS

	For the year ended December 31, 2020	For the year ended December 31, 2019
Sale of products	103,790.19	122,710.42
Sale of services	171.92	162.53
Other operating revenues [Refer note below]	684.82	733.62
<b>Total</b>	<b>104,646.93</b>	<b>123,606.57</b>

#### Note:

##### (i) Other operating revenues comprises:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Scrap sales	25.76	40.88
Duty drawback on exports	16.53	31.39
Rental income	200.72	199.08
Insurance claims	30.54	71.68
Dock revenue	89.94	85.69
Others	321.33	304.90
<b>Total</b>	<b>684.82</b>	<b>733.62</b>

##### (ii) Break up of revenue from operations based on timing of transfer of goods or services:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from operations recognised at a point in time	102,338.52	121,204.81
Revenue from operations recognised over a period of time	2,308.41	2,401.76
<b>Total</b>	<b>104,646.93</b>	<b>123,606.57</b>

##### (iii) Contract assets and contract liabilities:

Particulars	As at December 31, 2020	As at December 31, 2019
Contract assets recorded in balance sheet	173.21	198.18
Contract liabilities recorded in balance sheet	173.80	186.62

The Contract liabilities are primarily related to advance from customers for sale of products, for which revenue is recorded at a point in time. The amount of ₹ 186.62 included in contract liabilities as at December 31, 2019 has been recognised as revenue in the current year.

##### iv) Reconciliation of revenue from sale of products with contract price:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Contract price (A)	105,626.24	125,001.79
Less - Reductions towards variable consideration components: (B)		
Sales returns	1.71	16.48
Discounts and rebates	1,770.49	2,174.03
Performance bonus	-	18.53
Other such reductions	63.85	82.33
<b>Revenue recognised (A-B)</b>	<b>103,790.19</b>	<b>122,710.42</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 30: OTHER INCOME

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income		
Interest from banks on deposits including inter-corporate deposits	283.25	297.44
Interest on income tax refund	15.39	62.90
Other interest	21.44	42.88
Dividend income from current investments	6.01	7.43
Other non-operating income		
Rental income from operating leases	1.33	1.40
Gain on sale of subsidiaries	3,864.20	-
Insurance claims	-	516.13
Liabilities / provisions no longer required written back	280.38	481.25
Reversal of provision for doubtful debts and advances	4.32	-
Profit /(loss) on sale of property, plant and equipment (net)	13.87	118.21
Miscellaneous income	62.78	36.04
<b>Total</b>	<b>4,552.97</b>	<b>1,563.68</b>

### NOTE 31: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Opening Stock</b>		
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
	<b>8,602.98</b>	<b>12,170.60</b>
<b>Closing Stock</b>		
Finished goods	4,450.36	5,110.23
Work-in-progress	1,410.23	1,879.73
Stock-in-trade	1,558.23	1,613.02
	<b>7,418.82</b>	<b>8,602.98</b>
<b>(Increase)/decrease in stock</b>	1,184.16	3,567.62
Foreign currency translation adjustment	67.55	96.42
<b>Net (increase)/decrease</b>	<b>1,251.71</b>	<b>3,664.04</b>

### NOTE 32: EMPLOYEE BENEFITS EXPENSE

	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries, wages and bonus	10,612.73	10,930.56
Contributions to provident and other funds (Refer note 42)	990.51	881.14
Staff welfare expenses	528.69	584.88
<b>Total</b>	<b>12,131.93</b>	<b>12,396.58</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 33: FINANCE COSTS

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest expense	4,432.01	4,237.85
Interest expense on lease liabilities	251.44	33.48
Interest on income tax	4.66	2.23
Other borrowing costs	212.60	250.45
<b>Total</b>	<b>4,900.71</b>	<b>4,524.01</b>

### NOTE 34: OTHER EXPENSES

	For the year ended December 31, 2020	For the year ended December 31, 2019
Consumption of stores and spares	1,617.42	1,603.66
Consumption of packing materials	743.58	787.98
Power and fuel	5,184.71	5,447.23
Repairs and maintenance		
- Plant and machinery	2,098.88	2,813.15
- Buildings	121.73	131.64
- Others	980.94	712.37
Insurance	728.93	559.04
Rent	763.88	1,611.00
Rates and taxes	431.41	460.23
Travelling and conveyance	111.49	372.84
Selling and distribution expense	1,494.14	3,036.42
Freight expense	7,314.44	6,593.77
Corporate social responsibility and other donations (Refer note 50)	199.43	196.93
Consultancy charges	1,656.84	2,253.05
Payment to auditors [Refer note below]	69.94	74.31
Directors' sitting fees	19.97	24.25
Commission to directors	23.25	13.98
Provision for loss allowance on trade receivables (Refer note 36.4)	5.13	88.28
Miscellaneous expenses	2,970.75	2,632.87
	<b>26,536.86</b>	<b>29,413.00</b>
Less: Expenses capitalised	254.97	217.12
<b>Total</b>	<b>26,281.89</b>	<b>29,195.88</b>
<b>Note:</b>		
<b>Payments to the auditors comprise (excluding taxes):</b>		
Statutory audit	6.60	6.02
Limited review	9.66	8.17
Other audit fees	43.08	46.77
Other services	9.09	10.71
Reimbursement of expenses	1.51	2.64
<b>Total</b>	<b>69.94</b>	<b>74.31</b>



## 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 (I): INCOME TAXES

#### (i) Income tax expense/(benefit) recognised in consolidated statement of profit and loss:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Current tax:</b>		
Tax for current year	2,384.06	3,154.40
Tax relating to earlier years (Refer (iii) below)	(253.94)	(178.19)
Minimum alternate tax credit write-off (Refer (viii) below)	3.26	-
<b>Net current tax</b>	<b>2,133.38</b>	<b>2,976.21</b>
<b>Deferred tax:</b>		
Attributable to the origination and reversal of temporary differences	463.26	(1,540.07)
Tax rate change (Refer (iii) below)	30.92	(153.38)
<b>Total</b>	<b>2,627.56</b>	<b>1,282.76</b>

#### (ii) Income tax expense/(benefit) recognised in other comprehensive income:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
a. Remeasurements of defined benefit plans	(439.25)	(602.21)
<b>Total</b>	<b>(439.25)</b>	<b>(602.21)</b>

#### (iii) Reconciliation of Effective tax rate:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Income tax expense for the year to be reconciled to the accounting profit:</b>		
Profit before tax	8,509.87	5,907.10
Enacted income tax rate in India	25.17%	34.94%
Computed expected tax expense	2,141.76	2,063.94
<b>Effect off:</b>		
Global Intangible Low Taxed Income (GILTI)	252.34	146.94
Tax-exempt income and other deductions	(156.42)	(57.40)
Tax rate changes	30.92	(153.38)
Tax related to prior years	(253.94)	(178.19)
Permanent differences and non-deductible expenses	(438.90)	282.63
Change in valuation allowance	1,120.48	(528.25)
Difference in tax rates	(602.99)	(671.92)
Tax effects on tax base transfers	(132.03)	(2.60)
Others, net	666.34	380.99
<b>Total income tax expense</b>	<b>2,627.56</b>	<b>1,282.76</b>
<b>Effective tax rate</b>	<b>30.88%</b>	<b>21.72%</b>

## 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 (I): INCOME TAXES (CONTINUED)

#### (iv) Recognised deferred tax assets and liabilities:

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	As at December 31, 2020	As at December 31, 2019
Property, plant and equipment and Intangible assets	(1,649.93)	(1,919.55)
Employee benefits	3,670.01	2,750.10
Inventories	194.85	168.95
Interest carried forward	2,070.47	1,639.17
Tax losses carry forward	(704.72)	(79.54)
Foreign tax credit	1,120.96	1,608.41
Taxes on unremitted foreign earnings	(192.87)	(170.66)
Other	(141.40)	(151.20)
<b>Net Deferred tax asset/ (liability)</b>	<b>4,367.37</b>	<b>3,845.68</b>
Deferred tax asset	8,545.95	6,218.13
Deferred tax liability	(4,178.58)	(2,372.45)
<b>Net Deferred tax asset/ (liability)</b>	<b>4,367.37</b>	<b>3,845.68</b>

#### (v) Movement in temporary differences:

Particulars	Balance as at January 1, 2020	Recognised in consolidated statement of profit and loss during 2020	Recognised in other comprehensive income during 2020	Impact of changes in tax rate	Exchange differences on translation/other adjustment	Balance as at December 31, 2020
Property, plant and equipment and Intangible assets	(1,919.55)	135.22	-	(10.63)	145.03	(1,649.93)
Employee benefits	2,750.10	177.88	439.25	(6.10)	308.88	3,670.01
Inventories	168.95	4.17	-	-	21.73	194.85
Interest carried forward	1,639.17	327.23	-	-	104.07	2,070.47
Tax losses carry forward	(79.54)	(602.09)	-	-	(23.09)	(704.72)
Foreign tax credit	1,608.41	(532.79)	-	-	45.34	1,120.96
Taxes on unremitted foreign earnings	(170.66)	(2.08)	-	-	(20.13)	(192.87)
Others	(151.20)	29.20	-	(14.19)	(5.21)	(141.40)
<b>Total</b>	<b>3,845.68</b>	<b>(463.26)</b>	<b>439.25</b>	<b>(30.92)</b>	<b>576.61</b>	<b>4,367.37</b>

## 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 (I): INCOME TAXES (CONTINUED)

Particulars	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)
<b>Total</b>	<b>1,536.50</b>	<b>1,540.07</b>	<b>602.21</b>	<b>153.38</b>	<b>13.52</b>	<b>3,845.68</b>

#### (vi) Unrecognised deferred tax assets:

Particulars	As at December 31, 2020		As at December 31, 2019	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses carry forward	92.45	23.11	425.68	117.44
Interest losses carry forward	3,560.68	1,034.82	1,006.92	292.64
<b>Total</b>	<b>3,653.13</b>	<b>1,057.93</b>	<b>1,432.60</b>	<b>410.08</b>

Particulars	December 31, 2020		December 31, 2019	
	December 31, 2020	Expiry date	December 31, 2019	Expiry date
To expire under current tax legislation	31.21	2021-2029	109.08	2020-2028
Not to expire under current tax legislation	3,621.92	-	1,323.52	-

#### (vii) Non-current and current tax assets and liabilities

Particulars	As at December 31, 2020	As at December 31, 2019
Non-current tax assets (net)	885.38	727.13
Non-current tax liabilities (net)	-	417.07
Current tax assets (net)	477.32	340.96
Current tax liabilities (net)	1,286.98	863.12

(viii) On September 20, 2019 vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019, subject to certain conditions. Out of the two major Indian subsidiaries in the Group, One entity elected to exercise the option permitted u/s 115BAA of the Income-tax act, 1961 in the year ended December 31, 2019. Accordingly, the Group 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 resulted in reversal of Deferred Tax Liabilities amounting to ₹ 153.38 during the year ended December 31, 2019. During quarter ended March 31, 2020, the other Indian subsidiary company also has evaluated and adopted the new tax rate of 25.168%. Accordingly, the Group remeasured its current tax expense and Deferred tax asset/liability basis the rate prescribed in the said section. The change in tax rate resulted in reduction in current tax expense by ₹ 124.00 and reduction in deferred tax benefit by ₹ 30.92 for the year ended December 31, 2020. During the quarter ended December 31, 2020, the Company also has evaluated and adopted the new tax rate of 25.168%. Accordingly, the Company

## 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 (I): INCOME TAXES (CONTINUED)

remeasured its current tax expense and Deferred tax asset/liability basis the rate prescribed in the said section. The change in tax rate resulted in write off of Minimum Alternate Tax Credit by ₹ 3.26 for the year ended December 31, 2020.

- (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.

Total Transition Tax Liability was ₹ 219.15 (USD 3.0 million) to be paid over the period of 8 Years, the tax liability for Tax Year 2017 was ₹ 21.92 (USD 0.3 million) but the Company has made estimated payment of ₹ 94.97 (USD 1.3 million) and additionally ₹ 21.92 (USD 0.3 million) payment was made towards Tax Year 2018. There was notice from Internal Revenue Service dated on April 15, 2019 stating payments made exceeding first Transition Tax instalment will be applied to next year and so on until either fully applied the excess or full income tax liability is satisfied i.e. additional Transition Tax payment of ₹ 73.05 (USD 1.0 million) paid with 2017 Federal Tax Return will not be refunded instead will be credited to remaining years' instalments, the total remaining Transition Tax instalments payable to IRS through 2024 under Section 965(h) (1) is ₹ 102.26 (USD 1.4 million).

For the year 2020, 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 2020 is estimated to be ₹ 252.34 (USD 3.4 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 ₹ 62.67 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 ("Severtar"), 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. Severtar 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 ₹ 130.20 (EUR 1.5 million) on the estimated future dividends for the year ended December 31, 2020.

The Group is subject to several income tax examinations by taxing authorities in various jurisdictions within which it operates. As of December 31, 2020, management does not anticipate the outcome of these examinations to result in a material change to its financial position.

- (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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE:

#### Note 36.1: Fair Valuation measurement hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

Particulars	As at December 31, 2020				As at December 31, 2019			
	Carrying Amount	Level of inputs used in			Carrying Amount	Level of inputs used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>At Amortised cost</b>								
Trade receivables	10,914.65	-	-	-	11,050.49	-	-	-
Cash and cash equivalents	15,198.32	-	-	-	10,951.58	-	-	-
Bank balances other than cash and cash equivalents	2,800.04	-	-	-	738.26	-	-	-
Loans	359.61	-	-	-	343.52	-	-	-
Other non-current financial assets	4.17	-	-	-	16.69	-	-	-
Other current financial assets	2,750.98	-	-	-	1,041.73	-	-	-
<b>At Fair value through Profit and Loss (FVTPL)</b>								
Non-current investments	16.17	0.17	-	16.00	16.16	0.16	-	16.00
Current investments	-	-	-	-	260.00	260.00	-	-
Derivatives (included in other current financial assets)	-	-	-	-	0.16	-	0.16	-
<b>At Fair value through other comprehensive income (FVTOCI)</b>								
Non-current investments	30.60	-	30.60	-	27.23	-	27.23	-
Derivatives (included in other current financial assets)	-	-	-	-	0.20	-	0.20	-
<b>Financial Liabilities</b>								
<b>At Amortised cost</b>								
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities) excluding lease obligations	83,347.58	-	-	-	77,292.88	-	-	-
Lease obligations (including current maturities included in other current financial liabilities)	5,239.44	-	-	-	1,152.98	-	-	-
Other non-current financial liabilities	75.08	-	-	-	140.86	-	-	-
Trade payables	8,221.63	-	-	-	7,894.62	-	-	-
Other current financial liabilities	4,709.94	-	-	-	4,755.97	-	-	-
<b>At Fair value through Profit and Loss (FVTPL)</b>								
Derivatives (included in other current financial liabilities)	-	-	-	-	-	-	-	-

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

#### Note 36.2: 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 including lease obligations (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.

#### Note 36.3: 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 36.4: 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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The age wise break up of trade receivables, net of allowances is given below:

Particulars	Carrying amount	
	As at December 31, 2020	As at December 31, 2019
<b>Financial assets that are neither past due nor impaired</b>	9,151.45	9,221.27
<b>Financial assets that are past due but not impaired</b>		
Past due 0-30 days	1,216.69	1,281.74
Past due 31-60 days	157.52	288.83
Past due 61-90 days	87.43	118.67
Past due over 90 days	301.56	139.98
<b>Total past due but not impaired</b>	<b>1,763.20</b>	<b>1,829.22</b>
Credit impaired	156.84	158.33
Less: Loss allowance	156.84	158.33
<b>Total</b>	<b>10,914.65</b>	<b>11,050.49</b>

Movement in loss allowance for doubtful trade receivables:

Particulars	For the year ended	
	December 31, 2020	December 31, 2019
<b>Balance at the beginning of the year</b>	158.33	821.74
Additional provision	5.13	88.28
Provisions utilised/reversed	(16.36)	(772.08)
Foreign exchange fluctuation	9.74	20.39
<b>Balance at the end of the year</b>	<b>156.84</b>	<b>158.33</b>

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	Carrying amount	
	As at December 31, 2020	As at December 31, 2019
United States	1,697.14	3,434.92
North America excluding United States	2,959.90	916.91
South America	76.90	139.25
Europe including CIS	3,260.92	3,375.49
Middle East	545.86	413.71
Africa	21.72	619.88
Australia	6.23	1.14
Asia excluding Middle East	2,345.98	2,149.19
<b>Total</b>	<b>10,914.65</b>	<b>11,050.49</b>

At December 31, 2020, the carrying amount of trade receivable of the Group's most significant customer is ₹ 1,855.86 (December 31, 2019: ₹ 1,948.12).

The Group's exposure to credit risk for loans (both current and non-current) by geographic region is as follows:

Particulars	Carrying amount	
	As at December 31, 2020	As at December 31, 2019
United States	4.84	4.56
Europe including CIS	29.84	8.45
Asia excluding Middle East	322.92	328.07
<b>Total</b>	<b>357.60</b>	<b>341.08</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

#### Investments:

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

#### Cash and bank balances:

Credit risk on cash and bank balances is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

#### Other financial assets:

There is no significant loss allowance for other financial assets.

#### Note 36.5: 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, 2020, 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):

Contractual cash flows	As at December 31, 2020						Total
	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	
<b>Non-derivative financial liabilities:</b>							
Borrowings (including current maturities of non-current borrowings included in other current financial liabilities)	88,587.02	8,715.77	2,066.48	77,051.16	2,396.13	1,087.62	91,317.16
Other non-current financial liabilities	75.08	-	-	46.32	28.76	-	75.08
Trade payables	8,221.63	8,221.45	0.18	-	-	-	8,221.63
Other current financial liabilities	4,709.94	4,709.94	-	-	-	-	4,709.94
<b>Derivative financial liabilities:</b>							
Forward exchange contracts used for hedging:							
Outflow	-	-	-	-	-	-	-
Inflow	-	-	-	-	-	-	-



## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

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):

Contractual cash flows	As at December 31, 2019						Total
	Carrying value*	Less than 1 year	1-2 years	2-5 years	5-10 years	Later	
<b>Non-derivative financial liabilities:</b>							
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	7,894.62	7,894.62	-	-	-	-	7,894.62
Other current financial liabilities	4,755.97	4,755.97	-	-	-	-	4,755.97
<b>Derivative financial liabilities:</b>							
Forward exchange contracts used for hedging:							
Outflow	-	-	-	-	-	-	-
Inflow	-	-	-	-	-	-	-

\* Carrying value of borrowings is shown as net of deferred finance cost

#### Note 36.6: 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 36.7: 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	
	December 31, 2020	December 31, 2019
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	(43,494.97)	(39,054.84)
	<b>(43,494.97)</b>	<b>(39,054.84)</b>

#### 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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Particulars	December 31, 2020		December 31, 2019	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
<b>Impact on profit and loss</b>				
Variable-rate instruments	(434.95)	434.95	(390.55)	390.55
<b>Total Impact</b>	<b>(434.95)</b>	<b>434.95</b>	<b>(390.55)</b>	<b>390.55</b>

#### Note 36.8 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, 2020:

Particulars*	USD	EUR	CAD	Others**	Total
<b>Assets:</b>					
Cash and bank balances	1,480.90	58.89	0.22	2.68	1,542.69
EEFC balance	199.53	-	-	-	199.53
Trade receivables	4,681.42	105.27	313.98	230.30	5,330.97
Loans	10.74	-	-	318.65	329.39
Loans and advances to subsidiary	2,337.71	-	-	-	2,337.71
	<b>8,710.30</b>	<b>164.16</b>	<b>314.20</b>	<b>551.63</b>	<b>9,740.29</b>
<b>Liabilities:</b>					
Trade payables	2,361.03	334.86	1,889.70	11.14	4,596.73
Borrowings	3,957.53	554.48	13.92	25.72	4,551.65
Other financial liabilities	3.85	-	-	-	3.85
Contractually reimbursable expenses	100.89	8.01	-	-	108.90
	<b>6,423.30</b>	<b>897.35</b>	<b>1,903.62</b>	<b>36.86</b>	<b>9,261.13</b>

\*Includes intercompany balances

\*\*Others include RUB, GBP, CHF and others

The following table analyses foreign currency risk from non derivative financial instruments as at December 31, 2019:

Particulars*	USD	EUR	CAD	Others**	Total
<b>Assets:</b>					
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
	<b>9,651.29</b>	<b>138.17</b>	<b>0.03</b>	<b>72.12</b>	<b>9,861.61</b>
<b>Liabilities:</b>					
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
	<b>6,581.55</b>	<b>1,967.89</b>	<b>-</b>	<b>29.45</b>	<b>8,578.89</b>

\*Includes intercompany balances

\*\*Others include RUB, GBP, CHF and others

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

#### 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, 2020		December 31, 2019	
	Strengthening	Weakening	Strengthening	Weakening
USD	22.87	(22.87)	30.70	(30.70)
EUR	(7.33)	7.33	(18.30)	18.30
CAD	(15.89)	15.89	0.00	(0.00)
Others*	5.15	(5.15)	0.43	(0.43)

\*Others include RUB, GBP, CHF and others

#### Note 36.9: The Group has the following outstanding foreign exchange forward derivative contracts:

There were no forward contracts outstanding as at December 31, 2020.

Category	Currency	Cross Currency	Amounts in Millions	As at December 31, 2019	
				Buy/Sell	Purpose
Forward contract	USD	₹	USD 0.39	Buy	Hedging
Forward contract	USD	₹	USD 1.00	Buy	Hedging

#### Note 36.10: Cashflow hedges

The amounts as at December 31, 2020 relating to items designated as hedged items are as follows:

Change in value used for calculating hedge ineffectiveness	Effective portion of cash flow hedges	Costs of hedging	Balances remaining in equity head 'effective portion of cash flow hedges' from hedging relationships for which hedge accounting is no longer applied
<b>Foreign currency risk</b>			
Settlement of foreign currency payables	-	-	-

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
<b>Foreign currency risk</b>			
Settlement of foreign currency payables	0.78	-	-

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting:

Particulars	December 31, 2020	
	Equity head 'Effective portion of cash flow' hedges	Equity head 'Cost of hedging'
Balance as at January 1, 2020	0.78	-
<b>Cash flow hedges</b>		
Amount reclassified to profit or loss:		
Foreign currency risk – inventory purchases	(0.78)	-
<b>Balance as at December 31, 2020</b>	<b>-</b>	<b>-</b>
Particulars	December 31, 2019	
	Equity head 'Effective portion of cash flow' hedges	Equity head 'Cost of hedging'
Balance as at January 1, 2019	-	-
<b>Cash flow hedges</b>		
Changes in fair value:		
Foreign currency risk – inventory purchases	0.78	-
<b>Balance as at December 31, 2019</b>	<b>0.78</b>	<b>-</b>

The table below summarises the periods when the cash flows associated with highly probable forecasted transactions that are classified as cash flow hedges are expected to occur:

Particulars	December 31, 2020	December 31, 2019
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, 2020 are as follows:

Particulars	Carrying amount as at December 31, 2020			During the CY 2020		
	Nominal amount	Asset/ (Liabilities)	Line item in the balance sheet where the hedging instrument is included	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Line item in profit or loss that includes hedge ineffectiveness
<b>Foreign currency risk</b>						
Settlement of foreign currency receivables and payables	-	-	-	(0.78)	-	

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 36: FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

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:

Particulars	Carrying amount as at December 31, 2019			During the CY 2019		
	Nominal amount	Asset/ (Liabilities)	Line item in the balance sheet where the hedging instrument is included	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Line item in profit or loss that includes hedge ineffectiveness
<b>Foreign currency risk</b>						
Settlement of foreign currency receivables and payables	-	0.20	Other current financial assets	0.78	-	

### NOTE 37: INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

The Group holds investments in the following unconsolidated company:

- Infratec Duisburg GmbH (IDGmbH) is a 30% owned company which is involved in infrastructure services located in Germany.

Summary financial information of the equity accounted investees and not adjusted for the percentage of ownership held by the Group, is as follows:

Particulars	As at / For the year ended December 31	
	2020	2019
Total current assets	1,455.34	1,280.17
Total non-current assets	633.50	557.46
<b>Total assets</b>	<b>2,088.84</b>	<b>1,837.63</b>
Equity	329.14	276.58
Total current liabilities	288.04	355.50
Total non-current liabilities	1,471.66	1,205.55
<b>Total equity and liabilities</b>	<b>2,088.84</b>	<b>1,837.63</b>
Revenue	2,149.35	1,942.60
Expenses	2,131.15	1,943.29
<b>Profit for the year, net</b>	<b>18.20</b>	<b>(0.69)</b>

### NOTE 38: 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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 38: CAPITAL MANAGEMENT (CONTINUED)

Particulars	As at	
	December 31, 2020	December 31, 2019
Total borrowings, net of cash and cash equivalents	73,388.70	73,388.70
Equity	55,334.96	55,334.96
Net debt to equity ratio	1.33	1.33

### NOTE 39: 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.

Particulars	For the year ended December 31, 2020				For the year ended December 31, 2019			
	Carbon	Advanced Materials	Cement	Total	Carbon	Advanced Materials	Cement	Total
<b>Revenue</b>								
External Sales	66,771.58	26,935.53	10,255.00	103,962.11	81,225.37	31,347.70	10,299.88	122,872.95
Inter-Segment Sales	5,313.12	2,166.25	30.71	7,510.08	5,275.58	2,502.35	66.87	7,844.80
<b>Total</b>	<b>72,084.70</b>	<b>29,101.78</b>	<b>10,285.71</b>	<b>111,472.19</b>	<b>86,500.95</b>	<b>33,850.05</b>	<b>10,366.75</b>	<b>130,717.75</b>
Less: Eliminations	(5,313.12)	(2,166.25)	(30.71)	(7,510.08)	(5,275.58)	(2,502.35)	(66.87)	(7,844.80)
<b>Total Revenue from sale of products and from services provided</b>	<b>66,771.58</b>	<b>26,935.53</b>	<b>10,255.00</b>	<b>103,962.11</b>	<b>81,225.37</b>	<b>31,347.70</b>	<b>10,299.88</b>	<b>122,872.95</b>
Other operating income	384.55	285.82	14.45	684.82	342.61	373.37	17.64	733.62
<b>Total Revenue from operations</b>	<b>67,156.13</b>	<b>27,221.35</b>	<b>10,269.45</b>	<b>104,646.93</b>	<b>81,567.98</b>	<b>31,721.07</b>	<b>10,317.52</b>	<b>123,606.57</b>
<b>Result</b>								
<b>Operating Profit</b>	12,262.62	2,976.50	2,148.05	17,387.17	11,687.63	1,490.78	1,554.13	14,732.54
<b>Unallocable (income)/expense</b>								
Depreciation and amortisation expense				7,917.17				5,940.15
Finance costs				4,900.71				4,524.01
Other Income				(4,552.97)				(1,563.68)
Forex loss / (gain)				617.85				(75.25)
Share of profit / (loss) of associates (net of income tax)				(5.46)				0.21
<b>Profit before taxation</b>				8,509.87				5,907.10
Tax expense, net				2,627.56				1,282.76
<b>Profit after tax and before minority interest</b>				<b>5,882.31</b>				<b>4,624.34</b>

#### 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".

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 39: SEGMENTAL INFORMATION (CONTINUED)

#### b) Geographical Segment (secondary segment information)

Particulars	Revenue from operations for the		Non-current assets as at*	
	Year ended December 31, 2020	Year ended December 31, 2019	December 31, 2020	December 31, 2019
India	19,696.94	21,240.69	11,639.12	9,955.56
Outside India	84,949.99	102,365.88	112,331.97	101,906.20
<b>Total</b>	<b>104,646.93</b>	<b>123,606.57</b>	<b>123,971.09</b>	<b>111,861.76</b>

Particulars	Revenue from operations for the		Non-current assets as at*	
	Year ended December 31, 2020	Year ended December 31, 2019	December 31, 2020	December 31, 2019
Europe including CIS	37,852.24	49,886.28	59,476.31	49,108.37
Asia excluding Middle East (Including India)	22,632.34	24,266.51	12,729.46	10,958.87
United States	20,965.41	23,782.38	45,639.13	44,815.50
North America excluding United States	15,902.23	14,466.10	6,126.19	6,979.02
Others	7,294.71	11,205.30	-	-
<b>Total</b>	<b>104,646.93</b>	<b>123,606.57</b>	<b>123,971.09</b>	<b>111,861.76</b>

\*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	For the year ended December 31	
	2020	2019
Calcined petroleum coke	27,026.21	31,903.26
Coal tar pitch	23,150.13	28,898.75
Other carbon products	14,418.89	18,002.11
Resins	10,430.01	12,498.57
Cement	10,255.00	10,299.88

#### 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 40: 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:

	As at December 31, 2020	As at December 31, 2019
(a) Carbon Calcination	30,793.57	30,043.23
(b) Carbon Distillation	31,402.87	28,011.74
(c) Advanced Materials*	2,328.54	3,960.53
(d) Cement	201.37	201.37
	<b>64,726.35</b>	<b>62,216.87</b>

\* The reduction in carrying amount of goodwill allocated to Advanced Materials is on account of sale of subsidiaries. (Refer note 5)

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 40: IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL (CONTINUED)

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.

#### Key assumptions on which the Group has based its determination of value-in-use include:

- Estimated cash flows for five years based on management's budgets and estimates.
- Terminal value arrived by extrapolating last forecasted year cash flows to perpetuity, using a constant long-term growth rate ranging from 0.70% to 2.00% for various cash generating units. This long-term growth rate takes into consideration external macro-economic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
- The post-tax discount rates used are based on the capital structure of a peer group in accordance with Ind AS 36.
- 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 8.50% to 14.00% 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 41: 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, 2020	OOO RÜTGERS Severtar	Severtar Holding Limited	Total
Non-controlling interest percentage	34.7%	34.7%	
Non-current assets	1,953.23	2,202.74	4,155.97
Current assets	2,659.11	936.07	3,595.18
Non-current liabilities	(470.22)	-	(470.22)
Current liabilities	(477.24)	(0.88)	(478.12)
<b>Net assets</b>	<b>3,664.88</b>	<b>3,137.93</b>	<b>6,802.81</b>
Net assets attributable to non-controlling interests	1,271.71	1,088.86	2,360.57
Revenue	6,492.09	0.81	6,492.91
Profit for the year	1,177.27	1,011.89	2,189.16
Other comprehensive income (loss)	(435.76)	(23.02)	(458.78)
<b>Total comprehensive income</b>	<b>741.51</b>	<b>988.87</b>	<b>1,730.38</b>
Profit allocated to non-controlling interests	408.51	351.13	759.64
Other comprehensive income (loss) allocated to non-controlling interests	(151.21)	(7.99)	(159.20)
<b>Total comprehensive income allocated to non-controlling interests</b>	<b>257.30</b>	<b>343.14</b>	<b>600.44</b>
Cash flows from (used in) operating activities	2,446.53	1,534.73	3,981.26
Cash flows from (used in) investing activities	(141.74)	4.89	(136.85)
Cash flows from (used in) financing activities (Dividend to NCI: ₹ 361.62)	(2,079.49)	(1,043.77)	(3,123.26)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(573.02)	80.83	(492.19)
Net increase (decrease) in cash and cash equivalents	(347.72)	576.68	228.96



## 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: NON-CONTROLLING INTEREST (CONTINUED)

December 31, 2019	OOO RÜTGERS Severtar	Severtar Holding 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)
<b>Net assets</b>	<b>4,384.34</b>	<b>2,796.38</b>	<b>7,180.72</b>
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
<b>Total comprehensive income</b>	<b>2,718.28</b>	<b>(174.03)</b>	<b>2,544.25</b>
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
<b>Total comprehensive income allocated to non-controlling interests</b>	<b>954.03</b>	<b>(60.39)</b>	<b>893.64</b>
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 (Dividend to NCI: ₹ 372.19)	(1,299.52)	(1,072.62)	(2,372.14)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	287.49	2.76	290.25
Net increase (decrease) in cash and cash equivalents	859.75	291.60	1,151.35

### NOTE 42: 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 32 of ₹ 173.70 for the year ended December 31, 2020 (December 31, 2019 - ₹ 208.50).

#### b) Compensated absences:

The Group provides for accumulation of compensated absences to 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, 2020 is ₹ 349.01 (December 31, 2019 - ₹ 309.68).

The following table sets forth the status of the compensated absences:

Particulars	As at December 31, 2020	As at December 31, 2019
<b>Net Liability</b>		
- Current	77.07	64.92
- Non-current	271.94	244.76
<b>Total</b>	<b>349.01</b>	<b>309.68</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### c) Benefit plans:

The Group has various employee benefit plans covering different categories of employees based on their location of employment.

The various benefit plans are as follows:

- (A) Gratuity plan in India
- (B) Pension plan in USA
- (C) Pension plan in Germany
- (D) Pension plan in Belgium
- (E) Pension plan in Canada
- (F) Health care plan in Canada

#### Inherent risk:

The plans are defined benefit in nature which is sponsored by the Group and hence it underwrites all the risk pertaining to the plans. In particular, this exposes the Group, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plans are not subject to longevity risk.

#### A. Gratuity plan in India:

In accordance with applicable Indian laws, the Company 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, 2020. 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	As at
	December 31, 2020	December 31, 2019
Present value of funded obligation	206.37	201.72
Less: Fair value of plan assets	46.36	47.76
<b>Net liability</b>	<b>160.01</b>	<b>153.96</b>

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended	For the year ended
	December 31, 2020	December 31, 2019
Current service cost	16.52	14.24
Interest cost	9.83	8.84
<b>Total</b>	<b>26.35</b>	<b>23.08</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Remeasurements of defined benefit plans	(6.10)	19.18

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening defined benefit obligation	201.72	169.68
Current service cost	16.52	14.24
Interest Cost	11.86	11.28
Actuarial loss/(gain)		
Changes in financial assumptions	6.91	25.62
Changes in demographic assumptions	(0.49)	-
Experience adjustments	(11.24)	(6.09)
Amount paid to employees	(18.91)	(13.01)
<b>Closing defined benefit obligation</b>	<b>206.37</b>	<b>201.72</b>

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening fair value of plan assets	47.76	46.69
Interest on plan assets	2.03	2.44
Actuarial (loss)/gain	1.28	0.35
Contribution by employer	14.20	11.29
Amount paid to employees	(18.91)	(13.01)
<b>Closing fair value of plan assets</b>	<b>46.36</b>	<b>47.76</b>
<b>Actual return on plan assets</b>	<b>3.31</b>	<b>2.80</b>

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2020	As at December 31, 2019
Insurer managed funds	100%	100%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rates on benefit obligations	6.10%	6.60% - 6.75%
Expected salary increase rates	7.00% - 7.50%	7.00% - 7.50%

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: 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, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(5.50)	5.85
Future salary growth (0.5% movement)	5.56	(5.27)

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)

- (ix) The expected contribution to be made by the Group during the financial year ending December 31, 2021 is ₹ 21.22.
- (x) As at December 31, 2020, the weighted average duration of the defined benefit obligation is in the range of 5.67 to 7.19 years.
- (xi) The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the Funds during the estimated term of the obligations.

#### B. Pension plan in USA:

The subsidiaries in the United States of America (USA) have a 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, 2020. 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, 2020	As at December 31, 2019
Present value of funded obligation	1,046.07	863.52
Less: Fair value of plan assets	712.09	619.55
<b>Net liability</b>	<b>333.98</b>	<b>243.97</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: 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, 2020	For the year ended December 31, 2019
Current service cost	34.48	24.65
Past service cost	20.45	16.60
Interest cost	27.79	29.03
Expected return on plan assets	(45.08)	(36.09)
<b>Total</b>	<b>37.64</b>	<b>34.19</b>

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Remeasurements of defined benefit plans	47.15	33.86

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening defined benefit obligation	863.52	705.02
Current service cost	34.48	24.65
Past service cost	20.45	16.60
Interest Cost	27.79	29.03
Actuarial loss/(gain)	105.44	95.70
Amount paid to employees	(25.60)	(23.10)
Exchange differences	19.99	15.62
<b>Closing defined benefit obligation</b>	<b>1,046.07</b>	<b>863.52</b>

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening fair value of plan assets	619.55	515.74
Interest on plan assets	45.08	36.09
Actuarial (loss)/gain	58.29	61.84
Contribution by employer	-	17.61
Amount paid to employees	(25.60)	(23.10)
Exchange differences	14.77	11.37
<b>Closing fair value of plan assets</b>	<b>712.09</b>	<b>619.55</b>
<b>Actual return on plan assets</b>	<b>103.37</b>	<b>97.93</b>

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2020	As at December 31, 2019
Equity securities	54%	49%
Debt securities	44%	49%
Others	2%	2%

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(vii) **Principal Actuarial assumptions used:**

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rates on benefit obligations	2.41%	3.15%
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, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	80.77	(106.06)
Attrition rate (0.5% movement)	1.67	(2.09)
Future mortality (0.5% movement)	(20.04)	20.39

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)	62.31	(81.27)
Attrition rate (0.5% movement)	1.42	(1.70)
Future mortality (0.5% movement)	(45.95)	43.49

- (ix) The expected contribution to be made by the Group during the financial year ending December 31, 2021 is ₹ 32.52.
- (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.

#### 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, 2020. 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, 2020	As at December 31, 2019
Present value of unfunded obligation	13,068.55	10,174.20
Less: Fair value of plan assets	-	-
<b>Net liability</b>	<b>13,068.55</b>	<b>10,174.20</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: 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, 2020	For the year ended December 31, 2019
Current service cost	489.94	333.47
Interest cost	82.56	122.14
<b>Total</b>	<b>572.50</b>	<b>455.61</b>

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Remeasurements of defined benefit plans	1,057.78	1,635.24

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening defined benefit obligation	10,174.20	8,068.15
Current service cost	489.94	333.47
Interest Cost	82.56	122.14
Actuarial loss/(gain)	1,057.78	1,635.24
Plan participant contributions	51.13	59.15
Amount paid to employees	(87.41)	(76.42)
Exchange differences	1,300.35	32.47
<b>Closing defined benefit obligation</b>	<b>13,068.55</b>	<b>10,174.20</b>

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening fair value of plan assets	-	-
Contribution by employer	36.28	17.27
Plan participant contributions	51.13	59.15
Amount paid to employees	(87.41)	(76.42)
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>-</b>
<b>Actual return on plan assets</b>	<b>-</b>	<b>-</b>

(vi) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rates on benefit obligations	0.34%	0.77%
Expected salary increase rates	3.00%	3.00%

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: 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, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(1,636.89)	1,980.00
Future salary growth (0.5% movement)	32.56	(32.01)
Weighted average duration	NA	26.76 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, 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

(viii) The expected contribution to be made by the Group during the financial year ending December 31, 2021 is ₹ 63.09.

(ix) The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

#### D. Pension plan in Belgium:

In respect of subsidiary companies in Belgium, the Group has defined benefit retirement plans covering its employees. Pension provisions are recognized for obligations due to benefit plans for old age, invalidity, and surviving dependents' benefits. Benefits vary according to the legal, tax, and economic circumstances prevailing in each relevant country. Benefits are usually based on the length of service and final salary of employees.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at December 31, 2020. 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, 2020	As at December 31, 2019
Present value of funded obligation	1,868.94	1,415.78
Less: Fair value of plan assets	1,171.15	915.35
<b>Net liability</b>	<b>697.79</b>	<b>500.43</b>



## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: 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, 2020	For the year ended December 31, 2019
Current service cost	114.97	96.66
Interest cost	11.47	17.24
Expected return on plan assets	(7.90)	(12.51)
<b>Total</b>	<b>118.54</b>	<b>101.39</b>

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Remeasurements of Defined Benefit Plans	143.32	158.18

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening defined benefit obligation	1,415.78	1,143.69
Current service cost	114.97	96.66
Interest Cost	11.47	17.24
Actuarial loss/(gain)	178.93	184.53
Administrative expenses, taxes and insurance premiums	(38.53)	(37.19)
Plan participant contributions	20.91	22.37
Amount paid to employees	(16.77)	(15.91)
Exchange differences	182.18	4.39
<b>Closing defined benefit obligation</b>	<b>1,868.94</b>	<b>1,415.78</b>

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening fair value of plan assets	915.35	781.02
Interest on plan assets	7.90	12.51
Actuarial (loss)/gain	35.61	26.35
Contribution by employer	125.12	123.47
Plan participant contributions	20.91	22.37
Administrative expenses, taxes and insurance premiums	(38.53)	(37.19)
Amount paid to employees	(16.77)	(15.91)
Exchange differences	121.56	2.73
<b>Closing fair value of plan assets</b>	<b>1,171.15</b>	<b>915.35</b>
<b>Actual return on plan assets</b>	<b>43.51</b>	<b>38.86</b>

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2020	As at December 31, 2019
Insurer managed funds	100%	100%

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### (vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rates on benefit obligations	0.34%	0.77%
Expected rate of return on plan assets	2.20%	2.20%
Expected salary increase rates	2.50%	2.50%

#### (viii) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts for the year ended December 31, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(132.42)	144.23
Weighted average duration	NA	14.70 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, 2019 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(102.38)	111.81
Weighted average duration	NA	15.20 years

- (ix) The expected contribution to be made by the Group during the financial year ending December 31, 2021 is ₹ 133.90.
- (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, 2020. 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.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(i) Amounts recognized in the Consolidated Balance Sheet are as follows:

Particulars	As at December 31, 2020	As at December 31, 2019
Present value of funded obligation	2,194.04	1,925.88
Less: Fair value of plan assets	2,209.52	1,928.15
<b>Net liability / (asset)</b>	<b>(15.48)</b>	<b>(2.27)</b>

(ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Current service cost	32.88	31.17
Interest cost	59.13	63.43
Expected return on plan assets	(59.93)	(62.91)
Administrative expenses	5.53	5.31
<b>Total</b>	<b>37.61</b>	<b>37.00</b>

(iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Remeasurements of Defined Benefit Plans	9.23	(27.86)

(iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening defined benefit obligation	1,925.88	1,622.47
Current service cost	32.88	31.17
Interest Cost	59.13	63.43
Actuarial loss/(gain)	145.01	167.67
Plan participant contributions	4.96	4.91
Amount paid to employees	(68.00)	(83.14)
Exchange differences	94.18	119.37
<b>Closing defined benefit obligation</b>	<b>2,194.04</b>	<b>1,925.88</b>

(v) Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening fair value of plan assets	1,928.15	1,585.73
Interest on plan assets	59.93	62.91
Actuarial (loss)/gain	135.78	195.53
Contribution by employer	52.60	48.94
Plan participant contributions	4.96	4.91
Administrative expenses, taxes and insurance premiums	(5.53)	(5.31)
Amount paid to employees	(68.00)	(83.14)
Exchange differences	101.63	118.58
<b>Closing fair value of plan assets</b>	<b>2,209.52</b>	<b>1,928.15</b>
<b>Actual return on plan assets</b>	<b>195.71</b>	<b>(54.84)</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(vi) Major Category of plan assets as a percentage to fair value of plan assets:

Particulars	As at December 31, 2020	As at December 31, 2019
Equity securities	0%	49%
Debt securities	0%	49%
Others	100%	2%

(vii) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rates on benefit obligations	2.60%	3.10%
Expected rate of return on plan assets	4.40%	4.40%
Expected salary increase rates	3.00%	3.00%

(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, 2020 shown below.

Particulars	Increase	Decrease
Discount rate (0.5% movement)	(186.06)	202.27
Future salary growth (0.5% movement)	5.46	(5.39)
Weighted average duration	NA	14.03 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, 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

(ix) The expected contribution to be made by the Group during the financial year ending December 31, 2021 is ₹ 67.80.

(x) The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

#### 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, 2020. 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, 2020	As at December 31, 2019
Present value of funded obligation	549.60	375.92
Less: Fair value of plan assets	-	-
<b>Net liability</b>	<b>549.60</b>	<b>375.92</b>

#### (ii) Net employee benefits expense (recognised in employee benefits expense):

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Current service cost	10.91	8.28
Interest cost	11.58	11.83
<b>Total</b>	<b>22.49</b>	<b>20.11</b>

#### (iii) Net employee benefits expense (recognised in other comprehensive income):

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Remeasurements of Defined Benefit Plans	145.76	42.78

#### (iv) Reconciliation of opening and closing balances of the present value of the obligations:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Opening defined benefit obligation	375.92	302.29
Current service cost	10.91	8.28
Interest Cost	11.58	11.83
Actuarial loss/(gain)	145.76	42.78
Amount paid to employees	(11.25)	(11.90)
Exchange differences	16.68	22.64
<b>Closing defined benefit obligation</b>	<b>549.60</b>	<b>375.92</b>

#### (v) Principal Actuarial assumptions used:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rates on benefit obligations	2.60%	3.10%
Annual increase in health cost		
Initial trend rate	5.76%	5.83%
Ultimate trend rate	4.00%	4.00%
Year ultimate trend rate is reached	2040	2040

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 42: ASSETS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (CONTINUED)

(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, 2020 shown below.

Particulars	Increase	Decrease
Health care cost trend rates (0.5% movement)	34.83	(24.68)

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)

- (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.

### NOTE 43: 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 Managing Director
	2. Mr. Jagan Mohan Reddy Nellore Non-Executive Director
	3. Mr. N. Sujith Kumar Reddy Non-Executive Director
	4. Mr. N. Venkata Pranav Reddy Relative of Managing Director
	5. Mr. N. Shiv Keshav Reddy Relative of Managing Director
	6. Mr. N. Sridutt Reddy Relative of Managing Director
	7. Mr. T. Srinivasa Rao Chief Financial Officer
	8. Mr. S. Venkat Ramana Reddy Company Secretary
Enterprise where key managerial personnel along with their relatives exercise significant influence	1. Rain Enterprises Private Limited (REnPL)
	2. Rain Entertainments Private Limited (REPL)
	3. Nivee Property Developers Private Limited (NPDPL)
	4. Pragnya Priya Foundation (PPF)
	5. Arunachala Logistics Private Limited
	6. Protector Facilities Management Private Limited

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 43: RELATED PARTY DISCLOSURES (CONTINUED)

Non-executive directors	1. Mr. Jagan Mohan Reddy Nellore - Vice Chairman (Non-Executive Director)
	2. Mr. N. Sujith Kumar Reddy - Non-Executive Director
	3. Mr. H.L. Zutshi - Independent Director
	4. Mr. Varun Batra - Independent Director
	5. Ms. Radhika Vijay Haribhakti - Independent Director
	6. Ms. Nirmala Reddy - Independent Director
	7. Mr. Brian Jude Mc Namara - Independent Director
Equity accounted investees	1. InfraTec Duisburg GmbH (IDGmbH) (Investment by Rain Carbon Germany GmbH (formerly known as RÜTGERS Germany GmbH))

#### b) Transactions with related parties:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Purchases and services (net of reimbursements) from :		
a) InfraTec Duisburg GmbH	663.09	640.20
b) Arunachala Logistics Private Limited	3,542.78	3,657.89
Sale of cement:		
a) Rain Entertainments Private Limited	0.15	-
b) Pragnya Priya Foundation	-	0.14
c) Nivee Property Developers Private Limited	3.57	8.93
d) Arunachala Logistics Private Limited	6.79	1.95
Other operating income		
a) InfraTec Duisburg GmbH	75.58	70.07
b) Arunachala Logistics Private Limited - Rental Income	0.42	0.35
c) Arunachla Logistics Private Limited - Sale of Scrap	1.27	-
Other income		
a) Pragnya Priya Foundation	-	0.12
Other operating expenses		
a) Arunachala Logistics Private Limited - Rental Expenses	0.90	-
b) Protector Facilities Management Private Limited - Man Power Services	1.76	-
Managerial remuneration (Short term employee benefits) (See Note (iii) below)		
a) Jagan Mohan Reddy Nellore	-	4.16
b) T. Srinivasa Rao	16.11	16.24
c) S. Venkat Ramana Reddy	4.80	4.83
Remuneration, commission and sitting fees to relatives of KMP		
a) N. Sujith Kumar Reddy (managing director of a wholly owned subsidiary)	42.18	32.42
b) N. Venkata Pranav Reddy (son of managing director of a wholly owned subsidiary)	0.87	0.80
c) N. Shiv Keshav Reddy (son of managing director of a wholly owned subsidiary)	0.15	0.18
d) N. Sridutt Reddy (relative of managing director)	1.66	0.52

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 43: RELATED PARTY DISCLOSURES (CONTINUED)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Sitting fees to Non-executive directors of the Company	4.14	4.40
Commission to Non-executive directors of the Company	3.25	3.98
Dividend paid		
a) Enterprise where key managerial personnel along with their relatives exercise significant influence	81.27	81.27
b) Key Managerial Personnel		
N. Radha Krishna Reddy	10.38	10.38
T. Srinivasa Rao	0.09	0.09
c) Non-executive directors	10.03	10.03
Donations given		
a) Pragnya Priya Foundation	71.25	70.00
Loans returned back		
a) Pragnya Priya Foundation	-	10.00

#### The Group has the following dues from / to related parties:

Particulars	As at December 31, 2020	As at December 31, 2019
Amounts receivable from		
a) InfraTec Duisburg GmbH	53.58	53.48
b) Arunachla Logistics Private Limited	207.71	-
c) Nivee Property Developers Private Limited	0.03	-
Amounts payable to		
a) Arunachala Logistics Private Limited	-	13.29
b) InfraTec Duisburg GmbH	0.87	81.85
c) Commission payable to Non-executive directors	3.25	3.98
d) Protector Facilities Management Private Limited	0.26	-
e) N. Sujith Kumar Reddy (managing director of a wholly owned subsidiary)	20.00	10.00

(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



## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 44: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

S. No	Name of the Company	As at December 31, 2020		For the year ended December 31, 2020					
		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
<b>Parent</b>									
	Rain Industries Limited	5.33	9,115.09	1.91	273.02	0.16	1.68	1.79	274.70
<b>Subsidiaries</b>									
<b>Indian</b>									
1	Rain Cements Limited	3.42	5,843.70	9.04	1,293.45	0.30	3.16	8.45	1,296.61
2	Renuka Cement Limited	0.18	301.45	0.06	8.21	-	-	0.05	8.21
3	Rain CII Carbon (Vizag) Limited	8.13	13,888.09	9.24	1,322.62	(0.06)	(0.63)	8.61	1,321.99
<b>Foreign</b>									
4	Rain Commodities (USA) Inc.	7.25	12,390.90	(0.77)	(110.68)	(5.35)	(55.50)	(1.08)	(166.18)
5	Rain Carbon Inc.	11.55	19,727.07	1.42	202.64	(1.98)	(20.49)	1.19	182.15
6	Rain Carbon Holdings, LLC	11.51	19,668.07	2.48	354.79	-	-	2.31	354.79
7	Rain Global Services LLC	-	-	-	-	-	-	-	-
8	Rain CII Carbon LLC	17.25	29,508.18	29.81	4,265.17	22.84	236.75	29.33	4,501.92
9	CII Carbon Corp.	-	-	-	-	-	-	-	-
10	RÜTGERS Polymers Ltd. (See note 1 below)	-	-	2.40	344.12	15.08	156.27	3.26	500.39
11	Rain Carbon Canada Inc. (formerly known as RÜTGERS Canada Inc.)	4.54	7,750.83	3.05	436.27	23.51	243.69	4.43	679.96
12	Handy Chemicals (U.S.A.) Ltd. (See note 1 below)	-	-	0.23	33.59	6.93	71.81	0.69	105.40
13	Rain Carbon BV	11.32	19,335.16	18.65	2,669.17	144.63	1,499.13	27.16	4,168.30
14	VFT France S.A	0.76	1,291.12	0.17	23.96	3.04	31.47	0.36	55.43
15	Rumba Invest BVBA & Co. KG	-	(2.10)	0.71	101.96	(0.05)	(0.53)	0.66	101.43
16	Rain Carbon Germany GmbH (formerly known as RÜTGERS Germany GmbH)	4.62	7,889.26	(0.94)	(134.18)	(49.18)	(509.76)	(4.20)	(643.94)
17	RÜTGERS Resins BV	1.07	1,832.44	0.63	90.43	6.92	71.75	1.06	162.18
18	Severtar Holding Ltd.	1.84	3,137.93	7.24	1,036.55	(2.22)	(23.02)	6.60	1,013.53
19	OOO RÜTGERS Severtar	2.14	3,663.83	8.28	1,185.45	(42.04)	(435.76)	4.88	749.69
20	OOO Rain Carbon LLC (formerly known as Rain RÜTGERS LLC)	0.11	183.38	0.06	8.76	(13.34)	(138.25)	(0.84)	(129.49)
21	Rain Carbon Poland Sp. z. o. o (formerly known as RÜTGERS Poland Sp. z o.o)	0.20	334.83	(0.06)	(8.02)	(3.50)	(36.31)	(0.29)	(44.33)
22	RÜTGERS (Shanghai) Trading Co. Ltd.	0.05	92.35	0.01	0.87	-	-	0.01	0.87
23	Rain Carbon Wohnimmobilien GmbH & Co. KG (formerly known as RÜTGERS Wohnimmobilien GmbH & Co. KG)	0.13	220.43	0.01	1.75	2.17	22.50	0.16	24.25

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 44: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

S. No	Name of the Company	As at December 31, 2020		For the year ended December 31, 2020					
		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
24	Rain Carbon Gewerbeimmobilien GmbH & Co. KG (formerly known as RÜTGERS Gewerbeimmobilien GmbH & Co. KG)	0.40	677.20	0.42	60.74	4.03	41.81	0.67	102.55
25	Rain Carbon GmbH	8.20	14,006.44	5.95	851.08	(11.89)	(123.26)	4.74	727.82
	<b>Sub total</b>	<b>100.00</b>	<b>170,855.65</b>	<b>100.00</b>	<b>14,311.72</b>	<b>100.00</b>	<b>1,036.51</b>	<b>100.00</b>	<b>15,348.23</b>
	Less: Inter company adjustments/eliminations		(115,520.69)		(8,434.87)		(180.48)		(8,615.35)
	Non-controlling interests		-		(300.64)		178.70		(121.94)
	<b>Share of profit / (loss) of associates (net of income tax):</b>								
	InfraTec Duisburg GmbH		-		5.46		-		5.46
	<b>TOTAL</b>		<b>55,334.96</b>		<b>5,581.67</b>		<b>1,034.73</b>		<b>6,616.40</b>

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 Sold during the year.

S. No	Name of the Company	As at December 31, 2019		For the year ended December 31, 2019					
		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
	<b>Parent</b>								
	Rain Industries Limited	5.68	9,176.74	4.01	354.40	0.29	0.09	3.99	354.49
	<b>Subsidiaries</b>								
	<b>Indian</b>								
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
	<b>Foreign</b>								
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	-	(0.66)	2.61	230.87	0.13	0.04	2.60	230.91
8	Rain CII Carbon LLC	15.68	25,361.05	(21.13)	(1,868.62)	571.96	178.56	(19.02)	(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

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 44: ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

S. No	Name of the Company	As at December 31, 2019		For the year ended December 31, 2019					
		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
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	-	(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)
	<b>Sub total</b>	<b>100.00</b>	<b>161,604.75</b>	<b>100.00</b>	<b>8,847.76</b>	<b>100.00</b>	<b>31.22</b>	<b>100.00</b>	<b>8,878.98</b>
	Less: Inter company adjustments/eliminations		(112,005.70)		(4,223.21)		(7.98)		(4,231.19)
	Non-controlling interests		-		(710.50)		(183.14)		(893.64)
	<b>Share of profit / (loss) of associates (net of income tax):</b>								
	InfraTec Duisburg GmbH		-		(0.21)		-		(0.21)
	<b>Total</b>		<b>49,599.05</b>		<b>3,913.84</b>		<b>(159.90)</b>		<b>3,753.94</b>

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, restrospectively with effect from January 1, 2019.

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 45: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at December 31, 2020	As at December 31, 2019
<b>(I) CONTINGENT LIABILITIES</b>		
<b>(a) In respect of demands/ claims arising on account of:</b>		
- Income tax	349.60	369.09
- Wheeling charges [Refer note below]	461.88	461.88
- 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	809.05	801.64
- Fuel Surcharge Adjustment levied by Electricity Distributing Companies	34.57	34.57
<p><b>Note:</b> During 2002, the erstwhile Rain Calcining Limited had disputed the order of Andhra Pradesh Electricity Regulatory Commission ('APERC') in respect of wheeling charges before the Honorable High Court of Andhra Pradesh. 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.</p> <p>During the previous 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).</p> <p>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.</p>		
<b>(b) Claims against the Group not acknowledged as debt</b>	370.88	309.70
<b>(II) COMMITMENTS</b>		
Estimated amounts of contracts remaining to be executed on capital account [net of Capital advances ₹ 2,492.68 (December 31, 2019: ₹ 2,548.75)]	993.17	4,426.69

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 46: LEASES

The Group has entered into various operating lease agreements for assets comprising of storage and other facilities and amounts aggregating ₹ 1,388.82 paid under such agreements for the year ended December 31, 2019 have been charged off in the Consolidated Statement of Profit and Loss. The minimum lease payments are as follows:

Particulars	As at December 31, 2019
- Not later than 1 year	1,020.50
- Later than 1 year and not later than 5 years	2,673.43
- Beyond 5 years	1,845.63

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 46: LEASES (CONTINUED)

Commencing January 1, 2020, upon adoption of Ind AS 116, "Leases", majority of leases for which the Group is lessee become balance sheet liability with corresponding right of use assets recognised in the Consolidated Balance sheet

Upon adoption of the new standard, a portion of the annual operating lease costs, which was previously fully recognised as a functional expense, is recorded as finance cost.

#### The reconciliation of total operating lease commitments as at December 31, 2019 to the lease liabilities recognised on transition is as below:

Particulars	Amount
<b>Operating lease commitments under Ind AS 17 as at December 31, 2019</b>	5,539.56
Less: Commitments pertaining to short term leases	(819.18)
Add: Extension and termination options reasonably certain to be exercised	324.67
Add: Changes in the index or rate affecting variable payments	39.08
Add: Contracts recognised as leases on transition to Ind AS 116 "Leases"	1,150.91
Add: Others	12.14
<b>Undiscounted operating lease commitments as at January 1, 2020</b>	<b>6,247.18</b>
Less: Impact of discounting of lease payments under Ind AS 116	(1,823.48)
<b>Lease liabilities for operating leases as at January 1, 2020</b>	<b>4,423.70</b>
Add: Commitments relating to leases previously classified as finance leases	1,152.98
<b>Lease liability recognised under Ind AS 116 as at January 1, 2020</b>	<b>5,576.68</b>

During the year ended December 31, 2020, the Group recognised the following in the consolidated statement of profit and loss:

- expense in respect of short-term leases ₹ 499.10.
- expense in respect of variable lease payments not included in the measurement of lease liabilities ₹ 15.91.

#### Cash outflow on leases for the year ended December 31, 2020 is as follows:

Particulars	Amount
Principal payment on lease liabilities	1,071.94
Interest payment on lease liabilities	218.19
<b>Total cash outflow on leases</b>	<b>1,290.13</b>

The Group has recognised the reduction in lease payments arising on account of Covid-19 amounting to ₹ 0.29 in the consolidated statement of Profit and Loss for the year ended December 31, 2020.

The future minimum lease payments and their present values as at December 31, 2020 are as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
- Not later than 1 year	1,012.93	139.27	1,152.20
- Later than 1 year and not later than 5 years	1,997.56	455.09	2,452.65
- Beyond 5 years	2,228.94	1,254.81	3,483.75

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### NOTE 46: LEASES (CONTINUED)

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

The Group's exposure to leases not yet commenced to which Group is committed is ₹ Nil.

### NOTE 47: EARNINGS PER SHARE (EPS)

Particulars	As at December 31, 2020	As at December 31, 2019
a. Profit for the year	5,581.67	3,913.84
b. Weighted average number of equity shares of ₹ 2/- each outstanding during the year (Nos.)	336,345,679	336,345,679
<b>Earnings per Share</b>		
c. Basic and Diluted - [a]/[b] - (₹)	16.60	11.64

### 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, 2020 on such foreign currency loan, determined as an effective net investment hedge, recognized in the foreign currency translation reserve included in Note 19 - Other equity is ₹ 10.68 (December 31, 2019: ₹ 8.88).

### 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 which was de-designated during 2018. The outstanding balance as on December 31, 2020 is ₹ 442.16 which will be reclassified to profit and loss upon sale of investment in subsidiary.

### 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	For the year ended December 31, 2020	For the year ended December 31, 2019
Amount to be spent	68.94	75.01
Amount paid in cash - on purposes other than construction / acquisition of any asset - as promotion of Health and Education	74.80	91.67
Amount yet to be paid in cash	-	-

## Notes

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	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Balance at beginning of year</b>	1,329.12	1,756.61
Additional provision made	110.49	150.44
Provisions utilised/reversed	(164.44)	(438.83)
Changes in estimates, including timing	-	1.83
Accretion expense	-	5.12
Unused amounts reversed during the year	(41.89)	(144.76)
Foreign currency exchange rate changes	142.49	(1.29)
<b>Balance at end of year</b>	<b>1,375.77</b>	<b>1,329.12</b>
Non-current provision	651.13	565.99
Current provision	724.64	763.13
<b>Total</b>	<b>1,375.77</b>	<b>1,329.12</b>

### NOTE 52: OTHER PROVISIONS

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Balance at beginning of year</b>	1,567.65	408.42
Additional provision made (Refer note below)	688.26	1,332.10
Provisions utilised/reversed	(1,512.80)	(172.87)
<b>Balance at end of year</b>	<b>743.11</b>	<b>1,567.65</b>

**Note:** On August 6, 2019, Board of Rain Carbon Inc., a wholly owned step down subsidiary of the Company, 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 was closed, the operations were transferred to Duisburg, Germany by way of a business transfer compensation agreement.

The management 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. Further, additional accelerated depreciation of ₹ 139.16 (EUR 1.74 million) was recognised during quarter ended March 31, 2020.

During the quarter ended June 30, 2020, management has taken all necessary steps required for closure of plant including requirements from environmental point of view in cleaning up all the waste. Based on the measures taken by management alongwith the employees in cleaning up the plant, there is a reduction in the cost estimated during 2019 and could make a net saving of approximately ₹ 156.12 (EUR 1.8 million). The same has been recorded during the quarter as reversal of provision for the estimate made in the line item "other income".

### NOTE 53: PROVISION FOR INVENTORIES

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Balance at beginning of year</b>	513.14	516.99
Additional provision made / (utilised)	281.58	(14.07)
Exchange differences	8.83	10.22
<b>Balance at end of year</b>	<b>803.55</b>	<b>513.14</b>

## Notes

Forming part of the Consolidated Financial Statements (continued)

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

### 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.

### 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: DIVESTMENT

On December 31, 2020, the Group completed the sale of its Wholly Owned Subsidiaries engaged in the manufacturing and distribution of Polynaphthalene Sulfonates, RUTGERS Polymers Limited and Handy Chemicals (U.S.A.) Limited, for an aggregate cash consideration of ₹ 6,386.27 which resulted in a gain of ₹ 3,864.20 which was recorded under the heading Other income.

### NOTE 57: IMPACT OF COVID-19

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Even in India the outbreak has been declared an epidemic or pandemic and on March 24 2020, the Government of India ordered a nationwide lockdown, limiting movement of population of India as a preventive measure against the COVID-19 pandemic. As a result most of the businesses are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organisations.

However, as the Group operates in the industry that is considered essential, the operations were continuing during lockdown by ensuring appropriate measures.

The Group considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Group considered internal and external sources of information up to the date of approval of these financial statements. The Group has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic conditions.

As per our report of even date attached  
for **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

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

**Sriram Mahalingam**  
Partner  
Membership number: 049642

**N Radha Krishna Reddy**  
Managing Director  
DIN: 00021052

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

Place: Hyderabad  
Date: February 25, 2021

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

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









# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. H. L. Zutshi**

Chairman (Independent Director)

**Mr. N. Radhakrishna Reddy**

Managing Director

**Mr. Jagan Mohan Reddy Nellore**

Vice Chairman

**Mr. N. Sujith Kumar Reddy**

Non Executive 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

**Mr. T. Srinivasa Rao**

## COMPANY SECRETARY

**Mr. S. Venkat Ramana Reddy**

## STATUTORY AUDITORS

B S R & Associates LLP

Chartered Accountants,

Salarpuria Knowledge City,

Orwell, B wing, 6<sup>th</sup> Floor, Unit 3,

Sy. No. 83/1, Plot No.2, Raidurg,

Hyderabad - 500081

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,

3<sup>rd</sup> Floor, Royal Majestic,

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Near Banjara Hills Care Hospital,

Hyderabad - 500 004,

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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.

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